

Beyond ESG: Executive Pay Metrics and Shareholder Support

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Abstract

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JEL Classification: J33, M12, M14, G34, G32

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Keywords. Executive compensation, CEO incentives, ESG metrics, Shareholder voting, Shareholder and management proposals, Compensation consultants

JEL Codes. J33, M12, M14, G34, G32

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1. Introduction

Performance metrics are a standard feature of executive compensation contracts. Following the compensation-disclosure reforms of the early 2000s, boards routinely tie CEO pay to an array of financial, operating, and non-financial objectives. Although CEO pay components and levels have become increasingly similar (Jochem, Ormazabal, and Rajamani, 2025; Cabezón, 2025), the metrics used in pay contracts vary widely across firms and over time. Different pay metrics may reflect genuinely different corporate strategies and goals, but it is not uncommon for firms to change them. In its fiscal 2026 incentive program, for instance, Ralph Lauren replaced its citizenship and sustainability measures with an AI scorecard, using the same strategic-goal discretionary adjustment criterion to convey a different priority (Batish and Gordon, 2026). This interchangeability, especially as investor attention shifts from sustainability issues to AI, raises the question of what purpose these metrics actually serve.

The use of metrics has coincided with increasing shareholder interference in compensation contracts and in other aspects of corporate strategy, as shareholders express dissent and attempt to influence corporate policies through say-on-pay votes and shareholder proposals (He, Kahraman, and Lowry, 2023; Michaely, Ordonez-Calafi, and Rubio, 2024; Aggarwal, Briscoe-Tran, Erel, and Starks, 2025). Compensation metrics may therefore be boards' reaction to this pressure. A priori, however, the purpose of such a reaction is not obvious. Under standard contract theory, boards use performance metrics to direct managerial attention toward objectives that might otherwise be neglected (Holmström and Milgrom, 1991); by clarifying the objectives against which executives are evaluated, metrics could sharpen incentive contracts and inform shareholders about the firm's strategy. On the other hand, boards may use metrics to appease shareholders, proclaiming objectives that neither shape CEOs' incentives nor reveal the strategy the firm actually pursues. We therefore ask whether the primary purpose of compensation metrics is to appease shareholders and reduce interference with corporate strategy, and what this implies for CEO incentives and for the firm's information environment.

To explore these questions, we construct a novel dataset with extensive coverage of global firms and their detailed compensation metrics, including earnings, market, operating, and ESG metrics. ESG metrics provide a particularly suitable setting in which to study how metrics are chosen and what follows their adoption because we observe firm performance along each specific dimension that a metric targets. We classify ESG metrics using the Sustainability Accounting

Standards Board (SASB) Materiality Map and match each metric to news-based measures of firm performance along the corresponding dimension, capturing the views of independent analysts, advocacy groups, government regulators, and media sources. This granularity enables us to test whether boards introduce a metric to direct managerial attention to otherwise neglected objectives, as contract theory would suggest, and to track performance after the metric is implemented. We perform analogous, though coarser, tests for operating and earnings metrics, for which we observe a firm's performance relative to industry peers.

We find that companies with ESG metrics also disclose market, earnings, and operating metrics. Firms that disclose more metrics also grant their executives more equity-based compensation. These patterns show that ESG compensation metrics coexist with, rather than displace, incentives tied to shareholder value.

However, companies' use of ESG and other metrics is not always consistent with contract theory. Importantly, although firms tend to introduce new ESG metrics after experiencing poor overall ESG performance, the specific metrics they adopt emphasize areas where they have recently performed well. This suggests that such metrics are not chosen to direct CEOs toward neglected objectives. Furthermore, both total and variable compensation increase with superior ESG performance, even in firms without explicit ESG targets. Performing well on the ESG metrics explicitly included in the contract results in only a marginal increase in total compensation. We observe similar patterns for operating and earnings metrics.

Consistent with the conjecture that companies introduce more metrics to appease shareholders, we find that compensation metrics are introduced after periods of high dissent on say-on-pay votes. To establish that compensation metrics have a causal impact on shareholder consensus, however, we need variation in metric adoption that is unrelated to a firm's own circumstances and shareholders' demands. We find such variation in the advice firms receive from compensation consultants. Almost every large firm engages a compensation consultant to help design its executive pay plan (Murphy and Sandino, 2020). Consultants have their own styles: each tends to favor a particular set of performance metrics and carries those preferences from client to client. If a firm's consultant routinely builds a certain metric into the pay plans of its other clients, the firm becomes more likely to adopt that metric. We therefore focus on the metrics that a firm itself does not yet use. Since metric usage may be driven by industry factors, we measure, for each firm and year, the extent to which the lead consultant's clients outside the firm's own industry use

these metrics more often than the average firm in our sample. Because the consultant's clients that define abnormal usage are outside the firm's industry, they are not the peers against which shareholders or proxy advisors benchmark the firm. In addition, because each metric's market-wide popularity is netted out, this variable reflects the advisor's idiosyncratic preferences, formed at unrelated firms, rather than industry trends or the firm's own latent demand.

Controlling for the number of metrics that are already in use at the focal firm, we show that our measure of a consultant's idiosyncratic metric usage strongly predicts the firm's adoption of a new metric in the following year. Instrumented with this measure, metric adoption leads to higher say-on-pay approval, fewer ESG and other shareholder proposals, and lower dissent on management proposals. Interestingly, say-on-pay approval, which largely reflects institutional voting, rises with the adoption of non-ESG metrics. In contrast, the decline in ESG and other shareholder proposals is almost entirely driven by ESG metrics. Because a large number of shareholder proposals are submitted by individual sponsors, who are typically small shareholders (Gantchev and Giannetti, 2021), this pattern suggests that ESG metrics may be aimed at appeasing individual investors.

We also show that the increase in shareholder consensus is unlikely to be a by-product of a change in corporate policies. Instrumented ESG-metric adoption produces at most an improvement in the news sentiment along the targeted dimensions but no improvement in the firm's overall ESG performance. Nor do metrics improve the firm's information environment: metric adoption leaves stock liquidity and the precision of analysts' forecasts unchanged, suggesting that metrics do not reveal material information about corporate strategy. The combination of greater shareholder support with no changes in pay, overall ESG performance, or information environment is the pattern that uniquely characterizes appeasement. To the best of our knowledge, we are the first to document that pay metrics appease shareholders, even though they appear to have little impact on managerial incentives.

We contribute to the extensive literature on executive compensation (see Edmans, Gabaix, and Jenter (2017) and Edmans, Gosling, and Jenter (2023) for recent reviews). A more recent and growing strand of this literature examines ESG targets in managerial contracts and finds mixed results on whether ESG-linked pay is associated with future ESG performance (Bebchuk and Tallarita, 2022; Homroy, Mavruk, and Nguyen, 2023; Cohen, Kadach, Ormazabal, and Reichelstein, 2023; Ikram, Li, and Minor, 2023; Hazarika et al., 2022; Flammer, Hong, and Minor,

2019; Maas, 2018; Michaely, Schmid, and Wang, 2024; Efung et al., 2024).¹ These papers focus on whether ESG metrics affect managerial behavior or firm outcomes, implicitly assuming that metrics are chosen to direct managerial effort, consistent with standard contract theory. We show that compensation metrics serve a different purpose: building shareholder consensus. By examining all metrics jointly, we provide evidence that ESG metrics are part of a broader pattern in which firms use compensation disclosures to appease shareholders and reduce interference with corporate strategy.

By highlighting that ESG metrics are only one of the many types of metrics disclosed to shareholders, we also contribute to the literature on the choice of performance measures in compensation contracts. This literature has largely neglected the use of diverse metrics and focused instead on CEOs' end-of-year equity, stock options, and bonus awards. Notable exceptions include Ittner, Larcker, and Rajan (1997), who find that companies with more innovative strategies and those in regulated industries tend to employ more non-financial performance measures in CEO bonus contracts. Additionally, De Angelis and Grinstein (2015) study the use of pre-specified metrics in performance-based awards. These papers find that firms choose metrics that are more informative about performance, as predicted by contract theory. However, these studies predate the rise of interest in sustainability and do not consider the effects of compensation metrics on shareholder consensus. In contrast, our sample covers a period in which pay disclosure mandates were implemented across jurisdictions, leading to convergence in CEO pay levels and greater complexity in contracts (Albuquerque et al., 2025; Cabezon, 2025; Jochem et al., 2025). Our findings suggest that the role of metrics extends beyond conditioning compensation on informative signals about performance: firms appear to adopt metrics to appease shareholders.

The remainder of the paper proceeds as follows. Section 2 lays out a conceptual framework with alternative explanations for the use of compensation metrics and the predictions that separate them. Section 3 describes the data and documents broad patterns in metric use. Section 4 presents descriptive evidence on the circumstances that prompt adoption, the objectives firms select, and the relation between metrics and CEO pay. Section 5 develops our identification strategy based on consultant idiosyncratic metric usage. Section 6 presents the causal effects of metric adoption on shareholder support. Section 7 examines real ESG outcomes and the firm's information environment. Section 8 concludes.

¹ Qin and Yang (2022) show that turnover is less sensitive to financial performance in companies with ESG pay.

2. Conceptual Framework and Empirical Predictions

The use of compensation metrics admits three classes of economic explanations, each with distinct empirical implications for metric selection, pay levels and pay-performance sensitivities, adoption triggers, shareholder support, subsequent firm behavior, and the information environment.

Under the first explanation, which has received the most attention in the existing literature (De Angelis and Grinstein, 2015; Flammer, Hong, and Minor, 2019), metrics are features of an optimal compensation contract. Multitasking models (Holmström and Milgrom, 1991) imply that boards add metrics to redirect managerial effort toward objectives that shareholders value but that existing compensation insufficiently incentivizes. Metrics should therefore target dimensions where the firm underperforms, where performance can be measured with sufficient precision, and where the marginal product of managerial effort is high. Multitasking does not require pay levels to change, but it predicts an increase in pay-performance sensitivity with respect to the targeted dimension. Performance on that dimension should subsequently improve on average. The inclusion of the metric should also clarify the board's priorities and thereby improve the firm's information environment. Any sustained increase in shareholder support should reflect these improvements in performance or information, rather than the adoption of the metric per se.

A second class of explanations views compensation metrics as instruments of rent extraction. CEOs may favor difficult-to-verify metrics, and ESG metrics in particular, because they create greater discretion in setting compensation. This discretion allows CEOs to obtain higher pay while weakening the link between pay and financial performance (Bebchuk and Tallarita, 2022). Consistent with this concern, powerful CEOs influence the choice of performance measures and targets to their advantage (Morse, Nanda, and Seru, 2011; Abernethy, Kuang, and Qin, 2015), and discretionary ESG pay schemes are associated with higher compensation unrelated to performance (Michaely, Schmid, and Wang, 2024). This view therefore predicts that, relative to other performance metrics, ESG metrics should be associated with higher CEO pay and lower pay sensitivity to financial performance.

Although not mutually exclusive with these explanations, the shareholder appeasement conjecture starts from the premise that boards face shareholders with heterogeneous objectives, including financial returns, ESG outcomes, and governance practices. Dissatisfied shareholders may express their discontent through say-on-pay votes, shareholder proposals, and engagement

campaigns (He, Kahraman, and Lowry, 2023; Michaely, Ordóñez-Calafi, and Rubio, 2024), or by divesting (Gantchev, Giannetti, and Li, 2022). Such discontent and intervention can be costly: contested votes may damage directors' reputations, shareholder demands may distract managers, and dissatisfaction may create opportunities for activist campaigns (Ertimur, Ferri, and Oesch, 2013; Fischer et al., 2009). By incorporating and disclosing compensation metrics tied to multiple objectives, boards can claim to pursue these objectives simultaneously and accommodate different shareholder constituencies. If boards use these metrics to demonstrate responsiveness without materially changing managerial incentives, their adoption should leave pay levels, pay-performance sensitivities, firm performance, and the information environment unchanged. Nevertheless, metric adoption may increase shareholder support by signaling responsiveness to shareholder concerns. The conjecture therefore predicts that adoption follows shareholder discontent and can increase shareholder support even in the absence of changes in corporate behavior. For ESG metrics, adoption may follow negative assessments of the firm's overall ESG performance, but metric selection should concentrate on dimensions in which the firm already performs well, because targets in these areas can be achieved at relatively low cost.

The mechanisms described above yield sharply different empirical predictions. Multitasking predicts that metrics target dimensions of weakness and increase pay sensitivity to performance on those dimensions. Rent extraction alone predicts higher pay and lower pay sensitivity to financial performance. Appeasement predicts that metrics target dimensions of strength and, uniquely, that shareholder support can increase without changes in corporate behavior. The adoption of a specific metric should follow poor performance on the targeted dimension under multitasking; under appeasement, adoption should follow shareholder discontent, with the metric targeting a dimension on which the firm performs relatively well. Sections 4 through 7 evaluate these predictions.

3. Data and Sample

3.1 Compensation Data and Metrics Classification

We obtain compensation data for international listed companies from Executive Compensation Analytics (ECA), a dataset provided by Institutional Shareholder Services (ISS). The data include information on salaries, bonuses, equity awards, stock options, and other forms

of remuneration. We focus on CEO compensation contracts because contracts for multiple top executives are available in very few instances. Our sample includes 10,636 unique firms across 34 countries from 2011 to 2021, with coverage increasing over time. Notably, nearly half of the firms are from outside the U.S.

Importantly, the data provide detailed textual information on the performance metrics used to determine CEOs' final remuneration. Appendix B presents examples of disclosed metrics from executive compensation contracts and illustrates how we use the dictionary in Table IA.D to classify these metrics. We manually review metrics with complex or ambiguous keyword combinations to improve accuracy. While other studies use the same data source (notably Cohen et al., 2023), we combine textual analysis and manual review to achieve an exceptionally detailed classification. In this way, we provide a more nuanced analysis of compensation contracts than previous studies, which typically rely on coarse ESG metric groupings and neglect other compensation metrics. Furthermore, we classify all metrics disclosed in compensation contracts, not merely ESG metrics, into 31 distinct categories, each reflecting a unique aspect of executive performance evaluation.

Our data identify whether an objective is disclosed in the compensation contract, but not whether the target is qualitative or quantitative, the share of compensation attached to it, or whether it applies to short- or long-term compensation.² The analysis therefore concerns the extensive margin of target inclusion rather than the strength of the resulting incentive. While this distinction is important when interpreting the pay-sensitivity tests below, the mere presence of an objective is likely to affect managerial behavior. Moreover, qualitative metrics may be optimal when volatile performance makes executive effort harder to evaluate, even if they are more easily manipulated (Ikram et al., 2023; Michaely et al., 2024).

We organize the metrics into four broad dimensions: Earnings, Market, Operating, and ESG. Earnings metrics encompass two categories: Profitability and Cashflow. Profitability, in turn, includes returns on assets and net income, while Cashflow includes operating cashflow. In contrast, market metrics are directly linked to shareholder returns and incorporate indicators related to share price performance.

² ESG compensation metrics are predominantly linked to short-term targets, which allows investors to assess tangible progress toward more sustainable policies on a timely basis.

The set of operating metrics includes those related to a company's business operations, organized into five key areas: capital structure, efficiency, investment, sales, and other. Efficiency metrics address aspects such as operating expenditures and asset turnover, while the category 'Other' encompasses metrics like customer satisfaction and the successful completion of specific strategic projects.

We use the Sustainability Accounting Standards Board (SASB) classification to categorize the ESG metrics. The SASB classification includes five broad dimensions of sustainability: Environmental, Social Capital, Human Capital, Business Model and Innovation, and Leadership and Governance. Each dimension contains several specific categories, providing a comprehensive framework for assessing a company's performance in these areas. For example, the Environmental dimension covers six topics: GHG Emissions, Air Quality, Energy Management, Water and Wastewater Management, Waste and Hazardous Materials Management, and Ecological Impacts.

While the original SASB classification includes 26 categories, not all ESG metrics in the executive contracts contain the level of detail necessary for classification within these specific categories. For approximately 2% of the firm-year observations, the description of the ESG metric lacks sufficient specificity for precise classification. In these cases, we assign the metric to one of five broader dimensions: Environmental, Social Capital, Human Capital, Business Model and Innovation, or Leadership and Governance, or we simply categorize it as ESG. Additionally, metrics with a clear sustainability focus that do not directly align with the SASB categories, such as those related to sustainability reporting or general ESG ratings, are also grouped within the general ESG category. Furthermore, due to the overlap between specific SASB categories and the broad nature of some disclosed metrics, we merge the following categories: Customer Privacy with Data Security, and Product Quality and Safety with Customer Welfare and Selling Practices and Product Labeling. Consequently, our classification comprises 23 specific ESG metrics.

Importantly, recognizing that firms across industries face distinct sustainability-related risks and opportunities, SASB has developed a Materiality Map that assesses the relevance (or materiality) of individual ESG metrics for the performance and risks faced by firms in different industries, as defined according to SASB's Sustainable Industry Classification System (SICS). Specifically, companies are grouped into 77 industries based on their primary business activities and the most relevant ESG challenges they face. We utilize the SASB Materiality Map to assess the relevance of ESG metrics in executive compensation contracts.

3.2 Firm-Level ESG Performance

We assess a firm’s ESG performance using data from FactSet TruValue Labs (TruValue), an artificial intelligence (AI)/Big Data company that provides daily updates on companies’ ESG performance. Specifically, TruValue utilizes AI to process unstructured data from over 200,000 vetted sources, excluding companies’ self-reported information. In this way, TruValue captures insights from analysts, advocacy groups, government regulators, and other sources published by independent media. Unlike ESG ratings that rely on firms’ disclosed information, our measure is not directly affected by the adoption of ESG compensation.

TruValue algorithms identify ESG issues, quantify the sentiment in the language, and then produce indicators that allow for the measurement of a company’s ESG performance along the SASB categories. In our analysis, we utilize a company’s ESG performance indicator, which ranks the company relative to its industry peers across all ESG dimensions. In addition, we use the Pulse Scores, which capture the sentiment of ESG news at the level of individual SASB categories, matching the granularity of our metric classification.

The Pulse Scores are updated daily and apply a running-sum-average formulation to a continuous stream of NLP-generated assessments, with recent events receiving more weight through an exponentially decaying 14-day half-life. To match the annual frequency of executive compensation, we summarize the daily observations using the maximum Pulse Score in each SASB category and across all categories.³ The resulting measures capture the most favorable news sentiment observed during the calendar year.

3.3 Compensation Consultants

We identify each firm’s compensation consultant from ISS Incentive Lab. For each firm-year, we identify the lead consultant and consolidate consultant identifiers to the level of the consulting firm (Mercer, FW Cook, and so on). The consultant data cover roughly 7,700 of the approximately 25,600 firm-years with say-on-pay votes in our sample; consultant-covered firms are larger on average, a difference absorbed by the controls and fixed effects in our specifications. Section 5 describes how we use the composition of each consultant’s client base to construct our instrument.

³ We do so because at the daily frequency most days naturally have no news, and we aim to capture the most salient events.

3.4 Other Data Sources

We employ various other data sources. First, we obtain firms' financial information, including stock returns, prices, profitability, and other accounting information, from Datastream and Worldscope. We compute relative bid-ask spreads from bid and ask prices obtained from LSEG Refinitiv. Second, we use FactSet Ownership data to measure firms' institutional ownership and construct proxies for the presence of institutional and non-institutional blockholders.

Third, we use ISS Voting Analytics to measure shareholder support for executive compensation and other management proposals, as well as shareholder attempts to influence corporate policy through proposals. We separately measure shareholder-sponsored ESG proposals to examine whether firms' emphasis on ESG performance in compensation contracts is followed by fewer shareholder initiatives on corporate sustainability.

Finally, we use data from IBES to measure analysts' consensus forecast dispersion, forecast accuracy, and standardized unexpected earnings.

Appendix A provides detailed definitions of all variables, while Table 1 reports summary statistics for the main variables used in the analysis.

3.5 Descriptive Patterns

The top left panel in Figure 1 shows the proportion of firms in the ECA dataset that report at least one pay metric and the proportions using ESG and other metric types. Previous work has documented the rise of ESG metrics, which appear in almost 40% of firms by the end of the sample period (e.g., Cohen, Kadach, Ormazabal, and Reichelstein, 2023). Our data reveal a broader and less well-known pattern: more than 80% of firms report at least one compensation metric, and earnings and operating metrics remain the most common.

Figure 1 also plots ESG-metric use in the United States, Europe, and other regions. The patterns are broadly similar, although ESG metrics are less prevalent in the United States. Part of this difference reflects sample composition because the US sample contains a larger share of small firms. ESG-metric use is more comparable when firms are split by market capitalization, and Figure IA.1 confirms that the largest firms use more ESG metrics.⁴

⁴ Figure IA.2 shows that ESG metrics are rarely dropped during our sample period.

Figure 2 shows that approximately half of ESG metrics are classified as material under the SASB Materiality Map. This proportion remains fairly stable as ESG-metric use expands. Figure 3 shows that much of the growth is concentrated in Employee Health and Safety and Employee Engagement, Diversity, and Inclusion. The sharp increase in diversity and inclusion targets coincides with the rise in board gender diversity, which in turn has been driven by several factors: increased public attention to gender equality (Giannetti and Wang, 2023), introduction of board gender quotas in several countries (Ferrari et al., 2022; Ferreira et al., 2020), and campaigns initiated by major institutional investors in 2017 to promote gender diversity at the board level (Gormley et al., 2023).

Figure 4 shows a more modest increase in operating metrics, driven mainly by the “Other” category, which includes targets such as the completion of individual projects. The growth of both ESG and operating metrics motivates our examination of metric types jointly.

4. Compensation Metrics and the Motives for Adoption

Section 2 distinguishes the three explanations for compensation metrics along three dimensions: what prompts adoption, which objectives firms select, and whether metric inclusion changes CEO pay or pay-performance sensitivity. We now present descriptive evidence on each dimension. We first examine how metrics fit within the broader compensation contract and whether their use is associated with shareholder scrutiny. We then ask whether adoption follows shareholder dissent, whether firms select areas of weakness or existing strength for new metrics, and whether the selected metrics alter actual pay.

4.1 Metrics and the Structure of CEO Pay

We begin by examining whether ESG objectives displace or complement conventional performance measures, such as market and earnings metrics, which are typically associated with the maximization of shareholder value. Panel A of Table 2 shows that firms using ESG metrics also tend to use operating, earnings, and market metrics. The same is true for material ESG metrics, although the correlations are somewhat smaller. These correlations remain positive with firm fixed effects, indicating that different types of metrics coexist and are adopted together.

Furthermore, contracts containing more metric types also include a greater share of equity-based compensation. Panel B reports specifications both with and without market metrics because

stock options and equity awards commonly depend on market-performance targets. In every specification, the number of metric types is positively associated with the equity share of compensation, including within firms. The evidence therefore indicates that additional metrics coexist with equity incentives. The association is also economically meaningful. In column 1, a one-standard-deviation increase in the equity share of CEO compensation is associated with approximately 0.26 additional metric types. Relative to the sample mean, this corresponds to an increase of about 12.5%.

4.2 Shareholder Scrutiny and Metric Adoption

Table IA.1 relates the probability of using an ESG metric to firm characteristics, including ownership structure and proxies for the informativeness of performance measures. Three patterns are worth noting. First, the determinants of ESG-metric use are largely cross-sectional and weaken considerably after the inclusion of firm fixed effects. Second, firms with non-institutional blockholders – whose ownership is typically more stable – are less likely to use ESG metrics. Third, metric use rises with firm size and with proxies for outside investors’ uncertainty, including return volatility, volatile ESG news sentiment, and shorter CEO tenure. By contrast, a firm’s ESG-performance rank is uncorrelated with ESG-metric use. Similar characteristics predict operating, earnings, and market metrics (Table IA.2). These associations suggest that metric use responds to scrutiny from outside investors.

We next examine the choice of specific ESG metrics, which yields a sharper contrast between the explanations in Section 2. Under multitasking, boards should target dimensions in which prior performance is weak and additional managerial effort is valuable. Under appeasement, adoption may respond to concerns about the firm’s overall ESG performance, but the selected target may lie in an area of favorable prior performance, where it can be achieved at relatively low cost.

To investigate how firms select which specific ESG metrics to include based on their overall ESG performance and performance along each specific ESG dimension, we construct a metric-level dataset. This dataset contains one observation for each firm-year-metric combination, covering all SASB ESG metric categories. The dependent variable is an indicator equal to one if the firm introduces a specific metric in a given year and zero otherwise. Since we have many observations per firm and year, we can include firm fixed effects. As a result, slow-moving firm-level characteristics, such as ownership, lose significance.

The estimates in Table 3 are more consistent with the selection pattern predicted by the appeasement hypothesis. ESG metrics are more likely to be introduced when overall ESG news sentiment is unfavorable. Conditional on that overall assessment, however, firms are more likely to select specific ESG dimensions that received favorable news coverage in the previous year. A one-standard-deviation increase in metric-specific ESG news is associated with a 0.39-percentage-point increase in the probability of introducing that metric (column 1), a 65% increase relative to the unconditional probability of 0.6%. By contrast, a one-standard-deviation increase in overall ESG news sentiment is associated with a 0.08-percentage-point decrease in the probability of ESG-metric introduction. The pattern is similar for material metrics (column 3).

Column 2 shows that firms are more likely to select metrics classified as material. Poorly ranked firms, however, are no more likely than other firms to select material ESG metrics. Accounting for materiality therefore does not alter the result that firms experiencing broad ESG weakness tend to select dimensions in which prior news has been comparatively favorable.

The positive association between favorable metric-specific news and metric introduction is present across environmental, social, and governance metrics. Environmental metrics, however, are introduced largely irrespective of the firm's overall ESG performance.

The evidence for non-ESG metrics is more mixed. Panel B of Table IA.2 shows that firms lagging their industry peers in cash flow or sales tend to use more cash-flow- or sales-based metrics, consistent with multitasking. Firms with high industry-adjusted profitability, however, use more profitability-based measures, and boards do not systematically select lower-volatility metrics. In sum, metric choice, for non-ESG as for ESG metrics, does not consistently serve the objective of directing managerial effort toward tasks with poor past performance.

4.3 Compensation Metrics and Pay-Performance Sensitivity

The effects of metrics on the level of CEO pay and its sensitivity to different performance measures can further inform on the drivers of metric selection. Rent extraction predicts that ESG metrics raise pay and weaken sensitivity to financial performance. Multitasking predicts greater pay sensitivity to the targeted dimension. Appeasement predicts little change in either pay levels or pay-performance sensitivity if metrics primarily serve as a signal to shareholders.

To test these hypotheses, we define a new variable, *Metric News*, as the sum of the TruValue news associated with the metrics incorporated in the compensation contract.

Table 4 shows that both total and variable compensation increase with favorable overall ESG news. Variable compensation includes bonuses, restricted stock grants, and option awards in column 2, and only restricted stock grants and stock options in column 3. As indicated in column 1, a one-standard-deviation improvement in our news-based proxy for overall ESG performance is associated with a 5.58% increase in CEO total compensation. Similarly, column 3 suggests that the same improvement is associated with an 8.60% increase in option awards and restricted stock grants. Metric-specific news, that is, news about the ESG metrics explicitly included in the CEO's compensation contract, is positively related only to total compensation, and its additional effect is relatively small, at 1.61% per standard deviation. This suggests that CEOs are compensated for good overall ESG performance, regardless of whether their contracts include ESG metrics or how well they perform on them. Furthermore, theoretically, only variable compensation is behavior-inducing, while the fixed component matters for retention. Since metric news does not affect variable compensation, metrics do not appear to provide high-powered incentives, but at most to show that management is addressing some issues.

In columns 4 to 6, we also include a variable capturing the sentiment of all material ESG news for the company. Material ESG news appears to matter for executive payouts, in addition to general ESG news, and is more relevant than metric-specific news. Column 4 indicates that a one-standard-deviation increase in material ESG news is associated with a 3.30% increase in CEO total compensation. The corresponding increases for general ESG news and metric-specific ESG news are 3.24% and 1.07%, respectively.

All specifications include indicators for the four broad metric types. Firms using any type of metric tend to pay their executives more, irrespective of measured performance, although firms with earnings metrics tend to have lower variable compensation. ESG metrics are positively associated with compensation, but the association is not statistically significant in columns 2 and 5, which include stock, option, and bonus awards. Furthermore, in Table IA.3, the ESG metric dummy does not appear to affect CEO excess compensation, as estimated in Core, Guay, and Larcker (2008), confirming the findings of Cohen et al. (2023). Market and operating metrics are positively associated with excess compensation, while earnings metrics, if anything, have a negative effect. Overall, these findings do not support the concern that ESG metrics differ from other metrics and are used for CEO rent extraction.

Panel A of Table IA.4 interacts ESG-metric use with past stock returns to test whether ESG metrics weaken the sensitivity of compensation to financial performance. The interaction estimates are close to zero and statistically insignificant, suggesting that ESG metrics do not detectably reduce stock return sensitivity. Panel B similarly shows that sales, profitability, and efficiency metrics are associated with higher total and variable compensation, but their interactions with the corresponding performance measures are insignificant. The data therefore do not reveal greater pay sensitivity to the objectives explicitly named in the contract.

Overall, metric inclusion is not associated with detectable changes in pay-performance sensitivity. The results provide little support for the multitasking prediction that disclosed targets strengthen incentives along the selected dimensions or for the claim that ESG metrics uniquely facilitate rent extraction. They are consistent with metrics having limited incentive content. We thus explore whether metrics are introduced to appease shareholders.

4.4 Metric Adoption and Shareholder Dissent

The appeasement conjecture predicts that adoption follows firm-specific shareholder discontent. Table 5 provides preliminary evidence that firms increase both the number of broad metric types and the number of individual metrics following greater say-on-pay dissent. The coefficients imply that a 10-percentage-point increase in the one-year mean dissent rate is associated with approximately 0.014 additional metric types and 0.025 additional individual metrics. Using the three-year mean, the corresponding associations are approximately 0.034 and 0.053, respectively. The larger estimates for sustained dissent are consistent with firms adding metrics when shareholder pressure persists.

Taken together, the descriptive evidence in this section produces a pattern more consistent with shareholder appeasement than with either pure multitasking or rent extraction. Metric use is associated with outside scrutiny, adoption follows shareholder dissent, firms select ESG objectives in areas of favorable prior news, and metric inclusion is not accompanied by a detectable change in pay-performance sensitivity. We next examine whether metric adoption causally increases shareholder consensus and, if so, whether the effect reflects investors' better understanding of corporate strategy or mere appeasement.

5. Consultant Idiosyncratic Metric Usage and Metric Adoption

The descriptive evidence shows that compensation metrics share similar determinants across types, have limited effects on CEO pay, and are adopted after shareholder dissent. The appeasement hypothesis predicts that metrics increase shareholder consensus even though they do not affect a firm's information environment. To establish that metrics indeed appease shareholders, however, we must go beyond associations between metric adoption and proxies for a firm's shareholder consensus and information asymmetry. Since compensation is optimally chosen, firms that use more compensation metrics may differ systematically from other firms in ways that also affect subsequent shareholder consensus, ESG performance, and information asymmetry, raising concerns about omitted-variable bias. This section develops an identification strategy based on the idiosyncratic advice firms receive from their compensation consultants.

5.1 Institutional Setting

Many countries around the world have introduced shareholder votes on executive compensation, spurred by criticism of increasing pay levels. The so-called say-on-pay has been compulsory in the UK since 2002 and in the US since 2011, following the enactment of the Dodd-Frank Act. Shareholders vote on the actual executive remuneration or compensation policy, and their vote may be advisory or binding, depending on the jurisdiction. Irrespective of the specific implementation, boards care about achieving high say-on-pay support for reputational reasons. Directors may thus select features of the compensation contract that are likely to meet shareholders' approval.

Partly for this reason, almost every large firm engages a compensation consultant to help design its executive pay plan (Murphy and Sandino, 2020). Consultants tend to carry their preferred metric designs from client to client. Thus, if a firm's consultant routinely builds a certain metric into the pay plans of its other clients, the firm becomes more likely to start using that metric. We use this feature to construct our instrument, as explained below.

5.2 The Consultant's Idiosyncratic Metric Usage Instrument

We construct our instrument to capture variation arising from the advisor's practices rather than from the firm's own circumstances or its shareholders' demands. To operationalize this, we

identify each firm's lead compensation consultant from ISS Incentive Lab and consider 31 detailed metric types (23 ESG and 8 non-ESG); a firm uses a metric if it appears in its CEO pay plan.

For each individual metric the firm does not yet use, we take the share of the lead consultant's other clients that use that metric, counting only clients outside the firm's own two-digit industry and requiring at least one such client. From this client-use rate, we subtract the average of the rate across all sample firms for that metric and year. Thus, consultant idiosyncratic metric usage sums these demeaned client-use rates over all the metrics the firm lacks and enters every regression lagged one year.

We use the above measure of idiosyncratic metric usage as an instrument for the propensity to adopt a new metric, defined as an indicator equal to one if, in year t , the firm begins using at least one metric that it did not use in $t-1$ and that its consultant's out-of-industry clients used more often than the average sample firm in $t-1$, and zero otherwise. In the specifications in which we distinguish between ESG and non-ESG metrics, we define our variable of interest and the instrument separately over the ESG and the non-ESG metric types.

Figure 5 provides visual evidence that the consultant's idiosyncratic metric usage is relevant for metric adoption, which we confirm with the first-stage regressions for all metrics, ESG metrics, and non-ESG metrics in Table 6. These specifications also control for the number of metrics that a firm already uses because firms with few metrics in place may be more likely to adopt any metric. A one-unit increase in lagged consultant idiosyncratic metric usage raises the probability of adopting a new metric by about 14 percentage points in the aggregate (t-statistic 13.4); the corresponding first-stage coefficients are 0.16 for the ESG metrics (t-statistic 7.9) and 0.18 for the non-ESG metrics (t-statistic 13.1). The Kleibergen-Paap F-statistics further show that the instrument is not weak.

Our instrument identifies a local average treatment effect of metric adoption for firms whose adoption of a new metric is tipped by their advisor's out-of-industry practices. Its validity requires that the consultant's idiosyncratic metric usage affects the firm's voting outcomes only through the pay metrics the firm adopts. A natural concern is that a firm may hire an advisor precisely for its metric style. However, we exploit only out-of-industry variation and net out each metric's market-wide popularity. The aspects of a consultant's practices on which a firm would most plausibly base its choice are the consultant's advice to the firm's own industry peers and its

adherence to market-wide trends; these are precisely the sources of variation that our instrument does not exploit.

An additional concern is that a consultant advises on more than metrics, including pay levels, and that these features affect votes directly. To address this concern, we control for the level of total compensation throughout. Table 7 shows that adoptions prompted by consultants' idiosyncratic usage resemble other adoptions, both in the metrics adopted and in the characteristics of the adopting firms. Panel A compares the composition of consultant-brought adoptions with that of all other new-metric adoptions: the two groups adopt the same metrics at similar rates, and no normalized difference exceeds the 0.25 threshold of Imbens and Wooldridge (2009). Panel B compares the characteristics of the adopting firm-years across the two groups. Panel C compares nine firm characteristics – spanning compensation, size, ownership, performance, and ESG standing – between firm-years with above- and below-median consultant idiosyncratic metric usage. In both Panels B and C, only return on assets differs significantly across the two groups, with exposed firms being more profitable. For this reason, all regressions control for return on assets.

6. Metric Adoption and Shareholder Support

This section presents our main results: the causal effect of adopting a new metric on shareholder support. Each table follows the same format. Column 1 reports the OLS estimate for any metric adoption; column 2 the corresponding IV estimate; columns 3 and 4 the IV estimates for ESG and non-ESG metric adoption; and column 5 an IV estimate in which the outcome is averaged over the three years following adoption, to gauge persistence. All specifications include year, industry, and country fixed effects, and the controls listed in each table; standard errors are clustered at the firm level. The Kleibergen-Paap F-statistic, computed in each estimation sample, accompanies every IV column, and the first-stage estimates are in Table 6.

6.1 Say-on-Pay Approval

We first examine shareholder support on say-on-pay proposals, which are viewed not only as votes on executive compensation and its link to a company's performance but also as an assessment of the company's overall strategy (Cuñat, Giné, and Guadalupe, 2016). The dependent variable in Table 8 is the average support for management-sponsored say-on-pay proposals voted

on at a company's annual meeting. Following prior literature, we control for the level of total compensation and the company's prior returns, as shareholders are known to oppose particularly generous compensation packages and vote against management when firms perform poorly (Ertimur, Ferri, and Muslu, 2011; Ertimur, Ferri, and Oesch, 2013). We also control for the firm's market capitalization, institutional ownership, the presence of a non-institutional blockholder, the firm's ESG standing, and its return on assets, as more profitable firms may enjoy greater shareholder support.

The OLS estimate in column 1 indicates that firms that adopt a new metric have say-on-pay approval about 1.6 percentage points lower than other firms. This negative correlation reflects that firms add metrics after episodes of dissent (as documented in Section 4.4), so the average adopter is a firm under voting pressure. The instrument isolates adoptions prompted by the advisor's idiosyncratic usage, rather than by the firm's own shareholder relations, and the consensus-building effect of pay metrics emerges: the IV estimate in column 2 shows that adoption induced by consultant idiosyncratic metric usage raises say-on-pay approval by 5.5 percentage points (t-statistic 1.83). The effect persists, with a nearly identical estimate over the three-year forward window (column 5).

The split in columns 3 and 4 shows that instrumented non-ESG adoption raises approval significantly (6.6 percentage points, t-statistic 2.05) but instrumented ESG adoption has a positive but statistically insignificant effect. Higher approval, therefore, arises from strengthening pay metrics in general, not merely from signaling on ESG.

6.2 ESG and Other Shareholder Proposals

We next examine whether compensation metrics foster consensus beyond say-on-pay votes by considering the number of shareholder proposals that firms receive. Shareholder proposals are a form of low-cost shareholder activism that addresses various corporate issues, including governance (e.g., executive pay, takeover defenses, board independence), stakeholder matters (e.g., labor unions, supply chains), and other ESG concerns. Because most companies do not receive any proposals in a given year, the receipt of a shareholder proposal is often viewed as a measure of shareholder dissent (Aggarwal et al., 2025). Management is often reluctant to welcome proposals, citing inconsistent quality, limited understanding of corporate strategy among individual shareholders, opportunistic motives of some sponsors, and costs in terms of managerial

time (Denes, Karpoff, and McWilliams, 2017; Matsusaka, Ozbas, and Yi, 2019; Gantchev and Giannetti, 2021). Compensation metrics may reduce the number of unwanted shareholder proposals, and ESG metrics in particular may help weed out ESG proposals, which rarely pass and can therefore be considered a nuisance by firm management (He, Kahraman, and Lowry, 2023; Michaely, Ordonez-Calafi, and Rubio, 2024). Shareholders may submit ESG proposals to draw attention to firms' ESG policies but may deem this unnecessary when ESG metrics are already in place.

Panel A of Table 9 considers the number of ESG proposals a firm receives. The association between new metric adoption and ESG proposals is indistinguishable from zero in the OLS estimates but adoption significantly reduces ESG proposals in the IV estimates: the adoption of a metric appears to lead to a large reduction of 0.27 ESG proposals per year (t-statistic -2.30) when we consider any metric adoption in column 2, and the effect persists over the forward window. Distinguishing between ESG and non-ESG metrics shows that the reduction is largely driven by ESG metrics: in the IV estimates, ESG-metric adoption reduces ESG proposals by 0.57 (t-statistic -2.39), more than twice the non-ESG estimate, which is significant only at the ten percent level.

Panel B considers all shareholder-sponsored proposals. In the IV estimates, any metric adoption reduces the number of shareholder proposals, though only at the ten percent significance level. The effect is almost entirely driven by ESG metrics (a decline of 0.89 proposals, t-statistic -2.18), while the non-ESG metric estimate is negative but insignificant. Thus, adopting ESG metrics reduces not only ESG-related proposals but shareholder proposals more broadly. Since a large number of shareholder proposals are submitted by individual sponsors (Gantchev and Giannetti, 2021), these results may suggest that individual investors' consensus is particularly sensitive to the adoption of ESG metrics.

6.3 Opposition to Management Proposals

To further test our hypothesis that compensation metrics build shareholder consensus, we examine a direct measure of shareholder dissent against management's strategic decisions. The dependent variable in Table 10 is the average percentage of votes cast against all management proposals, not only those related to compensation, at a firm's annual meeting.

While the association is not statistically different from zero in the OLS estimates, any metric adoption reduces dissent by 5.6 percentage points (t-statistic -3.84) in the IV estimates in column

2, and the effect is unchanged over the three-year forward window in column 5. Both ESG and non-ESG metrics have a negative and significant impact on dissent. The fact that compensation metrics reduce opposition to all types of management proposals, not just those related to compensation, indicates that the consensus-building effect extends well beyond executive compensation to encompass broader corporate governance and strategic decisions. ESG-metric adoption contributes substantially to this effect. In contrast to the results for shareholder proposals, however, all metric types appear to matter, arguably because voting outcomes are largely driven by institutional investors who own most of listed companies' shares.

Overall, while these estimates provide local average treatment effects for firms whose metric adoption is driven by consultants' idiosyncratic usage, they establish the direction of the effects: pay metrics raise say-on-pay approval and reduce shareholder proposals and dissent on management proposals.

The voting results are robust to more demanding specifications. Table IA.5 re-estimates each outcome with industry-by-year fixed effects and with country-by-year fixed effects. The estimates retain their signs and significance throughout. Table IA.6 shows the results are also not driven by the international composition of the sample: they hold, and if anything, strengthen, in the US subsample.

7. Real Effects and the Information Environment

The consensus effects documented in Section 6 admit two interpretations. Metrics could build support by improving the firm's ESG performance and communicating its strategy more effectively, or they could simply appease shareholders, without changing firm policies. To distinguish between these two interpretations, we consider how firms' ESG performance and information environment change following metric adoption.

7.1 ESG Performance

Table 11 examines whether the presence of a specific ESG metric improves a firm's subsequent ESG performance along the dimension of that metric, measured by metric-specific ESG news sentiment in year $t+1$. This analysis is at the firm-year-metric level with firm and year fixed effects. We instrument the presence of a specific ESG metric with *Metric-Level Consultant Exposure*: the lead consultant's out-of-industry client-use rate of that specific metric, net of the

metric's market-wide use that year. The instrument is lagged one year. The first stage clears the weak-instrument threshold (Kleibergen-Paap F-statistic of 17.2 against a Stock-Yogo critical value of about 16).

The OLS association between the presence of an ESG metric and subsequent metric-specific news sentiment is positive and significant. However, the positive OLS association could simply reflect selection, as firms adopt metrics along dimensions with favorable prior news coverage. The IV estimate in column 3 indicates that the presence of the metric itself improves subsequent news sentiment along the targeted dimension, even though the effect is significant only at the 10% level.

The positive effect, however, does not extend to the firm's overall ESG performance. Table 12 considers how the adoption of new ESG metrics affects the firm's overall ESG performance, measured by the standardized sentiment of its ESG news coverage across all SASB categories (Panel A) and material categories (Panel B), in the same specifications as the voting tests, both contemporaneously and over the three-year forward window. The estimates are insignificant throughout, even though the instrument remains strong.

Overall, boards place ESG metrics in areas of existing strength; while the presence of a metric marginally improves the news coverage along the targeted dimension, we observe no improvement in the firm's overall ESG performance. The pressure-reducing effects of ESG metrics documented in Section 6 are therefore not a by-product of an overall ESG improvement.

7.2 Information Environment

Compensation metrics could increase shareholder support by improving shareholders' understanding of the firm's strategy, even if its overall ESG performance does not change. To provide evidence on whether information asymmetry is lower in firms that adopt more compensation metrics, we consider how adoption affects a firm's stock liquidity, measured by the relative bid-ask spread. In addition, we examine three measures based on the precision of analyst forecasts: the consensus forecast dispersion, the error in the mean forecast, and the absolute standardized unexpected earnings, calculated as the absolute value of the difference between actual reported earnings and the median consensus forecast, scaled by the standard deviation of analyst forecasts (Barron et al., 1998). We expect these measures to fall for firms that adopt metrics if disclosure enhances a firm's information environment and shareholders' understanding of its strategy.

In Table 13, instrumented adoption does not affect bid-ask spreads, and in Table 14 it has no effect on forecast dispersion, forecast error, or unexpected earnings. Therefore, the disclosure of compensation metrics does not reduce information asymmetry. Together with the results on ESG performance, this evidence supports the interpretation that compensation metrics appease shareholders without improving fundamentals or transparency.

8. Conclusions

Performance metrics are a standard feature of executive compensation contracts. Using a novel global dataset covering all disclosed compensation metrics, we show that their main effect is to improve a firm's relationship with its shareholders. Metric adoption raises say-on-pay approval, reduces shareholder proposals, and lowers dissent on management proposals. These consensus-building effects arise with limited changes in the level of pay, in pay-performance sensitivity, in firm outcomes, and in the firm's information environment. Compensation metrics thus appear to appease shareholders rather than to direct managerial attention toward neglected objectives.

Our findings matter for the interpretation of ESG metrics. Activist investors worry that companies make bold, long-term sustainability commitments without taking the short-term actions needed to deliver on them. Relating compensation to ESG targets is often proposed as a solution. We show that ESG metrics are not a panacea. Boards select ESG metrics in areas where the firm is already performing relatively well, and their adoption does not improve the firm's subsequent overall ESG performance. Integrating ESG criteria into executive pay may in practice serve as a symbolic mechanism rather than a substantive response to sustainability concerns; achieving meaningful progress requires engaging with how firms define strategic priorities and allocate capital.

The same logic extends to the AI metrics that firms are beginning to introduce as investor attention shifts from sustainability to artificial intelligence. Although our sample ends in 2021, the consensus-building function we document is not specific to a pro-ESG climate: the composition of the metrics that best appease shareholders may well change as shareholder preferences evolve, while their limited incentive content remains. The presence of a metric in a compensation contract should therefore not be read as a commitment of managerial effort to the stated objective, whether that objective is sustainability or artificial intelligence.

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Appendix A. Variable Definition

Variable	Definition	Source
<i>Compensation Variables</i>		
ESG Metric	Indicator variable equal to one if the compensation contract of a firm's CEO includes at least one ESG metric in a given year, and zero otherwise.	ISS Executive Compensation Analytics (ECA)
Material ESG Metric	Indicator variable equal to one if the compensation contract of a firm's CEO includes at least one ESG metric in a given year that is material for the firm, and zero otherwise. Materiality is determined by SASB.	ISS ECA
First ESG Metric (<i>firm-year-metric-level</i>)	Indicator variable equal to one if the compensation contract of a firm's CEO includes a specific ESG metric for the first time in year t, and zero if the firm does not have this metric at time t. The variable is not defined if the firm already had the metric at t-1.	ISS ECA
First Material ESG Metric (<i>firm-year-metric-level</i>)	Indicator variable equal to one if the compensation contract of a firm's CEO includes a material ESG metric for the first time in year t, and zero if the firm does not have this metric at time t. The variable is not defined if the firm already had the metric at t-1. Materiality is determined by SASB.	ISS ECA
Operating Metric	Indicator variable equal to one if the compensation contract of a firm's CEO includes at least one operating metric in a given year, and zero otherwise. Operating metrics include metrics related to sales, investment, efficiency, and capital structure.	ISS ECA
Earnings Metric	Indicator variable equal to one if the compensation contract of a firm's CEO includes at least one earnings metric in a given year, and zero otherwise. Earnings metrics include metrics related to profitability and cashflow.	ISS ECA
Market Metric	Indicator variable equal to one if the compensation contract of a firm's CEO includes at least one market-related metric in a given year, and zero otherwise.	ISS ECA
Num Metric Types	Sum of different types of compensation metrics included in a CEO's contract in a given year. There are 4 types of metrics – ESG, operating, earnings, and market.	ISS ECA
Num Metric Types Excl. Mkt	Sum of different types of compensation metrics included in a CEO's contract in a given year, excluding the market metric.	ISS ECA
Num Indiv. Metrics	Sum of individual compensation metrics included in a CEO's contract in a given year. These include 23 SASB categories of ESG metrics, 5 categories of operating metrics, 2 categories of earnings metrics, and a market metric.	ISS ECA
Num ESG Metrics	Sum of up to 23 SASB categories of ESG metrics included in the compensation contract of a firm's CEO in a given year.	ISS ECA
Num Operating Metrics	Sum of up to 5 operating metrics included in the compensation contract of a firm's CEO in a given year.	ISS ECA
Num Earnings Metrics	Sum of up to 2 earnings metrics included in the compensation contract of a firm's CEO in a given year.	ISS ECA
Num Non-ESG Metrics	Sum of operating, earnings, and market metrics included in the compensation contract of a firm's CEO in a given year.	ISS ECA

Adopted New Metric	Indicator variable equal to one if, in a given year, the firm begins using at least one metric that it did not use in the previous year and that its lead consultant's out-of-industry clients used more often than the average sample firm in the previous year, and zero otherwise.	ISS ECA; ISS Incentive Lab
Adopted New ESG Metric	Indicator variable defined as Adopted New Metric, over the ESG metrics only.	ISS ECA; ISS Incentive Lab
Adopted New non-ESG Metric	Indicator variable defined as Adopted New Metric, over the operating, earnings, and market metrics only.	ISS ECA; ISS Incentive Lab
Consultant Idiosyncratic Metric Usage	For each metric the firm does not use, the share of the lead consultant's clients outside the firm's industry that use the metric, minus the average of this rate across all sample firms that year, summed over the firm's unused metrics. Consultant Idiosyncratic Metric Usage ESG and Consultant Idiosyncratic Metric Usage non-ESG sum over the corresponding sets of unused metrics. Lagged one year in all regressions.	ISS ECA; ISS Incentive Lab
Metric-Level Consultant Exposure (<i>firm-year-metric-level</i>)	Share of the lead consultant's clients outside the firm's industry that use a given metric, minus the average of this rate across all sample firms that year. Consultant Idiosyncratic Metric Usage is the sum of this variable over the firm's unused metrics. Lagged one year.	ISS ECA; ISS Incentive Lab
Specific ESG Metric (<i>firm-year-metric-level</i>)	Indicator variable equal to one if the compensation contract of a firm's CEO includes a given ESG metric in a given year, and zero otherwise.	ISS ECA
Share of Equity Comp	Ratio of stock options and restricted stock grants to CEO's total compensation in a given year.	ISS ECA
Cashflow Metric	Indicator variable equal to one if the compensation contract of a firm's CEO includes a cashflow metric in a given year, and zero otherwise.	ISS ECA
Profitability Metric	Indicator variable equal to one if the compensation contract of a firm's CEO includes a profitability metric in a given year, and zero otherwise.	ISS ECA
Sales Metric	Indicator variable equal to one if the compensation contract of a firm's CEO includes a sales metric in a given year, and zero otherwise.	ISS ECA
Efficiency Metric	Indicator variable equal to one if the compensation contract of a firm's CEO includes an efficiency metric in a given year, and zero otherwise.	ISS ECA
Investment Metric	Indicator variable equal to one if the compensation contract of a firm's CEO includes an investment metric in a given year, and zero otherwise.	ISS ECA
Capital Structure Metric	Indicator variable equal to one if the compensation contract of a firm's CEO includes a capital structure metric in a given year, and zero otherwise.	ISS ECA
Total Comp	Log of a CEO's total compensation in a given year.	ISS ECA
Stock + Options + Bonus	Log of a CEO's option awards, restricted stock grants, and bonus in a given year.	ISS ECA
Stock + Options	Log of a CEO's option awards and restricted stock grants in a given year.	ISS ECA
ESG News Variables		
St. Dev. All News	Standard deviation over a firm's fiscal year of daily TruValue Pulse Score that aggregates ESG related news in all SASB categories.	FactSet TruValue

Metric-specific News (<i>firm-year-metric-level</i>)	Maximum over a firm's fiscal year of daily TruValue Pulse Score in a specific SASB category of ESG news.	FactSet TruValue
All Categories News	Maximum over a firm's fiscal year of daily TruValue Pulse Score across all SASB categories of ESG news.	FactSet TruValue
Material News	Maximum over a firm's fiscal year of daily TruValue Pulse Score across SASB categories of ESG news that are material for a firm.	FactSet TruValue
Metric News	Sum of the maximum over a firm's fiscal year of the news associated with the specific metrics incorporated in the CEO compensation contract.	FactSet TruValue
Below Avg ESG Rank	Indicator variable equal to one if a company is "Below Average" or "Laggard" based on industry percentiles across all SASB categories of ESG news.	FactSet TruValue
<i>Other Variables</i>		
3-yr return	Firm's return, including dividends, over the past three years.	Worldscope
Return on Assets	Ratio of a firm's operating income to total assets.	Worldscope
Log(Var Daily Returns)	Log of the variance of daily stock returns.	Datastream
St. Dev. Ind-adj. ROE	Rolling five-year standard deviation of country-industry-year-adjusted return on equity.	Worldscope
Log Mkt Cap	Log of the firm's market capitalization.	Worldscope
Inst Block Own	Combined ownership of a firm's equity by institutional owners with at least 5% ownership stakes.	FactSet Ownership
Large Non-Inst Block	Indicator variable equal to one if at least one non-institutional owner of a firm's equity exceeds 10% ownership.	FactSet Ownership
CEO Tenure	The difference in years between the year in which an executive assumes the CEO role and the current fiscal year.	ISS ECA
Mean Say-on-Pay Approval	Average pass rate of say-on-pay management proposals in a given year.	ISS Voting Analytics
Mean Say-on-Pay Against Vote	Average rate of "against" votes on management-sponsored say-on-pay proposals in a given year. The 3-yr version averages over the past three years.	ISS Voting Analytics
Avg. Vote Against Mgmt	Average rate of "against" vote on all management proposals in a given year.	ISS Voting Analytics
Num ESG Proposals	Number of shareholder-sponsored ESG proposals a firm receives in a given year.	ISS Voting Analytics
Num Shareholder Proposals	Number of all shareholder-sponsored proposals (excluding proxy contests) submitted to a firm in a given year.	ISS Voting Analytics
Ind-adj. CF/Assets	Ratio of a firm's cashflow to total assets, adjusted by subtracting the country-industry-year mean.	Worldscope
St. Dev. Ind-adj. CF/Assets	Rolling five-year standard deviation of country-industry-year-adjusted ratio of a firm's cashflow to total assets.	Worldscope
Ind-adj Profitability	Ratio of a firm's operating income before depreciation to total assets, adjusted by subtracting the country-industry-year mean.	Worldscope
St. Dev. Ind-adj Profitability	Rolling five-year standard deviation of country-industry-year-adjusted ratio of a firm's operating income before depreciation to total assets.	Worldscope
Ind-adj Sales/Assets	Ratio of a firm's sales to total assets, adjusted by subtracting the country-industry-year mean.	Worldscope
St. Dev. Ind-adj Sales/Assets	Rolling five-year standard deviation of country-industry-year-adjusted ratio of a firm's sales to total assets.	Worldscope

Ind-adj. COGS/Sales	Ratio of a firm's cost of goods sold to total assets, adjusted by subtracting the country-industry-year mean.	Worldscope
St. Dev. Ind-adj. COGS/Sales	Rolling five-year standard deviation of country-industry-year-adjusted ratio of a firm's cost of goods sold to total assets.	Worldscope
Ind-adj. PPE/Assets	Ratio of a firm's property, plant and equipment to total assets, adjusted by subtracting the country-industry-year mean.	Worldscope
St. Dev. Ind-adj. PPE/Assets	Rolling five-year standard deviation of country-industry-year-adjusted ratio of a firm's property, plant and equipment to total assets.	Worldscope
Ind-adj. Book Leverage	Ratio of a firm's total debt to total assets, adjusted by subtracting the country-industry-year mean.	Worldscope
St. Dev. Ind-adj. Book Leverage	Rolling five-year standard deviation of country-industry-year-adjusted ratio of a firm's total debt to total assets.	Worldscope
Relative Bid-Ask Spread	$(\text{Ask}-\text{Bid})/((\text{Ask}+\text{Bid})/2)$ using daily bid and ask prices and averaging over the year	LSEG Refinitiv
Analyst Consensus Dispersion	Standard deviation of individual analyst forecasts divided by the absolute value of the median consensus forecast.	IBES
Absolute Forecast Error	Absolute value of the difference between actual reported earnings and the median consensus forecast, scaled by the absolute value of the median consensus forecast.	IBES
Standardized Unexpected Earnings (SUE)	Absolute value of the difference between actual reported earnings and the median consensus forecast, scaled by the standard deviation of analyst forecasts.	IBES

Appendix B. Examples of metric descriptions

This appendix presents examples of disclosed metrics from executive compensation contracts and illustrates how we use the dictionary in Table IA.D to classify these metrics into various types – ESG, earnings, operating, and market metrics, which include our 31 specific metric categories. Compensation data are obtained from Executive Compensation Analytics (ECA) provided by Institutional Shareholder Services (ISS). The international sample includes firms from 34 countries from 2011 to 2021.

Company	Year	Metric Description	Specific Metric Type	Broad Metric Type
EMCOR Group, Inc.	2021	Continue to emphasize long-term goal of a 20 percent per capita reduction in GHG by 2035	GHG Emissions	ESG
Liontrust Asset Management Plc	2020	Improve gender diversity at senior levels and introduction of measures to increase gender diversity in the recruitment process	Employee Engagement, Diversity & Inclusion	ESG
Barloworld Ltd.	2021	Safety through targets that included zero fatalities and achievement of LTIFR targets	Employee Health & Safety	ESG
Endo International Plc	2020	Deliver on year-end 2020 net debt leverage ratio objectives	Capital Structure	Operating
Laredo Petroleum, Inc.	2016	General and administrative expense (\$/BOE)	Efficiency	Operating
Kosmos Energy Ltd.	2019	Project Capital Expenditure (CapEx) of less than \$500 million	Investment	Operating
The Descartes Systems Group Inc.	2014	Cash generated from operations	Cashflow	Earnings
Aimia Inc.	2019	TSR relative to the companies in the TSX Small Cap Index	Market	Market

Figure 1. Pay metrics at US and global firms

This figure plots the proportion of firms that report different types of compensation metrics, both globally and across regions. Compensation data are obtained from Executive Compensation Analytics (ECA) provided by Institutional Shareholder Services (ISS). The international sample includes firms from 34 countries from 2011 to 2021.

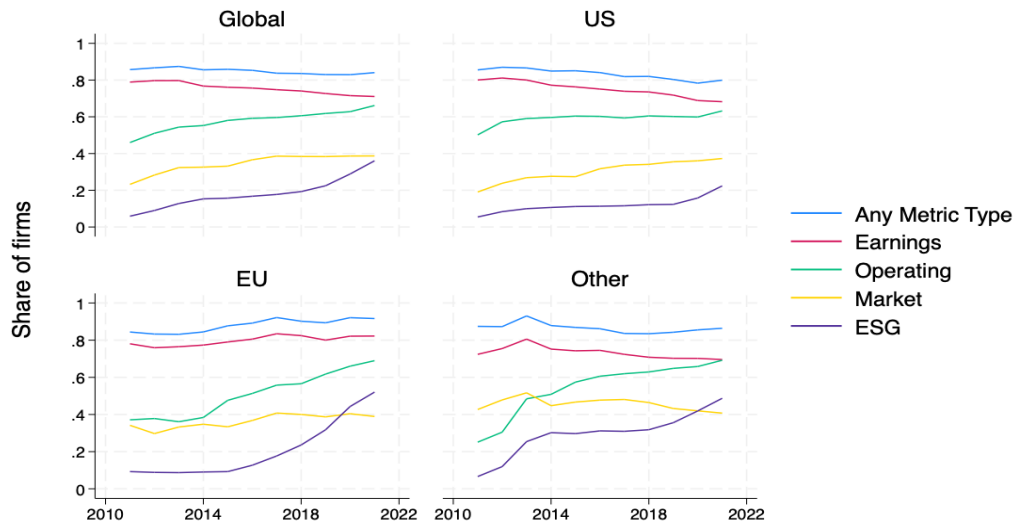


Figure 2. ESG metrics materiality

This figure plots the share of firms with ESG metrics over time, distinguishing between firms with material, non-material, and unclassified metrics (i.e., metrics that cannot be assigned to a specific SASB category). Compensation data are obtained from Executive Compensation Analytics (ECA) provided by Institutional Shareholder Services (ISS). The international sample includes firms from 34 countries from 2011 to 2021.

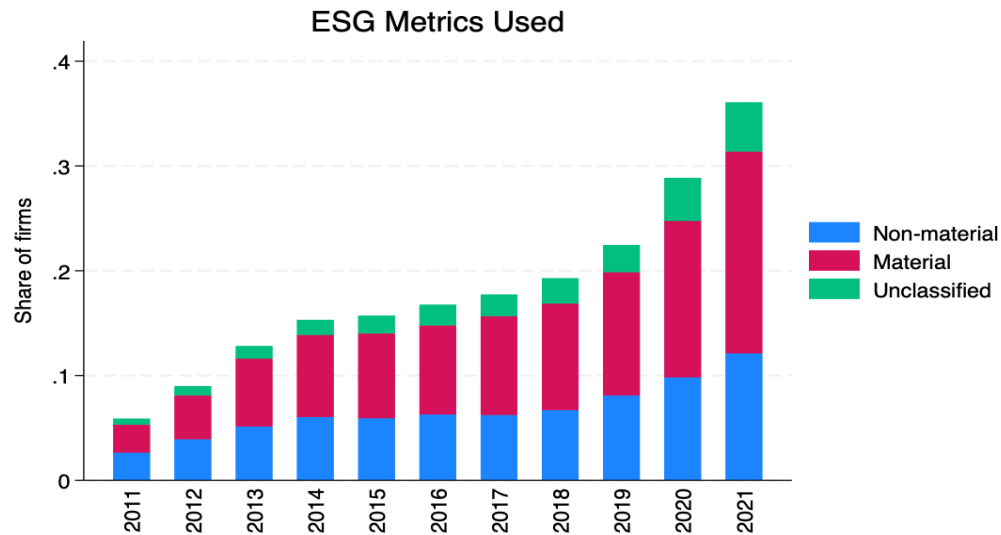


Figure 3. Types of ESG metrics

This figure plots the share of sample firms using different types of ESG metrics. Panel A considers the broad SASB categories, while Panel B focuses on the specific types. Compensation data are obtained from Executive Compensation Analytics (ECA) provided by Institutional Shareholder Services (ISS). The international sample includes firms from 34 countries from 2011 to 2021.

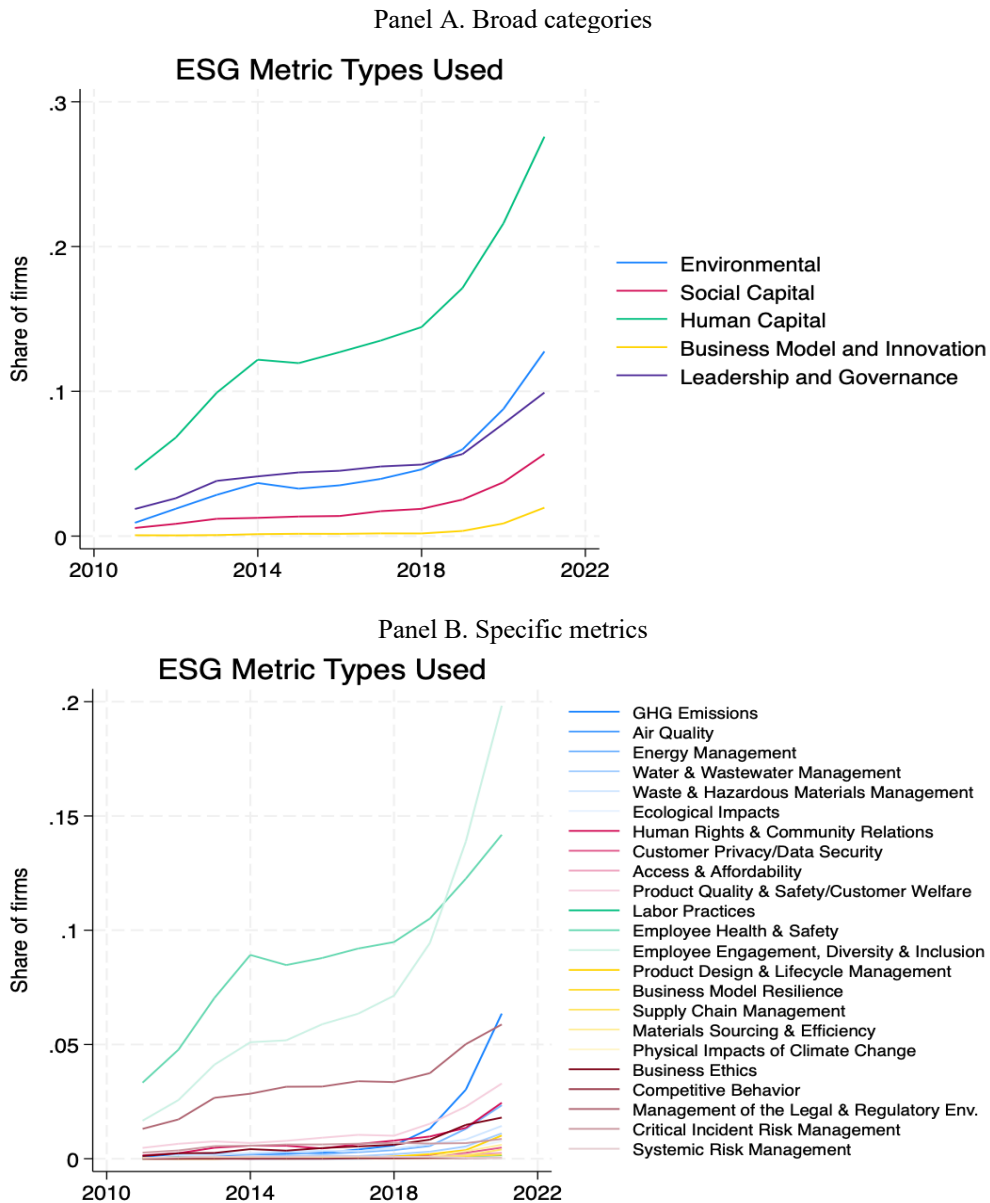


Figure 4. Operating metrics

This figure plots the share of sample firms using different types of operating metrics. Compensation data are obtained from Executive Compensation Analytics (ECA) provided by Institutional Shareholder Services (ISS). The international sample includes firms from 34 countries from 2011 to 2021.

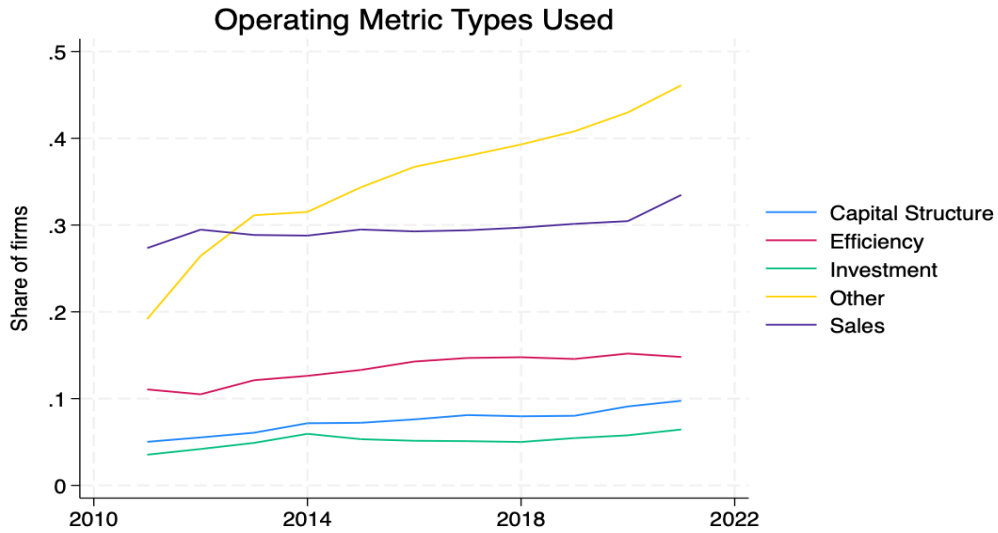


Figure 5. Consultant Idiosyncratic Metric Usage: Instrument Relevance

This figure presents a binned scatter plot of the first stage of the consultant idiosyncratic metric usage instrument used in the analysis. We plot new metric adoption against prior-year consultant idiosyncratic metric usage in 20 equal-frequency bins, after partialling out year, industry, and country fixed effects and the controls of Table 6. The first-stage slope is 0.142 ($t = 13.4$), the Kleibergen-Paap F is 180.5, and $N = 7,668$. Sample period 2011-2021.

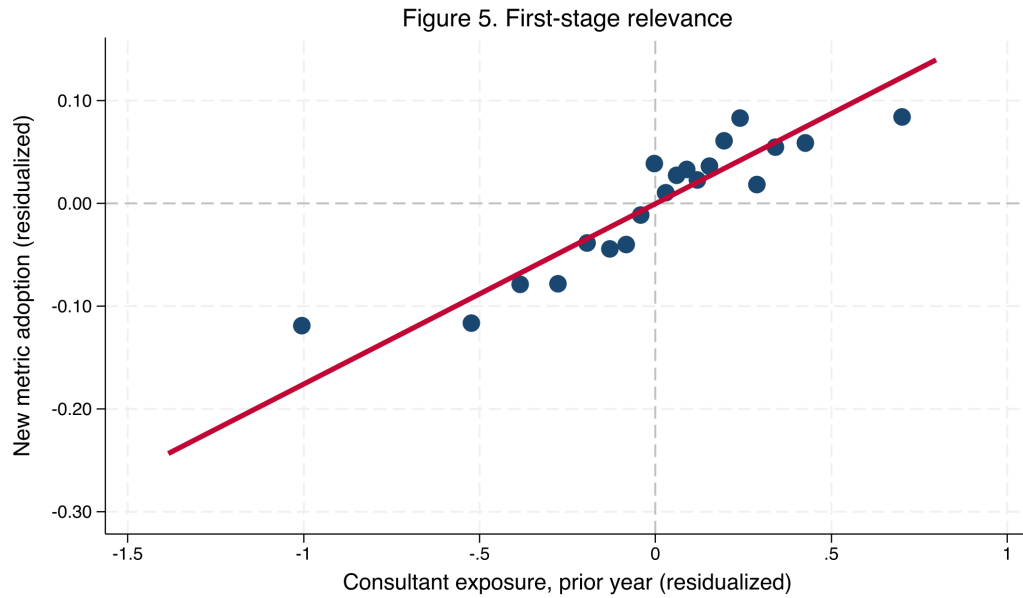


Table 1. Summary statistics

The table presents summary statistics across three groups of variables, with compensation variables in Panel A, ESG news in Panel B, and other variables in Panel C. The sample covers the period from 2011 to 2021. All variables are defined in Appendix A.

	N	Mean	St. Dev.	10%	Median	90%
<i>Panel A. Compensation Variables</i>						
ESG Metric	44,348	0.22	0.414	0	0	1
Material ESG Metric	43,766	0.122	0.328	0	0	1
First ESG Metric (firm-year-metric level)	1,108,700	0.0062	0.079	0	0	0
Operating Metric	44,348	0.627	0.484	0	1	1
Earnings Metric	44,348	0.804	0.397	0	1	1
Market Metric	44,348	0.392	0.488	0	0	1
Num Metric Types	44,348	2.043	1.143	0	2	4
Num Metric Types Excl. Mkt	44,348	1.651	0.899	0	2	3
Num Individ. Metrics	44,348	2.739	1.937	0	3	5
Num ESG Metrics	44,348	0.332	0.85	0	0	1
Num Operating Metrics	44,348	1.004	0.995	0	1	2
Num Earnings Metrics	44,348	1.012	0.635	0	1	2
Share of Equity Comp	42,488	0.375	0.292	0	0.394	0.751
Cashflow Metric	44,348	0.246	0.431	0	0	1
Profitability Metric	44,348	0.766	0.424	0	1	1
Sales Metric	44,348	0.329	0.47	0	0	1
Efficiency Metric	44,348	0.152	0.359	0	0	1
Investment Metric	44,348	0.054	0.226	0	0	0
Capital Structure Metric	44,348	0.081	0.273	0	0	0
Total Comp	42,351	14.92	1.232	13.48	14.97	16.36
Stock + Options + Bonus	38,238	14.26	1.464	12.37	14.43	15.96
Stock + Options	32,442	14.29	1.475	12.31	14.48	15.98
<i>Panel B. ESG News Variables</i>						
St. Dev. All News	44,343	10.02	7.782	0	9.612	20.37
Metric-Specific News (firm-year-metric level)	447,452	60.48	21.34	32.77	59.1	90.36
All Categories News	44,348	71.20	18.74	47.83	74.36	92.93
Material News	40,896	69.67	20.32	43.77	73.21	93.43
Metric News	44,348	17.23	53.27	0	0	72.42
Below Avg ESG Rank	44,348	0.205	0.404	0	0	1
<i>Panel C. Other Variables</i>						
3-yr return	40,779	9.984	34.85	-20.22	9.56	36.98
Log(Var Daily Returns)	40,986	-7.529	1.158	-8.788	-7.656	-6.188
St. Dev. Ind-adj. ROE	43,918	0.299	0.575	0.029	0.092	0.739
Log Mkt Cap	44,034	21.25	1.901	18.83	21.26	23.72
Inst Block Own	41,518	0.174	0.171	0	0.133	0.418
Non-Inst Block Own	43,065	0.147	0.219	0	0	0.5
Total Inst Ownership	41,518	0.542	0.355	0.029	0.598	1
Large Non-Inst Block	43,065	0.345	0.475	0	0	1
CEO Tenure	35,910	8.242	7.411	1	6	18
Mean Say-on-Pay Approval	32,140	0.909	0.123	0.758	0.955	0.991

Avg. Vote Against Mgmt	40,167	0.057	0.067	0.011	0.036	0.124
Num ESG Proposals	40,170	0.060	0.384	0	0	0
Num Shareholder Proposals	40,170	0.175	0.769	0	0	0
Ind-adj. CF/Assets	43,977	0.312	0.299	-0.004	0.315	0.651
St. Dev. Ind-adj. CF/Assets	43,906	0.076	0.160	0.011	0.041	0.132
Ind-adj Profitability	43,480	0.260	0.291	-0.004	0.270	0.595
St. Dev. Ind-adj Profitability	43,326	0.076	0.160	0.010	0.042	0.130
Ind-adj Sales/Assets	43,984	0.104	0.623	-0.503	-0.016	0.873
St. Dev. Ind-adj Sales/Assets	43,920	0.122	0.147	0.014	0.080	0.269
Ind-adj. COGS/Sales	37,677	-11.610	53.110	-54.970	-4.967	24.340
St. Dev. Ind-adj. COGS/Sales	37,328	8.349	24.350	1.350	3.554	15.140
Ind-adj. PPE/Assets	43,394	0.012	0.237	-0.215	-0.018	0.376
St. Dev. Ind-adj. PPE/Assets	43,213	0.036	0.044	0.004	0.022	0.079
Ind-adj. Book Leverage	41,576	-5.936	22.040	-33.980	-6.287	18.620
St. Dev. Ind-adj. Book Leverage	39,210	3.996	6.262	0.788	2.519	7.839

Table 2. ESG and other compensation metrics

This table presents firm-year-level regressions of ESG metrics on other compensation metrics. Panel A reports regressions of an indicator for the presence of an *ESG Metric* (*Material ESG Metric*) on contemporaneous indicators for operating, earnings, and market metrics. Panel B presents regressions of the number of broad metric types (ESG, operating, earnings, and market), including and excluding market metrics, on the ratio of equity-linked compensation to total executive pay. Odd-numbered columns include year, industry, and country fixed effects, while even-numbered columns include firm and year fixed effects. The t-statistics, calculated with standard errors clustered at the firm level, are reported in parentheses. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

Panel A. ESG and material ESG metrics				
	(1)	(2)	(3)	(4)
	ESG Metric		Material ESG Metric	
Operational Metric	0.1507*** (22.22)	0.1172*** (15.72)	0.0810*** (14.88)	0.0716*** (12.21)
Earnings Metric	0.0534*** (6.68)	0.0901*** (9.02)	0.0364*** (5.49)	0.0563*** (6.49)
Market Metric	0.0742*** (10.35)	0.0287*** (3.83)	0.0452*** (7.83)	0.0263*** (4.47)
Observations	41,516	43,385	40,982	42,823
Year FE	YES	YES	YES	YES
Industry FE	YES	NO	YES	NO
Country FE	YES	NO	YES	NO
Firm FE	NO	YES	NO	YES
Adjusted R2	0.283	0.578	0.266	0.594
Panel B. Metrics and equity compensation				
	(1)	(2)	(3)	(4)
	Num Metric Types		Num Metric Types Excl. Mkt	
Share of Equity Comp	0.8722*** (22.63)	0.1620*** (6.85)	0.5093*** (16.53)	0.0450** (2.29)
Observations	39,982	41,587	39,982	41,587
Year FE	YES	YES	YES	YES
Industry FE	YES	NO	YES	NO
Country FE	YES	NO	YES	NO
Firm FE	NO	YES	NO	YES
Adjusted R2	0.186	0.681	0.127	0.628

Table 3. Introduction of specific ESG metrics – metric-level analysis

This table reports regressions of the first introduction of individual ESG metrics in the CEO's contract. Columns 1-2 investigate the introduction of any ESG metric, column 3 specifically studies the introduction of material ESG metrics, and columns 4-6 consider separately the introduction of new environmental, social or governance metrics. The dependent variable takes the value one if a metric is first included in a contract at time t , and zero if the specific metric is not present in the contract at t . The variable is not defined if a specific metric has already been included in a contract at $t-1$. ESG news measures are standardized. All regressions include firm and year fixed effects. Standard errors are clustered at the firm level. The t-statistics are reported in parentheses. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
	First ESG Metric		First Material ESG Metric	First Env Metric	First Social Metric	First Gov Metric
Metric-Specific News	0.0039*** (19.64)	0.0038*** (18.74)	0.0019*** (13.71)	0.0040*** (11.24)	0.0083*** (18.54)	0.0009*** (4.39)
Below Avg ESG Rank	0.0003 (0.41)	-0.0000 (-0.02)	0.0003 (0.77)	-0.0002 (-0.20)	0.0005 (0.43)	0.0002 (0.38)
Material Metric		0.0031*** (6.51)				
Material Metric X Below Avg ESG Rank		0.0009 (0.95)				
All Categories News	-0.0008*** (-2.73)	-0.0008*** (-2.60)	-0.0002 (-0.93)	-0.0001 (-0.10)	-0.0018*** (-3.47)	-0.0006** (-2.35)
Inst Block Own	-0.0012 (-0.55)	-0.0012 (-0.54)	-0.0012 (-0.90)	0.0022 (0.57)	-0.0018 (-0.48)	-0.0023 (-1.07)
Large Non-Inst Block	0.0016 (1.29)	0.0016 (1.22)	0.0004 (0.47)	0.0016 (0.69)	0.0023 (1.11)	0.0006 (0.51)
Observations	341,621	339,605	339,605	83,157	125,939	131,772
Firm FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES
Adjusted R2	0.0247	0.0250	0.0173	0.0489	0.0342	0.0180

Table 4. Total and variable compensation

This table presents a firm-year-level analysis of total and variable CEO compensation as a function of ESG-related (material) news and compensation metric types. *All Categories News* (*Material News*) represents the maximum over a firm's fiscal year of the daily TruValue Pulse Score across all (material) SASB categories of ESG news. *Metric News* is the sum of (the maximum over a firm's fiscal year of) the news associated with the specific metrics incorporated in the CEO compensation contract. All other variables are defined in Appendix A. All models include year, industry, and country fixed effects. The t-statistics, calculated with standard errors clustered at the firm level, are reported in parentheses. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
	Total Comp	Stock+ Options+ Bonus	Stock+ Options	Total Comp	Stock+ Options+ Bonus	Stock+ Options
ESG Metric	0.0432** (2.09)	0.0436 (1.57)	0.0635** (2.22)	0.0423** (2.03)	0.0372 (1.32)	0.0622** (2.18)
Operating Metric	0.0811*** (3.41)	0.0911*** (3.47)	0.1333*** (5.24)	0.0835*** (3.39)	0.1032*** (3.88)	0.1344*** (5.24)
Earnings Metric	0.1444*** (2.79)	-0.0799** (-2.06)	-0.0584 (-1.43)	0.1395** (2.55)	-0.0931** (-2.36)	-0.0633 (-1.52)
Market Metric	0.2429*** (11.82)	0.3239*** (15.48)	0.3391*** (15.52)	0.2364*** (11.28)	0.3141*** (15.01)	0.3306*** (14.97)
All Categories News	0.0029*** (6.01)	0.0038*** (7.88)	0.0044*** (8.49)	0.0017*** (3.16)	0.0026*** (4.16)	0.0030*** (4.48)
Material News				0.0016*** (2.99)	0.0018*** (2.99)	0.0020*** (3.16)
Metric News	0.0003** (2.09)	-0.0001 (-0.51)	-0.0000 (-0.22)	0.0002** (2.04)	-0.0001 (-0.39)	-0.0000 (-0.25)
CEO Tenure	0.0000 (0.03)	-0.0033* (-1.66)	-0.0044** (-2.14)	0.0005 (0.26)	-0.0025 (-1.25)	-0.0035* (-1.69)
3-yr Return	0.0007*** (3.22)	0.0012*** (4.39)	0.0011*** (3.87)	0.0006*** (2.78)	0.0010*** (3.80)	0.0010*** (3.43)
Log Mkt Cap	0.3696*** (29.57)	0.4874*** (65.69)	0.4989*** (66.75)	0.3659*** (27.94)	0.4812*** (64.50)	0.4933*** (65.01)
Observations	27,545	25,544	23,553	26,011	24,192	22,342
Year FE	YES	YES	YES	YES	YES	YES
Industry FE	YES	YES	YES	YES	YES	YES
Country FE	YES	YES	YES	YES	YES	YES
Adjusted R2	0.463	0.537	0.584	0.458	0.536	0.583

Table 5. Compensation metrics and say-on-pay dissent

This table presents OLS regressions of the number of broad metric types (ESG, operating, earnings, and market) and number of individual metrics on say-on-pay shareholder dissent, using both one-year and three-year rolling averages of votes against say-on-pay proposals. All regressions include lagged firm controls and firm and year fixed effects. The t-statistics, calculated with standard errors clustered at the firm level, are reported in parentheses. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

	(1)	(2)	(3)	(4)
	Num Metric Types		Num Indiv. Metrics	
Mean Say-on-Pay Against Vote	0.1402*** (2.96)		0.2485*** (2.94)	
3-yr Mean Say-on-Pay Against Vote		0.3358*** (3.92)		0.5279*** (3.41)
3-yr Return	-0.0003 (-0.91)	-0.0004 (-1.28)	-0.0006 (-1.07)	-0.0006 (-1.38)
Log Mkt Cap	0.0631*** (3.41)	0.0728*** (4.24)	0.0356 (1.09)	0.0500* (1.68)
All Categories News	0.0003 (0.81)	0.0003 (0.96)	0.0000 (0.02)	-0.0000 (-0.03)
Below Avg ESG Rank	0.0029 (0.21)	0.0004 (0.03)	-0.0037 (-0.14)	-0.0030 (-0.12)
Inst Block Own	0.1992*** (3.28)	0.1936*** (3.28)	0.2501** (2.35)	0.2155** (2.12)
Large Non-Inst Block	-0.0367 (-1.00)	-0.0369 (-1.09)	0.0563 (0.85)	0.0429 (0.71)
Observations	23,869	26,201	23,869	26,201
Firm FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Adjusted R2	0.705	0.717	0.690	0.697

Table 6. Consultant idiosyncratic metric usage and new metric adoption: first-stage regressions

This table presents the first-stage regressions underlying the instrumental-variables estimates in Tables 8-10 and 12-14. The dependent variable is *Adopted New Metric*, an indicator equal to one if the firm begins using at least one metric that it did not use in the previous year and that its consultant's out-of-industry clients used more often than the average sample firm in the previous year; in columns 2 and 3 it is defined over ESG-type and non-ESG-type metrics, respectively. The instrument is the firm's consultant idiosyncratic metric usage, defined as the sum of the consultant's out-of-industry clients' use, net of each metric's market-wide use, over the metrics the firm lacks, lagged one year; in columns 2 and 3 consultant idiosyncratic metric usage is computed over the corresponding sets of unused metrics. The sample comprises consultant-linked firm-years with say-on-pay voting data, 2011-2021, as in Table 8. All regressions include year, industry, and country fixed effects and the controls of Table 8. Standard errors are clustered at the firm level and t-statistics are in parentheses. The Kleibergen-Paap first-stage F-statistic is reported for each column. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

	(1) Aggregate	(2) ESG	(3) Non-ESG
Consultant idiosyncratic metric usage (t-1)	0.1422*** (13.44)		
Consultant idiosyncratic metric usage ESG (t-1)		0.1573*** (7.91)	
Consultant idiosyncratic metric usage non-ESG (t-1)			0.1799*** (13.12)
Num Indiv. Metrics (t-1)	-0.0032 (-1.03)		
Num ESG Metrics (t-1)		0.0061 (1.47)	
Num Non-ESG Metrics (t-1)			-0.0196*** (-5.76)
Total Comp	0.0109** (2.29)	-0.0026 (-0.78)	0.0124** (2.57)
1-yr return	-0.0294*** (-3.57)	-0.0066* (-1.83)	-0.0262*** (-3.73)
Log Mkt Cap (t-1)	-0.0049 (-1.23)	0.0057*** (2.78)	-0.0100*** (-2.59)
Return on assets (t-1)	-0.1955*** (-4.59)	-0.0544*** (-2.91)	-0.1650*** (-4.02)
Total Inst Ownership (5% Owners) (t-1)	-0.0453 (-1.39)	-0.0145 (-0.86)	-0.0544* (-1.81)
Large Noninst Block (t-1)	0.0067 (0.48)	-0.0146** (-1.97)	0.0121 (0.92)
Below Avg ESG Rank (t-1)	0.0069 (0.71)	0.0057 (1.10)	0.0018 (0.21)
Observations	7,668	7,668	7,658
Industry FE	YES	YES	YES
Year FE	YES	YES	YES
Country FE	YES	YES	YES
KP rk Wald F	180.5	62.59	172.1

Table 7. Consultant-brought metric adoptions: composition and covariate balance

This table compares consultant-brought metric adoptions with other new-metric adoptions and reports covariate balance for the instrumental-variables design. A consultant-brought adoption is a new-metric adoption in which the consultant's out-of-industry clients used the metric more often than the average sample firm in the previous year; other adoptions are new-metric adoptions that do not meet this condition. Panel A compares the composition of the two groups of adoption events across broad metric types and individual metrics; means are within-group shares. Panel B compares the characteristics of adopting firm-years across the two groups. Panel C compares firm characteristics between firm-years with above- and below-median consultant idiosyncratic metric usage. For each row, the table reports group sample sizes and means, the difference in means, and the normalized difference, computed as the difference in means divided by the square root of half the sum of the group variances. Following Imbens and Wooldridge (2009), a normalized difference below 0.25 in absolute value indicates that the groups are sufficiently comparable for regression adjustment; the last column flags values above this threshold. The sample comprises consultant-linked firm-years, 2011-2021.

Panel A. Composition of adoption events

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	N cons.-brought	Share cons.-brought	N other	Share other	Diff	Norm. Diff	Flag ND >0.25
Environmental	104	0.0581	307	0.0516	0.0066	0.029	0
GHG Emissions	63	0.0352	128	0.0215	0.0137	0.083	0
Air Quality	0	0.0000	4	0.0007	-0.0007	-0.037	0
Energy Management	24	0.0134	66	0.0111	0.0023	0.021	0
Water Management	4	0.0022	37	0.0062	-0.0040	-0.061	0
Waste Management	11	0.0061	51	0.0086	-0.0024	-0.028	0
Ecological Impacts	2	0.0011	21	0.0035	-0.0024	-0.050	0
Social	315	0.1761	1009	0.1695	0.0066	0.017	0
Human Rights & Community	18	0.0101	77	0.0129	-0.0029	-0.027	0
Customer Privacy	0	0.0000	23	0.0039	-0.0039	-0.088	0
Access & Affordability	1	0.0006	17	0.0029	-0.0023	-0.056	0
Product Quality & Safety	49	0.0274	105	0.0176	0.0097	0.066	0
Labor Practices	0	0.0000	8	0.0013	-0.0013	-0.052	0
Employee Health & Safety	73	0.0408	251	0.0422	-0.0014	-0.007	0
Employee Engagement & Diversity	174	0.0973	528	0.0887	0.0086	0.029	0
Governance	66	0.0369	379	0.0637	-0.0268	-0.123	0
Product Design & Lifecycle	7	0.0039	33	0.0055	-0.0016	-0.024	0
Business Model Resilience	1	0.0006	5	0.0008	-0.0003	-0.011	0
Supply Chain Management	0	0.0000	11	0.0018	-0.0018	-0.061	0
Materials Sourcing & Efficiency	1	0.0006	18	0.0030	-0.0025	-0.058	0
Physical Climate Impacts	0	0.0000	4	0.0007	-0.0007	-0.037	0
Business Ethics	11	0.0061	47	0.0079	-0.0017	-0.021	0
Competitive Behavior	0	0.0000	1	0.0002	-0.0002	-0.018	0
Legal & Regulatory Environment	37	0.0207	216	0.0363	-0.0156	-0.094	0
Critical Incident Risk	9	0.0050	40	0.0067	-0.0017	-0.022	0
Systemic Risk Management	0	0.0000	4	0.0007	-0.0007	-0.037	0
Operating	761	0.4254	2554	0.4291	-0.0037	-0.008	0
Sales	196	0.1096	600	0.1008	0.0088	0.029	0
Efficiency	167	0.0933	436	0.0733	0.0201	0.073	0
Investment	63	0.0352	272	0.0457	-0.0105	-0.053	0
Capital	60	0.0335	290	0.0487	-0.0152	-0.077	0
Other Operating	275	0.1537	956	0.1606	-0.0069	-0.019	0
Earnings	284	0.1587	872	0.1465	0.0122	0.034	0
Profitability	91	0.0509	331	0.0556	-0.0047	-0.021	0
Cash Flow	193	0.1079	541	0.0909	0.0170	0.057	0
Market	259	0.1448	831	0.1396	0.0052	0.015	0
Market-Based	259	0.1448	831	0.1396	0.0052	0.015	0

Panel B. Characteristics of adopting firm-years

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	N cons.- brought	Mean cons.- brought	N other	Mean other	Diff	Norm. Diff	Flag ND >0.25
Log total compensation	1336	15.5499	962	15.6245	-0.0746	-0.078	0
Stock return	1354	0.1907	980	0.1579	0.0328	0.011	0
3-year stock return	1334	3.8439	961	6.9859	-3.1420	-0.142	0
Log market cap	1354	22.3589	980	22.1357	0.2232	0.134	0
Return on assets	1353	0.0476	979	0.0065	0.0411	0.266	1
Total Inst Own (5% Owners)	1324	0.1943	971	0.2262	-0.0319	-0.189	0
Large non-institutional block	1330	0.1677	971	0.1226	0.0451	0.128	0
Below-average ESG rank	1363	0.2583	988	0.2348	0.0234	0.054	0
ESG performance all-cat (std)	1363	0.1738	988	0.1704	0.0034	0.004	0

Panel C. Covariate balance across consultant idiosyncratic metric usage

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	N high	Mean high	N low	Mean low	Diff	Norm. Diff	Flag ND >0.25
Log total compensation	5048	15.5572	5023	15.5450	0.0121	0.011	0
Stock return	5111	0.1259	5099	0.2066	-0.0807	-0.050	0
3-year stock return	4974	9.7347	4811	10.8870	-1.1523	-0.047	0
Log market cap	5110	22.3475	5096	22.0931	0.2544	0.155	0
Return on assets	5106	0.0742	5092	0.0289	0.0454	0.321	1
Total Inst Own (5% Owners)	5048	0.2017	5048	0.2291	-0.0275	-0.166	0
Large non-institutional block	5054	0.1522	5058	0.1657	-0.0135	-0.037	0
Below-average ESG rank	5129	0.2505	5129	0.2513	-0.0008	-0.002	0
ESG performance all-cat (std)	5129	0.1635	5129	0.1542	0.0093	0.010	0

Table 8. New metric adoption and say-on-pay approval

This table presents OLS and instrumental-variables estimates of the effect of new compensation-metric adoption on shareholder say-on-pay approval. The dependent variable is the firm-year mean say-on-pay vote in favor of management, measured contemporaneously (year t) in columns 1 to 4 and as the mean over t through $t+3$ in column 5. The endogenous regressor, *Adopted New Metric*, is an indicator equal to one if the firm adopts a consultant-brought metric in year t , defined as a metric it did not use in the previous year and that its consultant's out-of-industry clients use more often than the average sample firm; in columns 3 and 4 it is defined over ESG-type and non-ESG-type metrics, respectively, each instrumented with consultant idiosyncratic metric usage computed over the corresponding set of unused metrics. The instrument is prior-year consultant idiosyncratic metric usage; the first-stage regressions are reported in Table 6. The sample comprises firm-years for which the lead consultant and its client book are identified. All regressions include year, industry, and country fixed effects. Standard errors are clustered at the firm level and t -statistics are in parentheses. The Kleibergen-Paap first-stage F -statistic is reported for each instrumental-variables column. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

	(1)	(2)	(3)	(4)	(5)
	Say-on-Pay Approval Rate				IV-AGG (fwd 3yr)
	OLS	IV-AGG	IV-ESG	IV-NON ESG	
Adopted New Metric	-0.0157*** (-4.08)	0.0552* (1.83)			0.0540* (1.76)
Adopted New ESG Metric			0.0501 (0.82)		
Adopted New non-ESG Metric				0.0660** (2.05)	
Num Indiv. Metrics (t-1)	-0.0012 (-1.06)	-0.0011 (-0.91)			0.0005 (0.40)
Num ESG Metrics (t-1)			-0.0010 (-0.52)		
Num Non-ESG Metrics (t-1)				-0.0001 (-0.04)	
Total Comp	-0.0206*** (-4.74)	-0.0215*** (-4.75)	-0.0208*** (-4.76)	-0.0217*** (-4.73)	-0.0240*** (-5.09)
1-yr return	0.0078*** (3.24)	0.0100*** (3.52)	0.0086*** (3.43)	0.0100*** (3.55)	0.0128*** (3.34)
Log Mkt Cap (t-1)	0.0073*** (3.36)	0.0075*** (3.40)	0.0070*** (3.19)	0.0078*** (3.46)	0.0055** (2.45)
Return on assets (t-1)	0.0961*** (4.89)	0.1075*** (5.19)	0.1002*** (5.05)	0.1094*** (5.25)	0.0783*** (4.40)
Total Inst Ownership (5% Owners) (t-1)	0.0600*** (4.39)	0.0633*** (4.51)	0.0621*** (4.53)	0.0650*** (4.71)	0.0579*** (4.32)
Large Noninst Block (t-1)	0.0003 (0.05)	-0.0002 (-0.02)	0.0015 (0.22)	-0.0008 (-0.11)	0.0028 (0.44)
Below Avg ESG Rank (t-1)	-0.0112*** (-3.30)	-0.0119*** (-3.40)	-0.0115*** (-3.33)	-0.0116*** (-3.30)	-0.0097*** (-2.79)
Observations	7,668	7,668	7,668	7,658	7,949
Industry FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES
Country FE	YES	YES	YES	YES	YES
Adjusted R2	0.0594				
KP rk Wald F		180.5	62.59	172.1	187.4

Table 9. New metric adoption and shareholder proposals

This table presents OLS and instrumental-variables estimates of the effect of new compensation-metric adoption on the number of shareholder proposals the firm receives. Panel A considers ESG-related shareholder proposals and Panel B includes all shareholder-sponsored proposals. In each panel, the dependent variable is measured in year t in columns 1 to 4 and as the mean over t through $t+3$ in column 5. The endogenous regressor, *Adopted New Metric*, is an indicator equal to one if the firm adopts a consultant-brought metric in year t , defined as a metric it did not use in the previous year and that its consultant's out-of-industry clients use more often than the average sample firm; in columns 3 and 4 it is defined over ESG-type and non-ESG-type metrics, respectively, each instrumented with consultant idiosyncratic metric usage, computed over the corresponding set of unused metrics. The instrument is prior-year consultant idiosyncratic metric usage; the first-stage regressions are reported in Table 6. The sample comprises firm-years for which the lead consultant and its client book are identified. All regressions include year, industry, and country fixed effects. Standard errors are clustered at the firm level and t -statistics are in parentheses. The Kleibergen-Paap first-stage F -statistic is reported for each instrumental-variables column. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

Panel A. ESG shareholder proposals					
	(1)	(2)	(3)	(4)	(5)
	Num ESG Proposals				
	OLS	IV-AGG	IV-ESG	IV-NON ESG	IV-AGG (fwd 3yr)
Adopted New Metric	-0.0077 (-0.57)	-0.2676** (-2.30)			-0.2505** (-1.99)
Adopted New ESG Metric			-0.5736** (-2.39)		
Adopted New non-ESG Metric				-0.2267* (-1.75)	
Num Indiv. Metrics (t-1)	-0.0119 (-1.25)	-0.0131 (-1.34)			-0.0190 (-1.52)
Num ESG Metrics (t-1)			-0.0036 (-0.23)		
Num Non-ESG Metrics (t-1)				-0.0198 (-1.61)	
3-yr return (t-1)	-0.0021*** (-6.10)	-0.0025*** (-5.62)	-0.0023*** (-6.16)	-0.0024*** (-5.53)	-0.0024*** (-5.02)
Below Avg ESG Rank (t-1)	0.0372** (2.16)	0.0377** (2.17)	0.0407** (2.25)	0.0356** (2.08)	0.0349** (1.99)
Log Mkt Cap (t-1)	0.1148*** (10.22)	0.1172*** (10.06)	0.1172*** (10.32)	0.1162*** (10.17)	0.1231*** (8.84)
Return on assets (t-1)	-0.1691*** (-2.76)	-0.1908*** (-3.04)	-0.1787*** (-2.88)	-0.1804*** (-2.90)	-0.2006*** (-2.97)
Total Inst Ownership (5% Owners) (t-1)	-0.2509*** (-6.14)	-0.2584*** (-6.10)	-0.2530*** (-6.14)	-0.2598*** (-6.06)	-0.2507*** (-5.98)
Large Noninst Block (t-1)	0.0029 (0.11)	0.0033 (0.13)	-0.0011 (-0.04)	0.0037 (0.14)	0.0130 (0.44)
Observations	8,052	8,052	8,052	8,042	8,065
Industry FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES
Country FE	YES	YES	YES	YES	YES
Adjusted R2	0.186				
KP rk Wald F		201.2	58.50	183.4	201.5

Panel B. All shareholder proposals

	(1)	(2)	(3)	(4)	(5)
	Num Shareholder Proposals				
	OLS	IV-AGG	IV-ESG	IV-NON ESG	IV-AGG (fwd 3yr)
Adopted New Metric	-0.0089 (-0.35)	-0.3471* (-1.77)			-0.3389* (-1.68)
Adopted New ESG Metric			-0.8948** (-2.18)		
Adopted New non-ESG Metric				-0.2444 (-1.11)	
Num Indiv. Metrics (t-1)	-0.0134 (-0.95)	-0.0150 (-1.04)			-0.0203 (-1.15)
Num ESG Metrics (t-1)			-0.0029 (-0.12)		
Num Non-ESG Metrics (t-1)				-0.0213 (-1.13)	
3-yr return (t-1)	-0.0047*** (-8.31)	-0.0053*** (-7.47)	-0.0051*** (-8.27)	-0.0051*** (-7.35)	-0.0050*** (-6.75)
Below Avg ESG Rank (t-1)	0.0665** (2.46)	0.0671** (2.46)	0.0714** (2.55)	0.0643** (2.39)	0.0545** (2.08)
Log Mkt Cap (t-1)	0.2345*** (12.61)	0.2376*** (12.39)	0.2389*** (12.59)	0.2362*** (12.54)	0.2410*** (11.51)
Return on assets (t-1)	-0.2849*** (-2.60)	-0.3130*** (-2.78)	-0.2981*** (-2.67)	-0.2982*** (-2.69)	-0.3119*** (-2.73)
Total Inst Ownership (5% Owners) (t-1)	-0.5422*** (-7.97)	-0.5520*** (-7.92)	-0.5473*** (-8.01)	-0.5522*** (-7.84)	-0.5808*** (-8.62)
Large Noninst Block (t-1)	0.0070 (0.17)	0.0075 (0.19)	-0.0011 (-0.03)	0.0076 (0.19)	0.0054 (0.12)
Observations	8,052	8,052	8,052	8,042	8,065
Industry FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES
Country FE	YES	YES	YES	YES	YES
Adjusted R2	0.267				
KP rk Wald F		201.2	58.50	183.4	201.5

Table 10. New metric adoption and dissent on management proposals

This table presents OLS and instrumental-variables estimates of the effect of new compensation-metric adoption on shareholder dissent. The dependent variable is the firm-year mean fraction of votes cast against management-sponsored proposals at the firm's annual meeting, across all management proposals, measured in year t in columns 1 to 4 and as the mean over t through $t+3$ in column 5. The endogenous regressor, *Adopted New Metric*, is an indicator equal to one if the firm adopts a consultant-brought metric in year t , defined as a metric it did not use in the previous year and that its consultant's out-of-industry clients use more often than the average sample firm; in columns 3 and 4 it is defined over ESG-type and non-ESG-type metrics, respectively, each instrumented with consultant idiosyncratic metric usage computed over the corresponding set of unused metrics. The instrument is prior-year consultant idiosyncratic metric usage; the first-stage regressions are reported in Table 6. The sample comprises firm-years for which the lead consultant and its client book are identified. All regressions include year, industry, and country fixed effects. Standard errors are clustered at the firm level and t -statistics are in parentheses. The Kleibergen-Paap first-stage F -statistic is reported for each instrumental-variables column. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

	(1)	(2)	(3)	(4)	(5)
	Vote Against Mgmt				IV-AGG
	OLS	IV-AGG	IV-ESG	IV-NON ESG	(fwd 3yr)
Adopted New Metric	0.0011 (0.75)	-0.0564*** (-3.84)			-0.0553*** (-3.73)
Adopted New ESG Metric			-0.0912*** (-3.30)		
Adopted New non-ESG Metric				-0.0568*** (-3.57)	
Num Indiv. Metrics (t-1)	-0.0013*** (-2.77)	-0.0016*** (-3.10)			-0.0019*** (-3.66)
Num ESG Metrics (t-1)			-0.0002 (-0.21)		
Num Non-ESG Metrics (t-1)				-0.0031*** (-3.87)	
3-yr return (t-1)	-0.0001* (-1.68)	-0.0002*** (-3.48)	-0.0001** (-2.50)	-0.0002*** (-3.32)	-0.0001** (-2.35)
Log Mkt Cap (t-1)	-0.0054*** (-6.40)	-0.0050*** (-5.53)	-0.0048*** (-5.23)	-0.0054*** (-5.88)	-0.0044*** (-5.40)
Return on assets (t-1)	-0.0415*** (-4.22)	-0.0462*** (-4.34)	-0.0431*** (-4.24)	-0.0447*** (-4.19)	-0.0464*** (-5.34)
All Categories News (t-1)	-0.0000 (-0.91)	-0.0000 (-0.88)	-0.0001 (-1.29)	-0.0000 (-0.59)	-0.0000 (-1.18)
Below Avg ESG Rank (t-1)	0.0027* (1.93)	0.0028* (1.84)	0.0030** (2.01)	0.0028* (1.83)	0.0029* (1.84)
Total Inst Ownership (5% Owners) (t-1)	-0.0272*** (-4.97)	-0.0289*** (-4.96)	-0.0278*** (-4.93)	-0.0296*** (-5.12)	-0.0257*** (-4.50)
Large Noninst Block (t-1)	0.0041 (1.44)	0.0042 (1.39)	0.0031 (1.07)	0.0045 (1.48)	0.0063** (2.03)
Total Comp	0.0038*** (2.69)	0.0044*** (2.78)	0.0034** (2.19)	0.0045*** (2.78)	0.0051*** (4.16)
Observations	7,951	7,951	7,951	7,941	7,962
Industry FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES
Country FE	YES	YES	YES	YES	YES
Adjusted R2	0.118				
KP rk Wald F		181.6	63.49	176.3	182.1

Table 11. Specific ESG metrics and ESG performance – metric-level analysis

This table presents OLS, first-stage, and instrumental-variables estimates at the metric-firm-year level, over ESG-type metrics. The dependent variable is the firm's standardized metric-specific ESG-news (Pulse) score for the metric's category, measured the following year. The endogenous regressor, *Specific ESG Metric*, is an indicator equal to one if the firm uses that ESG metric in its CEO pay plan in year *t*. The instrument is prior-year *Metric-Level Consultant Exposure*: the share of the lead consultant's out-of-industry clients that use the metric, minus the average of this rate across all sample firms that year. The sample comprises metric-firm-years for which the lead consultant and its client book are identified. All regressions include firm and year fixed effects. Standard errors are clustered at the firm level and t-statistics are in parentheses. The Kleibergen-Paap first-stage F-statistic is reported. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

	(1)	(2)	(3)
	OLS	First Stage	IV
Specific ESG Metric	0.2193*** (18.61)		0.9969* (1.84)
Metric-Level Consultant Exposure (t-1)		0.4425*** (6.48)	
Metric-Specific News - std (t-1)	0.5942*** (180.93)	0.0096*** (13.94)	0.5769*** (88.64)
All Categories News - std (t-1)	-0.0210*** (-7.60)	-0.0017** (-2.49)	-0.0230*** (-3.89)
Below Avg ESG Rank (t-1)	-0.0016 (-0.31)	0.0005 (0.32)	0.0098 (0.97)
Total Inst Ownership (5% Owners) (t-1)	-0.0275 (-1.15)	0.0014 (0.26)	-0.0630 (-1.39)
Large Noninst Block (t-1)	0.0270** (2.57)	-0.0027 (-0.70)	0.0017 (0.05)
Observations	293,202	120,410	96,594
R-squared	0.407	0.106	0.319
Firm FE	YES	YES	YES
Year FE	YES	YES	YES
Adjusted R2	0.397	0.0907	
F-stat		41.96	
KP rk Wald F			17.22

Table 12. New metric adoption and firm ESG performance

This table presents OLS and instrumental-variables estimates of the effect of new compensation-metric adoption on firm ESG performance. Panel A examines all-categories ESG performance (standardized ESG news intensity); Panel B examines material ESG performance (standardized). In each panel, the dependent variable is measured in year t in columns 1 to 4 and as the mean over t through $t+3$ in column 5. The endogenous regressor, *Adopted New Metric*, is an indicator equal to one if the firm adopts a consultant-brought metric in year t , defined as a metric it did not use in the previous year and that its consultant's out-of-industry clients use more often than the average sample firm; in columns 3 and 4 it is defined over ESG-type and non-ESG-type metrics, respectively, each instrumented with consultant idiosyncratic metric usage computed over the corresponding set of unused metrics. The instrument is prior-year consultant idiosyncratic metric usage; the first-stage regressions are reported in Table 6. The sample comprises firm-years for which the lead consultant and its client book are identified. All regressions include year, industry, and country fixed effects. Standard errors are clustered at the firm level and t -statistics are in parentheses. The Kleibergen-Paap first-stage F-statistic is reported for each instrumental-variables column. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

Panel A. All-categories ESG performance					
	(1)	(2)	(3)	(4)	(5)
	OLS	IV-AGG	IV-ESG	IV-NON ESG	IV-AGG (fwd 3yr)
Adopted New Metric	0.0325 (1.56)	0.0392 (0.24)			0.1429 (0.73)
Adopted New ESG Metric			-0.0604 (-0.19)		
Adopted New non-ESG Metric				0.0789 (0.43)	
Num Individ. Metrics (t-1)	0.0060 (1.14)	0.0060 (1.13)			0.0016 (0.26)
Num ESG Metrics (t-1)			-0.0030 (-0.31)		
Num Non-ESG Metrics (t-1)				0.0118 (1.47)	
Total Comp	0.0251** (2.39)	0.0250** (2.37)	0.0258** (2.47)	0.0248** (2.30)	0.0225** (2.13)
3-yr return (t-1)	0.0016*** (3.88)	0.0016*** (3.20)	0.0014*** (3.26)	0.0016*** (3.32)	0.0022*** (4.01)
Return on assets	0.0990 (1.14)	0.0995 (1.14)	0.0954 (1.10)	0.1036 (1.19)	0.0888 (0.94)
Log Mkt Cap (t-1)	-0.0362*** (-4.41)	-0.0362*** (-4.39)	-0.0347*** (-4.04)	-0.0372*** (-4.54)	-0.0551*** (-5.78)
All Categories News (t-1)	0.4474*** (28.70)	0.4474*** (28.70)	0.4474*** (28.64)	0.4466*** (28.56)	0.3157*** (21.14)
Below Avg ESG Rank (t-1)	-0.1025*** (-4.67)	-0.1025*** (-4.67)	-0.1030*** (-4.70)	-0.1002*** (-4.57)	-0.0970*** (-4.85)
Total Inst Own (5% Owners) (t-1)	0.1655*** (2.64)	0.1658*** (2.63)	0.1614** (2.57)	0.1656*** (2.61)	0.2861*** (4.09)
Large Noninst Block (t-1)	-0.0236 (-0.92)	-0.0236 (-0.92)	-0.0267 (-1.01)	-0.0233 (-0.90)	-0.0411 (-1.36)
Observations	7,974	7,974	7,974	7,964	7,974
Industry FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES
Country FE	YES	YES	YES	YES	YES
Adjusted R2	0.271				
KP rk Wald F		182.8	62.87	177.6	182.8

Panel B. Material ESG performance

	(1)	(2)	(3)	(4)	(5)
	OLS	IV-AGG	IV-ESG	IV-NON ESG	IV-AGG (fwd 3yr)
Adopted New Metric	0.0151 (0.67)	-0.1186 (-0.72)			0.0677 (0.30)
Adopted New ESG Metric			0.0533 (0.17)		
Adopted New non-ESG Metric				-0.1947 (-1.03)	
Num Individ. Metrics (t-1)	0.0040 (0.72)	0.0034 (0.61)			0.0026 (0.38)
Num ESG Metrics (t-1)			-0.0033 (-0.37)		
Num Non-ESG Metrics (t-1)				0.0030 (0.36)	
Total Comp	0.0238*** (2.86)	0.0252*** (3.00)	0.0246*** (2.91)	0.0264*** (3.11)	0.0206* (1.94)
3-yr return (t-1)	0.0016*** (3.75)	0.0013*** (2.64)	0.0015*** (3.41)	0.0012** (2.47)	0.0023*** (3.86)
Return on assets	-0.0976 (-1.23)	-0.1098 (-1.38)	-0.0987 (-1.25)	-0.1129 (-1.41)	-0.1649* (-1.85)
Log Mkt Cap (t-1)	-0.0104 (-1.44)	-0.0095 (-1.29)	-0.0103 (-1.36)	-0.0109 (-1.49)	-0.0232** (-2.53)
Materiality News - std (t-1)	0.5482*** (38.51)	0.5475*** (38.34)	0.5484*** (38.62)	0.5476*** (38.30)	0.4102*** (26.75)
Below Avg ESG Rank (t-1)	-0.0761*** (-3.53)	-0.0760*** (-3.52)	-0.0767*** (-3.55)	-0.0746*** (-3.45)	-0.0672*** (-3.26)
Total Inst Own (5% Owners) (t-1)	0.0278 (0.45)	0.0239 (0.38)	0.0262 (0.42)	0.0174 (0.28)	0.0901 (1.24)
Large Noninst Block (t-1)	-0.0343 (-1.33)	-0.0339 (-1.31)	-0.0349 (-1.34)	-0.0316 (-1.21)	-0.0600* (-1.91)
Observations	7,800	7,800	7,800	7,791	7,800
Industry FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES
Country FE	YES	YES	YES	YES	YES
Adjusted R2	0.394				
KP rk Wald F		180.2	62.60	171	180.2

Table 13. New metric adoption and stock liquidity

This table presents OLS and instrumental-variables estimates of the effect of new compensation-metric adoption on stock liquidity. The dependent variable is the firm-year mean relative bid-ask spread, computed as $(\text{Ask} - \text{Bid})/((\text{Ask} + \text{Bid})/2)$, measured in year t . The endogenous regressor, *Adopted New Metric*, is an indicator equal to one if the firm adopts a consultant-brought metric in year t , defined as a metric it did not use in the previous year and that its consultant's out-of-industry clients use more often than the average sample firm; in columns 3 and 4 it is defined over ESG-type and non-ESG-type metrics, respectively, each instrumented with consultant idiosyncratic metric usage computed over the corresponding set of unused metrics. The instrument is prior-year consultant idiosyncratic metric usage; the first-stage regressions are reported in Table 6. The sample comprises firm-years for which the lead consultant and its client book are identified. All regressions include year, industry, and country fixed effects. Standard errors are clustered at the firm level and t-statistics are in parentheses. The Kleibergen-Paap first-stage F-statistic is reported for each instrumental-variables column. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

	(1)	(2)	(3)	(4)
	OLS	IV-AGG	IV-ESG	IV-NON ESG
Adopted New Metric	-0.0001** (-2.42)	-0.0010 (-1.30)		
Adopted New ESG Metric			-0.0012 (-0.81)	
Adopted New non-ESG Metric				-0.0011 (-1.20)
Num Indiv. Metrics (t-1)	0.0000 (0.40)	0.0000 (0.22)		
Num ESG Metrics (t-1)			0.0001 (1.15)	
Num Non-ESG Metrics (t-1)				-0.0001 (-1.49)
Total Comp (t-1)	-0.0001** (-2.02)	-0.0001** (-1.97)	-0.0001** (-2.03)	-0.0001* (-1.77)
3-yr return (t-1)	-0.0000 (-1.19)	-0.0000 (-1.41)	-0.0000 (-1.16)	-0.0000 (-1.55)
Return on assets	-0.0006* (-1.78)	-0.0007** (-2.23)	-0.0005* (-1.82)	-0.0007** (-2.13)
Log Mkt Cap (t-1)	-0.0007*** (-11.00)	-0.0007*** (-10.61)	-0.0007*** (-10.28)	-0.0007*** (-10.88)
All Categories News (t-1)	-0.0000*** (-3.64)	-0.0000*** (-3.57)	-0.0000*** (-3.70)	-0.0000*** (-3.49)
Below Avg ESG Rank (t-1)	-0.0002* (-1.92)	-0.0002* (-1.88)	-0.0002* (-1.95)	-0.0002* (-1.84)
Total Inst Own (5% Owners) (t-1)	-0.0030*** (-6.80)	-0.0030*** (-6.87)	-0.0030*** (-6.82)	-0.0030*** (-6.90)
Large Noninst Block (t-1)	0.0005** (2.01)	0.0005** (1.98)	0.0004* (1.90)	0.0005** (2.04)
Observations	7,609	7,609	7,609	7,602
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Country FE	YES	YES	YES	YES
Adjusted R2	0.149			
KP rk Wald F		197.3	57.44	176.9

Table 14. New metric adoption and analyst forecasts

This table presents OLS and instrumental-variables estimates of the effect of new metric adoption on analyst-based measures of the firm's information environment, measured in year t . Panel A examines analyst forecast dispersion (relative dispersion of EPS forecasts); Panel B examines absolute relative forecast error; Panel C examines absolute standardized unexpected earnings (SUE). Analyst measures use annual EPS forecasts from IBES. The endogenous regressor, *Adopted New Metric*, is an indicator equal to one if the firm adopts a consultant-brought metric in year t , defined as a metric it did not use in the previous year and that its consultant's out-of-industry clients use more often than the average sample firm; in columns 3 and 4 it is defined over ESG-type and non-ESG-type metrics, respectively, each instrumented with consultant idiosyncratic metric usage, computed over the corresponding set of unused metrics. The instrument is prior-year consultant idiosyncratic metric usage; the first-stage regressions are reported in Table 6. The sample comprises firm-years for which the lead consultant and its client book are identified. All regressions include year, industry, and country fixed effects. Standard errors are clustered at the firm level and t -statistics are in parentheses. The Kleibergen-Paap first-stage F -statistic is reported for each instrumental-variables column. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

Panel A. Analyst forecast dispersion				
	(1)	(2)	(3)	(4)
	OLS	IV-AGG	IV-ESG	IV-NON ESG
Adopted New Metric	0.0618*	-0.0272		
	(1.78)	(-0.15)		
Adopted New ESG Metric			0.1840	
			(0.40)	
Adopted New non-ESG Metric				-0.0799
				(-0.45)
Num Individ. Metrics (t-1)	0.0175**	0.0170**		
	(2.20)	(2.14)		
Num ESG Metrics (t-1)			0.0052	
			(0.32)	
Num Non-ESG Metrics (t-1)				0.0232**
				(2.16)
Total Comp (t-1)	0.0010	0.0012	0.0031	0.0009
	(0.05)	(0.07)	(0.17)	(0.05)
3-yr return (t-1)	-0.0006	-0.0008	-0.0008	-0.0009
	(-0.84)	(-0.94)	(-0.92)	(-1.02)
Return on assets	-0.2552***	-0.2636***	-0.2528***	-0.2777***
	(-2.96)	(-2.99)	(-2.89)	(-3.14)
Log Mkt Cap (t-1)	-0.0564***	-0.0559***	-0.0559***	-0.0559***
	(-4.34)	(-4.31)	(-4.19)	(-4.29)
All Categories News (t-1)	-0.0001	-0.0001	-0.0001	-0.0001
	(-0.18)	(-0.20)	(-0.09)	(-0.18)
Below Avg ESG Rank (t-1)	0.0076	0.0070	0.0050	0.0068
	(0.31)	(0.28)	(0.20)	(0.27)
Total Inst Own (5% Owners) (t-1)	-0.0085	-0.0108	-0.0146	-0.0141
	(-0.09)	(-0.12)	(-0.16)	(-0.15)
Large Noninst Block (t-1)	0.0632	0.0647	0.0583	0.0672*
	(1.57)	(1.59)	(1.42)	(1.66)
Observations	6,747	6,747	6,747	6,738
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Country FE	YES	YES	YES	YES
Adjusted R2	0.0585			
KP rk Wald F		166.7	44.37	161.3

Panel B. Absolute relative forecast error

	(1)	(2)	(3)	(4)
	OLS	IV-AGG	IV-ESG	IV-NON ESG
Adopted New Metric	0.0284 (1.35)	-0.0447 (-0.33)		
Adopted New ESG Metric			-0.0518 (-0.17)	
Adopted New non-ESG Metric				-0.0506 (-0.37)
Num Individ. Metrics (t-1)	0.0012 (0.19)	0.0008 (0.12)		
Num ESG Metrics (t-1)			0.0024 (0.20)	
Num Non-ESG Metrics (t-1)				0.0006 (0.07)
Total Comp (t-1)	-0.0026 (-0.33)	-0.0024 (-0.31)	-0.0025 (-0.31)	-0.0023 (-0.30)
3-yr return (t-1)	-0.0005 (-1.34)	-0.0007 (-1.37)	-0.0006 (-1.41)	-0.0007 (-1.43)
Return on assets	-0.1225** (-2.03)	-0.1294** (-2.08)	-0.1246** (-2.05)	-0.1275** (-2.06)
Log Mkt Cap (t-1)	-0.0351*** (-5.12)	-0.0347*** (-5.03)	-0.0345*** (-4.73)	-0.0351*** (-5.12)
All Categories News (t-1)	-0.0002 (-0.32)	-0.0002 (-0.34)	-0.0002 (-0.35)	-0.0002 (-0.33)
Below Avg ESG Rank (t-1)	-0.0053 (-0.31)	-0.0058 (-0.34)	-0.0056 (-0.33)	-0.0055 (-0.31)
Total Inst Own (5% Owners) (t-1)	-0.0805 (-1.51)	-0.0824 (-1.55)	-0.0820 (-1.55)	-0.0855 (-1.59)
Large Noninst Block (t-1)	0.0511* (1.91)	0.0523* (1.92)	0.0509* (1.90)	0.0522* (1.93)
Observations	6,747	6,747	6,747	6,738
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Country FE	YES	YES	YES	YES
Adjusted R2	0.0256			
KP rk Wald F		166.7	44.37	161.3

Panel C. Standardized Unexpected Earnings (SUE)

	(1)	(2)	(3)	(4)
	OLS	IV-AGG	IV-ESG	IV-NON ESG
Adopted New Metric	-2.4186*** (-3.35)	-4.7901 (-0.83)		
Adopted New ESG Metric			-3.7292 (-0.35)	
Adopted New non-ESG Metric				-5.8912 (-0.90)
Num Individ. Metrics (t-1)	-0.0662 (-0.32)	-0.0786 (-0.37)		
Num ESG Metrics (t-1)			0.6610 (1.31)	
Num Non-ESG Metrics (t-1)				-0.3832 (-1.31)
Total Comp (t-1)	-0.0292 (-0.10)	-0.0229 (-0.08)	-0.0586 (-0.19)	0.0071 (0.02)
3-yr return (t-1)	0.0191 (1.53)	0.0153 (1.01)	0.0220 (1.63)	0.0132 (0.88)
Return on assets	18.7021*** (7.47)	18.4753*** (7.33)	19.1538*** (7.53)	18.6737*** (7.40)
Log Mkt Cap (t-1)	1.1134*** (4.31)	1.1275*** (4.37)	1.0989*** (4.10)	1.1126*** (4.33)
All Categories News (t-1)	-0.0132 (-0.68)	-0.0136 (-0.70)	-0.0136 (-0.70)	-0.0123 (-0.64)
Below Avg ESG Rank (t-1)	-1.0163 (-1.47)	-1.0335 (-1.49)	-0.9693 (-1.40)	-1.0638 (-1.53)
Total Inst Own (5% Owners) (t-1)	-0.2252 (-0.12)	-0.2796 (-0.14)	-0.1518 (-0.08)	-0.4662 (-0.24)
Large Noninst Block (t-1)	-0.9215 (-1.00)	-0.8798 (-0.94)	-0.9409 (-1.02)	-0.9332 (-1.01)
Observations	6,745	6,745	6,745	6,736
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Country FE	YES	YES	YES	YES
Adjusted R2	0.0813			
KP rk Wald F		166.3	44.35	161.2

Internet Appendix for *Beyond ESG: Executive Pay Metrics and Shareholder Support*

Figure IA.1. ESG metric usage by firm size

This figure displays the proportion of firms reporting various types of compensation metrics by region and market capitalization. Compensation data are obtained from Executive Compensation Analytics (ECA) provided by ISS (Institutional Shareholder Services). The international sample includes firms from 34 countries spanning the years 2011 to 2021.

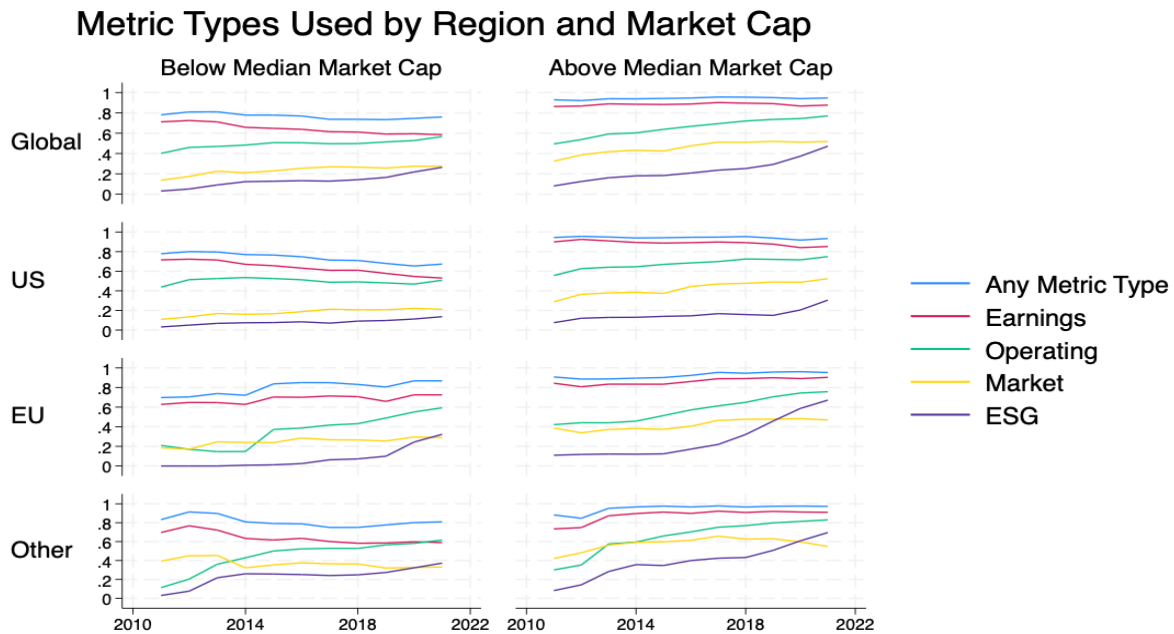


Figure IA.2. Add and drop rates of ESG metrics over time

This figure shows the time trends in ESG metric adoption and removal in executive compensation contracts between 2011 and 2021. The analysis is conducted at the firm-metric-year level, where '*add rate*' represents the fraction of firm-metric observations where an ESG metric is introduced for the first time, and '*drop rate*' represents the fraction where an ESG metric is removed. The blue line with circles shows the add rates, while the red line with squares shows the drop rates. The diverging trends demonstrate that firms are increasingly adopting ESG metrics in their compensation contracts over time, while the removal of such metrics remains uncommon.

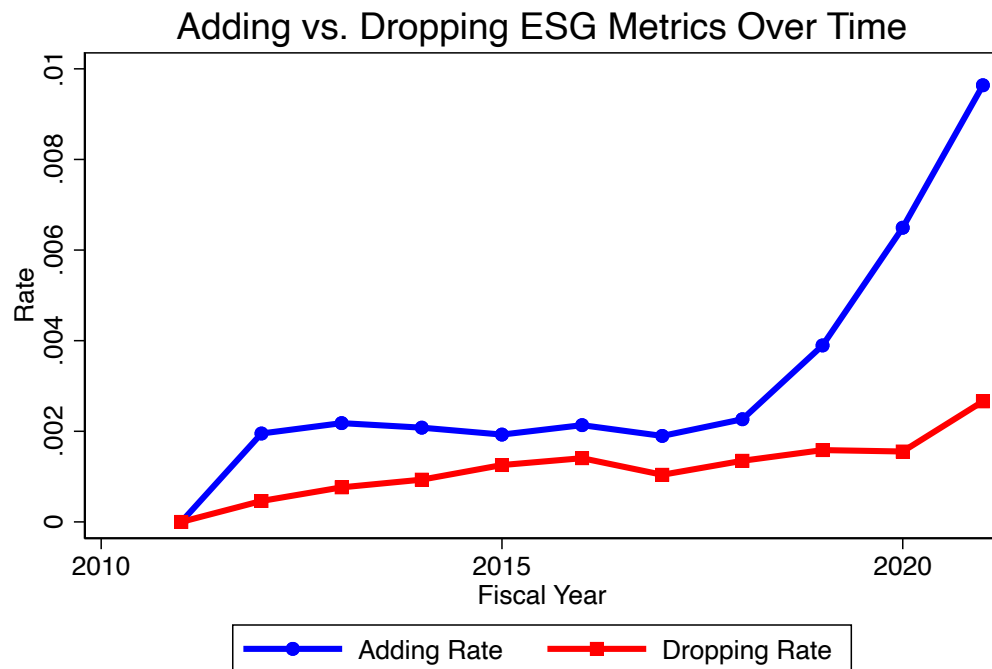


Table IA.1. Determinants of ESG metric usage

This table presents firm-year-level regressions of (material) ESG compensation metrics in Panel A and environmental, social, and governance metrics in Panel B. Odd-numbered columns include year, industry, and country fixed effects, while even-numbered columns include firm and year fixed effects. All firm-level variables (except *CEO Tenure*) are lagged and described in Appendix A. The t-statistics, calculated with standard errors clustered at the firm level, are reported in parentheses. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

Panel A. ESG and material ESG metrics				
	(1)	(2)	(3)	(4)
	ESG Metric		Material ESG Metric	
CEO Tenure	-0.0016*** (-3.45)	-0.0004 (-0.66)	-0.0011*** (-2.95)	-0.0008* (-1.76)
Log(Var Daily Returns)	0.0168*** (4.22)	-0.0059* (-1.82)	0.0161*** (5.11)	-0.0075*** (-3.00)
St. Dev. All News	0.0008** (2.26)	0.0000 (0.01)	0.0005* (1.92)	-0.0000 (-0.25)
St. Dev. Ind-adj. ROE	0.0057 (0.79)	0.0017 (0.21)	-0.0079* (-1.68)	-0.0024 (-0.38)
Below Avg ESG Rank	-0.0081 (-1.09)	-0.0015 (-0.26)	-0.0053 (-0.89)	0.0006 (0.12)
Log Mkt Cap	0.0277*** (10.72)	0.0032 (0.60)	0.0147*** (7.11)	-0.0043 (-1.01)
Inst Block Own	0.0069 (0.29)	-0.0028 (-0.13)	-0.0001 (-0.00)	-0.0158 (-0.98)
Large Non-Inst Block	-0.0468*** (-5.20)	-0.0175 (-1.54)	-0.0382*** (-5.14)	-0.0214** (-2.46)
Observations	26,731	26,298	26,493	26,071
Year FE	YES	YES	YES	YES
Industry FE	YES	NO	YES	NO
Country FE	YES	NO	YES	NO
Firm FE	NO	YES	NO	YES
Adjusted R2	0.274	0.621	0.291	0.667

Panel B. Environmental, social and governance metrics

	(1)	(2)	(3)	(4)	(5)	(6)
	Env Metric		Social Metric		Gov Metric	
CEO Tenure	-0.0003 (-1.17)	0.0004 (1.17)	-0.0019*** (-4.56)	-0.0010** (-2.02)	-0.0003 (-1.19)	-0.0001 (-0.33)
Log(Var Daily Returns)	0.0051*** (2.60)	-0.0051*** (-2.85)	0.0134*** (3.75)	-0.0048* (-1.69)	0.0062** (2.47)	-0.0025 (-1.04)
St. Dev. All News	-0.0001 (-0.54)	-0.0003** (-2.16)	0.0007** (2.16)	-0.0001 (-0.58)	0.0002 (0.73)	-0.0001 (-0.41)
St. Dev. Ind-adj. ROE	-0.0025 (-0.82)	0.0000 (0.01)	-0.0037 (-0.63)	0.0018 (0.26)	0.0014 (0.28)	0.0008 (0.17)
Below Avg ESG Rank	-0.0041 (-0.97)	-0.0049 (-1.32)	-0.0063 (-0.94)	-0.0036 (-0.70)	0.0042 (0.84)	0.0045 (1.07)
Log Mkt Cap	0.0109*** (7.77)	-0.0093*** (-2.61)	0.0244*** (10.93)	-0.0018 (-0.39)	0.0073*** (4.01)	0.0048 (1.29)
Inst Block Own	-0.0362*** (-3.37)	-0.0111 (-0.98)	0.0278 (1.36)	0.0052 (0.29)	-0.0101 (-0.68)	-0.0121 (-0.85)
Large Non-Inst Block	-0.0220*** (-4.21)	-0.0020 (-0.28)	-0.0439*** (-5.39)	-0.0179* (-1.79)	-0.0086 (-1.51)	-0.0025 (-0.33)
Observations	26,731	26,298	27,063	26,623	27,063	26,623
Year FE	YES	YES	YES	YES	YES	YES
Industry FE	YES	NO	YES	NO	YES	NO
Country FE	YES	NO	YES	NO	YES	NO
Firm FE	NO	YES	NO	YES	NO	YES
Adjusted R2	0.243	0.560	0.295	0.633	0.0820	0.471

Table IA.2. Operating, earnings, and market metrics

This table presents firm-level regressions of the determinants of non-ESG compensation metrics. Panel A examines operating (columns 1-2), earnings (columns 3-4), and market (columns 5-6) metrics as a function of CEO tenure and other firm characteristics. Odd-numbered columns include year, industry, and country fixed effects, while even-numbered columns include firm and year fixed effects. Panel B examines specific operating metrics (cashflow, profitability, and sales in columns 1-3) and earnings metrics (efficiency, investment, and capital structure in columns 4-6) in relation to corresponding firm performance measures. All regressions in Panel B include year, industry, and country fixed effects. All firm-level controls (except CEO Tenure) are lagged and described in Appendix A. The t-statistics, calculated with standard errors clustered at the firm level, are reported in parentheses. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

Panel A. Determinants of operating, earnings, and market metrics

	(1)	(2)	(3)	(4)	(5)	(6)
	Operating Metric		Earnings Metric		Market Metric	
CEO Tenure	-0.0027*** (-3.37)	-0.0013* (-1.85)	-0.0025*** (-4.18)	-0.0003 (-0.57)	-0.0055*** (-7.74)	-0.0016** (-2.15)
Log(Var Daily Returns)	-0.0028 (-0.53)	-0.0137*** (-3.69)	-0.0547*** (-12.34)	-0.0141*** (-4.47)	-0.0002 (-0.03)	-0.0060* (-1.70)
St. Dev. All News	0.0018*** (3.65)	0.0007** (2.26)	0.0018*** (4.94)	0.0005** (2.02)	0.0006 (1.18)	0.0003 (1.04)
St. Dev. Ind-adj. ROE	-0.0036 (-0.39)	-0.0029 (-0.33)	-0.0562*** (-7.43)	-0.0083 (-1.20)	0.0005 (0.05)	-0.0133 (-1.39)
Log Mkt Cap	0.0383*** (9.90)	0.0052 (0.81)	0.0299*** (10.11)	0.0246*** (5.15)	0.0586*** (16.17)	0.0045 (0.73)
Inst Block Own	0.0932*** (2.68)	0.0452 (1.60)	0.1164*** (4.39)	-0.0079 (-0.41)	0.1465*** (4.49)	0.0589** (2.18)
Large Non-Inst Block	-0.0886*** (-6.56)	-0.0437*** (-3.10)	-0.0603*** (-5.85)	-0.0311*** (-3.06)	-0.1089*** (-8.91)	-0.0249* (-1.94)
Below Avg ESG Rank	-0.0164 (-1.63)	-0.0076 (-1.18)	-0.0058 (-0.85)	-0.0075* (-1.83)	-0.0025 (-0.24)	0.0042 (0.61)
Observations	26,731	26,298	26,731	26,298	26,731	26,298
Year FE	YES	YES	YES	YES	YES	YES
Industry FE	YES	NO	YES	NO	YES	NO
Country FE	YES	NO	YES	NO	YES	NO
Firm FE	NO	YES	NO	YES	NO	YES
Adjusted R2	0.0811	0.626	0.229	0.710	0.173	0.651

Panel B. Individual operating and earnings metrics and firm performance

	(1)	(2)	(3)	(4)	(5)	(6)
	Cashflow Metric	Profitability Metric	Sales Metric	Efficiency Metric	Investment Metric	Capital Structure Metric
Ind-adj. CF/Assets	-0.0433* (-1.67)					
St. Dev. Ind-adj. CF/Assets	-0.0601*** (-2.61)					
Ind-adj Profitability		0.2077*** (7.60)				
St. Dev. Ind-adj Profitability		-0.2776*** (-10.66)				
Ind-adj Sales/Assets			-0.0210* (-1.77)			
St. Dev. Ind-adj Sales/Assets			0.0479 (1.36)			
Ind-adj. COGS/Sales				-0.0000 (-0.03)		
St. Dev. Ind-adj. COGS/Sales				0.0000 (0.15)		
Ind-adj. PPE/Assets					0.0905*** (5.47)	
St. Dev. Ind-adj. PPE/Assets					0.0898 (1.38)	
Ind-adj. Book Leverage						0.0007*** (4.25)
St. Dev. Ind-adj. Book Leverage						-0.0014*** (-3.63)
CEO Tenure	-0.0038*** (-6.01)	-0.0026*** (-4.00)	-0.0025*** (-3.22)	-0.0011* (-1.89)	0.0010*** (2.75)	0.0009* (1.93)
Log(Var Daily Returns)	-0.0029 (-0.58)	-0.0501*** (-11.10)	-0.0235*** (-4.65)	0.0038 (0.95)	0.0005 (0.20)	0.0099*** (3.16)
St. Dev. Ind-adj. ROE	0.0385*** (4.01)	-0.0339*** (-4.55)	-0.0246** (-2.37)	0.0002 (0.03)	-0.0085** (-2.45)	0.0008 (0.16)
Log Mkt Cap	0.0484*** (13.99)	0.0212*** (6.76)	0.0313*** (8.43)	0.0082*** (2.99)	0.0037** (2.32)	-0.0072*** (-3.05)
Below Avg ESG Rank	-0.0115 (-1.19)	-0.0005 (-0.06)	-0.0081 (-0.80)	-0.0046 (-0.59)	-0.0036 (-0.78)	-0.0022 (-0.40)
Inst Block Own	0.1273*** (3.91)	0.0307 (1.08)	0.0259 (0.75)	-0.0129 (-0.49)	0.0329** (1.97)	-0.0355 (-1.54)
Large Non-Inst Block	-0.0436*** (-4.08)	-0.0508*** (-4.63)	-0.0348*** (-2.65)	-0.0307*** (-3.21)	-0.0121** (-2.06)	-0.0318*** (-4.33)
Observations	26,721	26,314	26,731	22,275	26,173	23,590
Year FE	YES	YES	YES	YES	YES	YES
Industry FE	YES	YES	YES	YES	YES	YES
Country FE	YES	YES	YES	YES	YES	YES
Adjusted R2	0.112	0.263	0.179	0.0963	0.0862	0.111

Table IA.3. Excess compensation and ESG metrics

This table presents an analysis of excess CEO compensation in relation to ESG and other compensation metrics. In Panel A, we estimate excess total/variable/equity compensation as the residual of the respective compensation measure on common economic determinants of compensation – logarithm of CEO tenure, logarithm of lagged sales, lagged book-to-market ratio, contemporaneous and lagged returns, and contemporaneous and lagged ROA. In Panel B, we regress the excess total/variable/equity compensation on indicators for the use of ESG, operating, earnings, and market metrics in CEO compensation contracts. All models include industry and country-by-year fixed effects. The t-statistics, calculated with standard errors clustered at the industry level, are reported in parentheses. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

Panel A. Measures of excess compensation			
	(1)	(2)	(3)
	Total Comp	Stock+ Options+ Bonus	Stock+ Options
CEO Tenure	0.0511*** (3.22)	0.0379*** (3.56)	0.0262*** (3.34)
Sales (t-1)	0.3680*** (12.51)	0.4499*** (10.36)	0.4611*** (9.02)
Book-to-Market (t-1)	-0.0014 (-0.93)	-0.0026 (-1.24)	-0.0019 (-0.97)
1-yr Return	-0.0002 (-0.67)	-0.0003 (-0.70)	-0.0003 (-0.74)
1-yr Return (t-1)	0.0005 (0.85)	0.0066* (1.95)	0.0054 (1.56)
ROA	0.0526 (0.54)	-0.0931 (-1.54)	-0.1576*** (-3.34)
ROA (t-1)	-0.4845*** (-4.30)	-0.6569*** (-5.77)	-0.6228*** (-5.57)
Observations	27,976	25,920	23,907
Year X Country FE	YES	YES	YES
Industry FE	YES	YES	YES
Adjusted R2	0.374	0.413	0.445

Panel B. Excess compensation and ESG metrics

	(1)	(2)	(3)
	Excess (Total Comp)	Excess (Stock + Options + Bonus)	Excess (Stock + Options)
ESG Metric	0.0451 (0.71)	0.0133 (0.15)	0.0388 (0.44)
Operating Metric	0.1786*** (3.44)	0.2157*** (3.18)	0.2385*** (3.88)
Earnings Metric	-0.0865 (-0.49)	-0.3609* (-2.02)	-0.3397* (-1.82)
Market Metric	0.2084*** (6.30)	0.2807*** (5.27)	0.2899*** (4.58)
All Categories News	0.0015*** (3.06)	0.0024*** (4.10)	0.0028*** (4.63)
Material News	0.0020*** (2.97)	0.0022** (2.59)	0.0025*** (3.36)
3-yr Return	0.0026*** (8.82)	0.0038*** (7.91)	0.0038*** (5.83)
Log Mkt Cap	0.0700*** (4.09)	0.1239*** (7.30)	0.1297*** (6.32)
Observations	25,349	23,585	21,773
Year X Country FE	YES	YES	YES
Industry FE	YES	YES	YES
Adjusted R2	0.0591	0.0999	0.119

Table IA.4. Compensation metrics and pay sensitivity

This table examines whether the presence of compensation metrics alters the sensitivity of CEO pay to firm performance. Panel A introduces an interaction between ESG metrics and the firm's past returns. Panel B examines interactions between sales, profitability, and efficiency metrics and corresponding measures of firm performance. All regressions include lagged firm-level controls defined in Appendix A and year, industry, and country fixed effects. The t-statistics, calculated with standard errors clustered at the firm level, are reported in parentheses. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

Panel A. ESG metrics and return sensitivity						
	(1)	(2)	(3)	(4)	(5)	(6)
	Total Comp	Stock+ Options+ Bonus	Stock+ Options	Total Comp	Stock+ Options+ Bonus	Stock+ Options
ESG Metric	0.0415* (1.95)	0.0436 (1.54)	0.0620** (2.13)	0.0399* (1.86)	0.0359 (1.25)	0.0599** (2.06)
3-yr Return	0.0006** (2.53)	0.0012*** (3.55)	0.0011*** (2.97)	0.0005** (2.07)	0.0010*** (2.92)	0.0009** (2.51)
ESG Metric X 3-yr Return	0.0002 (0.52)	0.0000 (0.00)	0.0002 (0.30)	0.0003 (0.71)	0.0001 (0.28)	0.0003 (0.47)
Operating Metric	0.0812*** (3.41)	0.0911*** (3.47)	0.1334*** (5.24)	0.0836*** (3.39)	0.1033*** (3.88)	0.1345*** (5.24)
Earnings Metric	0.1446*** (2.79)	-0.0799** (-2.06)	-0.0582 (-1.43)	0.1398** (2.55)	-0.0930** (-2.36)	-0.0630 (-1.52)
Market Metric	0.2430*** (11.82)	0.3239*** (15.48)	0.3391*** (15.52)	0.2365*** (11.28)	0.3141*** (15.01)	0.3306*** (14.97)
All Categories News	0.0029*** (6.01)	0.0038*** (7.88)	0.0044*** (8.49)	0.0017*** (3.16)	0.0026*** (4.16)	0.0030*** (4.48)
Material News				0.0016*** (2.99)	0.0018*** (2.99)	0.0020*** (3.16)
Metric News	0.0003** (2.08)	-0.0001 (-0.51)	-0.0000 (-0.23)	0.0002** (2.03)	-0.0001 (-0.39)	-0.0000 (-0.26)
CEO Tenure	0.0000 (0.03)	-0.0033* (-1.66)	-0.0044** (-2.13)	0.0005 (0.26)	-0.0025 (-1.25)	-0.0035* (-1.68)
Log Mkt Cap	0.3696*** (29.59)	0.4874*** (65.65)	0.4989*** (66.69)	0.3659*** (27.96)	0.4812*** (64.45)	0.4934*** (64.94)
Observations	27,545	25,544	23,553	26,011	24,192	22,342
Year FE	YES	YES	YES	YES	YES	YES
Industry FE	YES	YES	YES	YES	YES	YES
Country FE	YES	YES	YES	YES	YES	YES
Adjusted R2	0.463	0.537	0.584	0.458	0.536	0.583

Panel B. Operating and earnings metrics and performance sensitivity

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Total Comp	Stock+ Options+ Bonus	Stock+ Options	Total Comp	Stock+ Options+ Bonus	Stock+ Options	Total Comp	Stock+ Options+ Bonus	Stock+ Options
Sales Metric	0.1024*** (3.70)	0.0939*** (4.13)	0.1212*** (4.99)						
Ind-adj. Sales/Assets	0.0032 (0.15)	-0.0383 (-1.43)	-0.0547** (-2.02)						
Sales Metric X Ind-adj Sales/Assets	-0.0106 (-0.36)	0.0048 (0.14)	0.0203 (0.61)						
Profitability Metric				0.2258*** (5.55)	0.0804* (1.89)	0.0913* (1.93)			
Ind-adj. Profitability				-0.2221*** (-3.37)	-0.3548*** (-5.35)	-0.3020*** (-4.67)			
Profitability Metric X Ind-adj Profitability				0.1124 (1.19)	0.0953 (1.06)	0.1272 (1.31)			
Efficiency Metric							0.0903*** (3.16)	0.1210*** (4.70)	0.1592*** (6.02)
Ind-adj. COGS/Sales							0.0003 (1.26)	0.0002 (0.83)	0.0000 (0.06)
Efficiency Metric X Ind-adj. COGS/Sales							0.0003 (0.82)	-0.0002 (-0.42)	0.0002 (0.40)
3-yr return	0.0011*** (5.14)	0.0022*** (7.68)	0.0022*** (7.26)	0.0012*** (5.32)	0.0024*** (8.18)	0.0024*** (7.56)	0.0012*** (4.79)	0.0022*** (6.99)	0.0024*** (6.92)
Log Mkt Cap	0.3936*** (44.35)	0.4976*** (71.82)	0.5123*** (70.58)	0.3889*** (38.63)	0.5057*** (67.71)	0.5191*** (68.76)	0.3925*** (40.95)	0.4909*** (66.85)	0.5012*** (67.64)
Observations	32,043	29,413	25,778	31,706	29,103	25,489	27,387	25,221	21,995
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
Country FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
Adjusted R2	0.481	0.546	0.578	0.485	0.548	0.579	0.454	0.526	0.556

Table IA.5. Robustness of the effects of new metric adoption on shareholder voting outcomes

This table presents instrumental variable regressions testing the robustness of the main voting results. Panel A considers say-on-pay approval, Panel B the number of ESG shareholder proposals, Panel C the number of all shareholder proposals, and Panel D the average vote against management proposals. The endogenous variable is *Adopted New Metric*, an indicator equal to one if the firm begins using at least one metric that it did not use in the previous year and that its consultant's out-of-industry clients used more often than the average sample firm in the previous year; in the ESG and non-ESG columns, both the endogenous regressor and the instrument are defined over the corresponding sets of metrics. The instrument is the firm's consultant idiosyncratic metric usage, defined as the sum of the consultant's out-of-industry clients' use, net of each metric's market-wide use, over the metrics the firm lacks, lagged one year. The sample consists of consultant-linked firm-years with the corresponding voting data, during the period 2011-2021, as in the main tables. In each panel, columns 1 to 3 replace the separate year and industry fixed effects with industry-by-year fixed effects, retaining country fixed effects; columns 4 to 6 replace the separate year and country fixed effects with country-by-year fixed effects, retaining industry fixed effects. All specifications include the baseline controls of the corresponding main table. Standard errors are clustered at the firm level and t-statistics are in parentheses. The Kleibergen-Paap F-statistic for the excluded instrument is reported for each column. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

Panel A. Say-on-pay approval

	Industry x Year FE			Country x Year FE		
	(1)	(2)	(3)	(4)	(5)	(6)
	IV-AGG	IV-ESG	IV-NON ESG	IV-AGG	IV-ESG	IV-NON ESG
Adopted New Metric	0.0554*			0.0602*		
	(1.76)			(1.85)		
Num Indiv. Metrics (t-1)	-0.0010			-0.0010		
	(-0.83)			(-0.86)		
Adopted New ESG Metric		0.0498			0.0523	
		(0.79)			(0.68)	
Num ESG Metrics (t-1)		-0.0014			-0.0006	
		(-0.68)			(-0.33)	
Adopted New non-ESG Metric			0.0665**			0.0714**
			(2.00)			(2.17)
Num Non-ESG Metrics (t-1)			0.0002			-0.0001
			(0.11)			(-0.06)
Total Comp	-0.0217***	-0.0210***	-0.0219***	-0.0217***	-0.0209***	-0.0218***
	(-4.73)	(-4.76)	(-4.71)	(-4.70)	(-4.73)	(-4.69)
1-yr return	0.0099***	0.0084***	0.0101***	0.0100***	0.0085***	0.0102***
	(3.27)	(3.19)	(3.29)	(3.48)	(3.38)	(3.53)
Log Mkt Cap (t-1)	0.0077***	0.0072***	0.0079***	0.0075***	0.0069***	0.0078***
	(3.43)	(3.24)	(3.49)	(3.33)	(3.11)	(3.41)
Return on assets (t-1)	0.1093***	0.1020***	0.1109***	0.1083***	0.1007***	0.1100***
	(5.22)	(5.11)	(5.27)	(5.18)	(5.04)	(5.24)
Total Inst Own (5% Owners) (t-1)	0.0646***	0.0632***	0.0664***	0.0621***	0.0609***	0.0641***
	(4.54)	(4.55)	(4.75)	(4.38)	(4.39)	(4.58)
Large Noninst Block (t-1)	-0.0001	0.0016	-0.0006	-0.0003	0.0013	-0.0008
	(-0.01)	(0.23)	(-0.09)	(-0.04)	(0.20)	(-0.12)
Below Avg ESG Rank (t-1)	-0.0123***	-0.0119***	-0.0121***	-0.0119***	-0.0116***	-0.0116***
	(-3.49)	(-3.43)	(-3.39)	(-3.39)	(-3.27)	(-3.27)
Observations	7,664	7,664	7,654	7,638	7,638	7,628
Industry x Year FE	YES	YES	YES	—	—	—
Country x Year FE	—	—	—	YES	YES	YES
KP rk Wald F	170.7	58.83	165.7	166	49.03	168.5

Panel B. ESG shareholder proposals

	Industry x Year FE			Country x Year FE		
	(1)	(2)	(3)	(4)	(5)	(6)
	IV-AGG	IV-ESG	IV-NON ESG	IV-AGG	IV-ESG	IV-NON ESG
Adopted New Metric	-0.2570** (-2.24)			-0.2999** (-2.36)		
Num Indiv. Metrics (t-1)	-0.0127 (-1.28)			-0.0138 (-1.39)		
Adopted New ESG Metric		-0.5952** (-2.43)			-0.7858** (-2.43)	
Num ESG Metrics (t-1)		-0.0032 (-0.20)			-0.0054 (-0.34)	
Adopted New non-ESG Metric			-0.2072 (-1.63)			-0.2376* (-1.79)
Num Non-ESG Metrics (t-1)			-0.0189 (-1.52)			-0.0202 (-1.62)
3-yr return (t-1)	-0.0025*** (-5.47)	-0.0023*** (-5.96)	-0.0024*** (-5.34)	-0.0025*** (-5.55)	-0.0023*** (-5.98)	-0.0024*** (-5.46)
Below Avg ESG Rank (t-1)	0.0393** (2.26)	0.0420** (2.32)	0.0378** (2.20)	0.0395** (2.23)	0.0449** (2.41)	0.0366** (2.12)
Log Mkt Cap (t-1)	0.1174*** (9.81)	0.1178*** (10.10)	0.1163*** (9.91)	0.1175*** (10.00)	0.1183*** (10.21)	0.1163*** (10.11)
Return on assets (t-1)	-0.1705*** (-2.64)	-0.1601** (-2.48)	-0.1592** (-2.49)	-0.1938*** (-3.05)	-0.1828*** (-2.89)	-0.1818*** (-2.90)
Total Inst Own (5% Owners) (t-1)	-0.2564*** (-6.06)	-0.2514*** (-6.08)	-0.2570*** (-6.00)	-0.2587*** (-6.02)	-0.2539*** (-6.00)	-0.2600*** (-6.00)
Large Noninst Block (t-1)	0.0070 (0.27)	0.0020 (0.07)	0.0074 (0.28)	0.0039 (0.15)	-0.0027 (-0.10)	0.0040 (0.15)
Observations	8,047	8,047	8,037	8,028	8,028	8,018
Industry x Year FE	YES	YES	YES	—	—	—
Country x Year FE	—	—	—	YES	YES	YES
KP rk Wald F	196.4	55.70	179.5	182.4	46.20	179.3

Panel C. All shareholder proposals

	Industry x Year FE			Country x Year FE		
	(1)	(2)	(3)	(4)	(5)	(6)
	IV-AGG	IV-ESG	IV-NON ESG	IV-AGG	IV-ESG	IV-NON ESG
Adopted New Metric	-0.3261*			-0.3874*		
	(-1.67)			(-1.81)		
Num Indiv. Metrics (t-1)	-0.0145			-0.0167		
	(-0.99)			(-1.14)		
Adopted New ESG Metric		-0.9002**			-1.1825**	
		(-2.14)			(-2.14)	
Num ESG Metrics (t-1)		-0.0029			-0.0086	
		(-0.12)			(-0.35)	
Adopted New non-ESG Metric			-0.2161			-0.2655
			(-0.99)			(-1.18)
Num Non-ESG Metrics (t-1)			-0.0202			-0.0225
			(-1.07)			(-1.19)
3-yr return (t-1)	-0.0054***	-0.0052***	-0.0052***	-0.0054***	-0.0052***	-0.0051***
	(-7.41)	(-8.16)	(-7.27)	(-7.41)	(-8.08)	(-7.34)
Below Avg ESG Rank (t-1)	0.0689**	0.0725***	0.0668**	0.0687**	0.0768***	0.0649**
	(2.53)	(2.59)	(2.49)	(2.49)	(2.67)	(2.39)
Log Mkt Cap (t-1)	0.2383***	0.2400***	0.2368***	0.2382***	0.2406***	0.2366***
	(12.17)	(12.39)	(12.32)	(12.34)	(12.45)	(12.49)
Return on assets (t-1)	-0.2871**	-0.2755**	-0.2714**	-0.3182***	-0.3066***	-0.3021***
	(-2.51)	(-2.41)	(-2.41)	(-2.79)	(-2.70)	(-2.70)
Total Inst Own (5% Owners) (t-1)	-0.5419***	-0.5380***	-0.5410***	-0.5557***	-0.5517***	-0.5560***
	(-7.79)	(-7.87)	(-7.69)	(-7.86)	(-7.89)	(-7.80)
Large Noninst Block (t-1)	0.0100	0.0009	0.0099	0.0101	-0.0009	0.0101
	(0.25)	(0.02)	(0.24)	(0.25)	(-0.02)	(0.25)
Observations	8,047	8,047	8,037	8,028	8,028	8,018
Industry x Year FE	YES	YES	YES	—	—	—
Country x Year FE	—	—	—	YES	YES	YES
KP rk Wald F	196.4	55.70	179.5	182.4	46.20	179.3

Panel D. Dissent on management proposals

	Industry x Year FE			Country x Year FE		
	(1)	(2)	(3)	(4)	(5)	(6)
	IV-AGG	IV-ESG	IV-NON ESG	IV-AGG	IV-ESG	IV-NON ESG
Adopted New Metric	-0.0547*** (-3.69)			-0.0584*** (-3.68)		
Num Indiv. Metrics (t-1)	-0.0016*** (-3.10)			-0.0016*** (-3.12)		
Adopted New ESG Metric		-0.0886*** (-3.15)			-0.1094*** (-2.95)	
Num ESG Metrics (t-1)		-0.0002 (-0.25)			-0.0003 (-0.33)	
Adopted New non-ESG Metric			-0.0556*** (-3.45)			-0.0566*** (-3.53)
Num Non-ESG Metrics (t-1)			-0.0030*** (-3.82)			-0.0030*** (-3.81)
3-yr return (t-1)	-0.0002*** (-3.58)	-0.0001*** (-2.65)	-0.0002*** (-3.44)	-0.0002*** (-3.42)	-0.0001** (-2.48)	-0.0002*** (-3.29)
Log Mkt Cap (t-1)	-0.0050*** (-5.54)	-0.0048*** (-5.26)	-0.0054*** (-5.87)	-0.0050*** (-5.45)	-0.0047*** (-4.97)	-0.0053*** (-5.80)
Return on assets (t-1)	-0.0454*** (-4.18)	-0.0425*** (-4.09)	-0.0436*** (-4.02)	-0.0463*** (-4.31)	-0.0433*** (-4.21)	-0.0445*** (-4.17)
All Categories News (t-1)	-0.0000 (-0.95)	-0.0001 (-1.30)	-0.0000 (-0.68)	-0.0000 (-0.85)	-0.0001 (-1.28)	-0.0000 (-0.59)
Below Avg ESG Rank (t-1)	0.0029* (1.84)	0.0031** (1.99)	0.0029* (1.87)	0.0029* (1.84)	0.0033** (2.14)	0.0027* (1.77)
Total Inst Own (5% Owners) (t-1)	-0.0286*** (-4.87)	-0.0275*** (-4.83)	-0.0293*** (-5.03)	-0.0290*** (-4.92)	-0.0280*** (-4.87)	-0.0298*** (-5.11)
Large Noninst Block (t-1)	0.0042 (1.40)	0.0031 (1.07)	0.0045 (1.50)	0.0045 (1.51)	0.0033 (1.12)	0.0047 (1.57)
Total Comp	0.0046*** (2.94)	0.0036** (2.39)	0.0047*** (2.91)	0.0045*** (2.77)	0.0035** (2.15)	0.0045*** (2.75)
Observations	7,946	7,946	7,936	7,927	7,927	7,917
Industry x Year FE	YES	YES	YES	—	—	—
Country x Year FE	—	—	—	YES	YES	YES
KP rk Wald F	175.5	60.18	171.4	164.9	48.60	171.6

Table IA.6. New metric adoption and shareholder voting outcomes: US firms only

This table presents instrumental variable regressions of the main voting results estimated on the subsample of US firms. In Panel A, the outcomes are say-on-pay approval (columns 1 to 3) and the average vote against management proposals (columns 4 to 6). In Panel B, the outcomes are number of ESG proposals (columns 1 to 3) and number of shareholder proposals (columns 4 to 6). The endogenous variable is *Adopted New Metric*, an indicator equal to one if the firm begins using at least one metric that it did not use in the previous year and that its consultant's out-of-industry clients used more often than the average sample firm in the previous year; in the ESG and non-ESG columns, both the endogenous regressor and the instrument are defined over the corresponding sets of metrics. The instrument is the firm's consultant idiosyncratic metric usage, the sum of the consultant's out-of-industry clients' use, net of each metric's market-wide use, over the metrics the firm lacks, lagged one year. Specifications follow the corresponding main tables, with year and industry fixed effects and the baseline controls of each outcome. Standard errors are clustered at the firm level and t-statistics are in parentheses. The Kleibergen-Paap F statistic for the excluded instrument is reported for each column. Statistical significance at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

Panel A. Say-on-pay approval and vote against management

	(1)	(2)	(3)	(4)	(5)	(6)
	Say-on-Pay Approval Rate			Vote Against Mgmt		
	IV-AGG	IV-ESG	IV-NON ESG	IV-AGG	IV-ESG	IV-NON ESG
Adopted New Metric	0.0635*			-0.0608***		
	(1.79)			(-3.50)		
Num Indiv. Metrics (t-1)	-0.0009			-0.0018***		
	(-0.69)			(-2.97)		
Adopted New ESG Metric		0.0573			-0.1301***	
		(0.61)			(-2.92)	
Num ESG Metrics (t-1)		-0.0009			-0.0001	
		(-0.40)			(-0.06)	
Adopted New non-ESG Metric			0.0791**			-0.0609***
			(2.11)			(-3.29)
Num Non-ESG Metrics (t-1)			-0.0003			-0.0030***
			(-0.17)			(-3.38)
Total Comp	-0.0220***	-0.0210***	-0.0222***	0.0044**	0.0032*	0.0043**
	(-4.35)	(-4.40)	(-4.34)	(2.51)	(1.81)	(2.47)
1-yr return	0.0097***	0.0083***	0.0100***			
	(3.39)	(3.28)	(3.44)			
Log Mkt Cap (t-1)	0.0074***	0.0068***	0.0078***	-0.0048***	-0.0043***	-0.0051***
	(3.05)	(2.81)	(3.18)	(-4.91)	(-4.19)	(-5.21)
Return on assets (t-1)	0.1058***	0.0981***	0.1073***	-0.0450***	-0.0427***	-0.0434***
	(4.79)	(4.64)	(4.83)	(-3.97)	(-3.90)	(-3.85)
Total Inst Ownership (5% Owners) (t-1)	0.0636***	0.0625***	0.0670***	-0.0282***	-0.0261***	-0.0300***
	(4.33)	(4.37)	(4.61)	(-4.65)	(-4.34)	(-4.98)
Large Noninst Block (t-1)	0.0008	0.0022	0.0003	0.0046	0.0040	0.0048
	(0.11)	(0.30)	(0.04)	(1.42)	(1.25)	(1.49)
Below Avg ESG Rank (t-1)	-0.0106***	-0.0105***	-0.0101***	0.0029*	0.0039**	0.0025
	(-2.87)	(-2.82)	(-2.71)	(1.72)	(2.28)	(1.50)
3-yr return (t-1)				-0.0002***	-0.0001***	-0.0002***
				(-3.62)	(-2.73)	(-3.53)
All Categories News (t-1)				-0.0000	-0.0001	-0.0000
				(-0.93)	(-1.33)	(-0.74)
Observations	6,774	6,774	6,767	7,018	7,018	7,011
Year FE	YES	YES	YES	YES	YES	YES
Industry FE	YES	YES	YES	YES	YES	YES
KP rk Wald F	160.4	63.22	139.1	158.5	60.43	142

Panel B. ESG and shareholder proposals

	(1)	(2)	(3)	(4)	(5)	(6)
	Num ESG Proposals			Num Shareholder Proposals		
	IV-AGG	IV-ESG	IV-NON ESG	IV-AGG	IV-ESG	IV-NON ESG
Adopted New Metric	-0.3407** (-2.40)			-0.4789** (-1.99)		
Num Indiv. Metrics (t-1)	-0.0168 (-1.47)			-0.0178 (-1.05)		
Adopted New ESG Metric		-1.0553** (-2.48)			-1.6131** (-2.23)	
Num ESG Metrics (t-1)		-0.0020 (-0.11)			0.0052 (0.18)	
Adopted New non-ESG Metric			-0.2887* (-1.84)			-0.3728 (-1.41)
Num Non-ESG Metrics (t-1)			-0.0226* (-1.65)			-0.0243 (-1.17)
Log Mkt Cap (t-1)	0.1268*** (10.04)	0.1291*** (10.11)	0.1252*** (10.13)	0.2553*** (12.37)	0.2600*** (12.28)	0.2531*** (12.55)
Return on assets (t-1)	-0.2335*** (-3.38)	-0.2249*** (-3.26)	-0.2199*** (-3.23)	-0.3822*** (-3.09)	-0.3681*** (-2.99)	-0.3645*** (-3.02)
Total Inst Ownership (5% Owners) (t-1)	-0.2538*** (-5.71)	-0.2369*** (-5.27)	-0.2623*** (-5.79)	-0.5542*** (-7.54)	-0.5305*** (-7.08)	-0.5654*** (-7.58)
Large Noninst Block (t-1)	0.0066 (0.22)	0.0026 (0.08)	0.0068 (0.22)	0.0114 (0.25)	0.0025 (0.05)	0.0113 (0.25)
Below Avg ESG Rank (t-1)	0.0370** (1.96)	0.0466** (2.28)	0.0340* (1.83)	0.0616** (2.09)	0.0754** (2.40)	0.0574** (1.98)
3-yr return (t-1)	-0.0029*** (-5.80)	-0.0026*** (-6.21)	-0.0028*** (-5.62)	-0.0060*** (-7.68)	-0.0057*** (-8.32)	-0.0058*** (-7.47)
Observations	7,113	7,113	7,106	7,113	7,113	7,106
Year FE	YES	YES	YES	YES	YES	YES
Industry FE	YES	YES	YES	YES	YES	YES
KP rk Wald F	167	50.41	145.9	167	50.41	145.9

Table IA.D. Dictionary for classifying ESG and other compensation metrics

This appendix lists the set of keywords we use to classify firms' disclosed compensation metrics into four broad metric types – ESG, earnings, operating, and market metrics – and then into 31 specific categories. Compensation data are obtained from Executive Compensation Analytics (ECA) provided by Institutional Shareholder Services (ISS). The international sample includes firms from 34 countries from 2011 to 2021.

ESG Keywords		(58)	BEE (Black Economic Empowerment)	(111)	CIFR (Critical Incident Frequency Rate)
(1)	AAIR (Average Accident Incident Rate)	(59)	behaving	(112)	CIGS (Copper Indium Gallium Selenide)
(2)	abatement	(60)	behavior	(113)	circular
(3)	abating	(61)	behavior-based	(114)	circularity
(4)	Aboriginal	(62)	behavioral	(115)	citizenship
(5)	ACCC (Australian Competition and Consumer Commission)	(63)	behaviors	(116)	clean
(6)	access	(64)	beneficial	(117)	cleaner
(7)	accessible	(65)	benefit	(118)	cleantech
(8)	accident	(66)	BIFR (Brambles Injury Frequency Rate)	(119)	climate
(9)	accidents	(67)	bio	(120)	climate-positive
(10)	adopt	(68)	biodiversity	(121)	climate-related
(11)	adverse	(69)	biofuel	(122)	climates
(12)	advertising	(70)	biomass	(123)	climatic
(13)	affordability	(71)	biosecurity	(124)	CMVI (Controllable Motor Vehicle Incidents)
(14)	affordable	(72)	BIPOC (Black, Indigenous and People of Color)	(125)	CNMC (Comisión Nacional de los Mercados y la Competencia)
(15)	AFR (Accident Frequency Rate)	(73)	black	(126)	CO (carbon monoxide)
(16)	African	(74)	breach	(127)	CO2
(17)	aid	(75)	breaches	(128)	CO2 emission
(18)	AIFR (All Injury Frequency Rate)	(76)	BREEAM (Building Research Establishment Environmental Assessment Method)	(129)	CO2-equivalent
(19)	air	(77)	bribery	(130)	CO2-reduced
(20)	AIRR (All Incident Recordable Rate)	(78)	BSEE (Bureau of Safety and Environmental Enforcement)	(131)	CO2 reduction
(21)	alarms	(79)	bullying	(132)	CO2e
(22)	alert	(80)	bushfire	(133)	CO2eq
(23)	all-electric	(81)	CAHPS (Consumer Assessment of Healthcare Providers and Systems)	(134)	coal-based
(24)	all-employee	(82)	CAIDI (Customer Average Interruption Duration Index)	(135)	coal-exit
(25)	all-injury	(83)	carbon	(136)	collaborate
(26)	allegations	(84)	carcinogens	(137)	collaborative
(27)	AML (anti-money laundering)	(85)	care	(138)	collaboratively
(28)	animal	(86)	caseload	(139)	collaborators
(29)	antibias	(87)	catastrophic	(140)	colleague
(30)	antibribery	(88)	catchment	(141)	colleagues
(31)	anticorruption	(89)	CCUS (Carbon Capture, Utilization, and Storage)	(142)	collision
(32)	antidumping	(90)	CCV (critical control verification)	(143)	collisions
(33)	antimicrobial	(91)	CDC (Centers for Disease Control and Prevention)	(144)	color
(34)	anti-money	(92)	CDIs (Community Development Initiatives)	(145)	colored
(35)	antiracist	(93)	CDP (Carbon Disclosure Project)	(146)	commit
(36)	antislavery	(94)	CE marking	(147)	committed
(37)	antitrust	(95)	Celsius	(148)	committing
(38)	arsenic	(96)	censure	(149)	communities
(39)	ASAOC (Administrative Settlement Agreement and Order on Consent)	(97)	certificates	(150)	community
(40)	assault	(98)	certification	(151)	community-backed
(41)	assistance	(99)	certifications	(152)	commuting
(42)	assisting	(100)	certified	(153)	competition
(43)	atmosphere	(101)	CFC (chlorofluorocarbon)	(154)	complaint
(44)	attitude	(102)	CFPB (Consumer Financial Protection Bureau)	(155)	complaints
(45)	attitudes	(103)	CG (Corporate Governance)	(156)	complex-recycling
(46)	audit	(104)	CGA (Culture, Governance, and Accountability)	(157)	compliance
(47)	auditing	(105)	chargeable	(158)	compliances
(48)	auditors	(106)	charitable	(159)	compliant
(49)	authority's	(107)	charities	(160)	compliantly
(50)	avoidable	(108)	charity	(161)	complying
(51)	avoidance	(109)	CHESM (Contractor Health Environmental Safety Management)	(162)	compostable
(52)	awareness	(110)	child	(163)	concerns
(53)	AWRCR (All Worker Recordable Case Rate)			(164)	conflict
(54)	BaCE (Building a Community of Equity)			(165)	conflicts
(55)	BAIR (Bristow Aircraft Incident Rate)			(166)	conservancy
(56)	BAME (Black, Asian, and Minority Ethnic)			(167)	conservation
(57)	B-BBEE (Broad-Based Black Economic Empowerment)			(168)	consumed
				(169)	consumer
				(170)	consumption
				(171)	contaminated
				(172)	contamination
				(173)	cooperation
				(174)	COP21
				(175)	CORESafety

(176)	corporate social responsibility	(236)	eco	(300)	environments
(177)	corrupt	(237)	eco-design	(301)	EOS (employee opinion survey)
(178)	corruption	(238)	eco-efficient	(302)	EPC (energy performance certificate)
(179)	coworker	(239)	eco-labeled	(303)	equality
(180)	CPMM (crashes per million miles)	(240)	ecological	(304)	equitable
(181)	CRD (Credit Requirements Directive)	(241)	ecologically	(305)	ergonomic
(182)	credible	(242)	ECOLOGO	(306)	ERIF (Environmental Recordable Incident Frequency)
(183)	Cree	(243)	ecosystem	(307)	ESCG (Environment, Social, and Corporate Governance)
(184)	CRI (Compliance Risk Index)	(244)	EcoVadis	(308)	ESCMP (Environmental and Safety Compliance Management Program)
(185)	crime	(245)	educate	(309)	ESE (Environmental, Social, and Economic)
(186)	criticality	(246)	educating	(310)	ESG
(187)	CSA (Corporate Sustainability Assessment)	(247)	education	(311)	ESG reporting
(188)	CSAP (Climate Strategy and Action Plan)	(248)	educational	(312)	ESG targets
(189)	CSR (corporate social responsibility)	(249)	EEA (Environmental Enforcement Action Frequency Rate)	(313)	ESG-criteria
(190)	CTF (Counter-Terrorism Financing)	(250)	efficiencies	(314)	ESG-dedicated
(191)	cultivate	(251)	efficiency	(315)	ESG-integrated
(192)	cultural	(252)	efficient	(316)	ESG-oriented
(193)	culture	(253)	EHS (Environment, Health, and Safety)	(317)	ESG-related
(194)	CVIR (Chargeable Vehicle Incident Rate)	(254)	EHS-related (Environmental, Health, and Safety-related)	(318)	ESPC (Energy Savings Performance Contracting)
(195)	CWI (Community Workforce Initiative)	(255)	EHSS (Environment, Health, Safety, and Sustainability)	(319)	Ethibel
(196)	cyber	(256)	EI (Engagement Index/Environmental Incident)	(320)	ethic
(197)	cybersecurity	(257)	EIA (Environmental Impact Assessment)	(321)	ethical
(198)	D&I (Diversity and Inclusion)	(258)	EIR (Environmental Incident Rate)	(322)	ethically
(199)	damage	(259)	elearning	(323)	ethics
(200)	damages	(260)	electric	(324)	EthiFinance
(201)	danger	(261)	electrical	(325)	ethnic
(202)	dangerous	(262)	electricity	(326)	ethnically
(203)	DART (Days Away, Restricted, or Transferred/Days Away Restricted Time)	(263)	electrification	(327)	ethnicity
(204)	Days Away Restricted Time	(264)	ELMUS (Executive-Level Minorities, U.S.)	(328)	e-trucks
(205)	deadly	(265)	ELWG (Executive-Level Women, Global)	(329)	EV (electric vehicle)
(206)	deaths	(266)	EMAS (Eco-Management and Audit Scheme)	(330)	EV charging (electric vehicle charging)
(207)	decarbonization	(267)	emergencies	(331)	EXI (employee experience index)
(208)	decarbonized	(268)	emergency	(332)	fair
(209)	decarbonization	(269)	emission	(333)	fairly
(210)	DEI (Diversity, Equity, and Inclusion)	(270)	emissions	(334)	family
(211)	demographic	(271)	emitted	(335)	fatal
(212)	demographics	(272)	empathetic	(336)	fatalities
(213)	derailments	(273)	employability	(337)	fatality
(214)	dielectric	(274)	employee	(338)	fatigue
(215)	diesel	(275)	employee-based	(339)	fatigue-violation
(216)	DIFR (Disabling Injury Frequency Rate)	(276)	employee-evaluation	(340)	FCA (Financial Conduct Authority)
(217)	dioxide	(277)	employee-initiated	(341)	FCPA (Foreign Corrupt Practices Act)
(218)	DIR (Disabling Injury Rate)	(278)	employee-led	(342)	female
(219)	disability	(279)	employees	(343)	female-owned
(220)	disaster	(280)	employer	(344)	females
(221)	discrimination	(281)	employers	(345)	feminization
(222)	disposal	(282)	employment	(346)	feminizing
(223)	disposals	(283)	energies	(347)	fiduciary
(224)	disturbance	(284)	energy	(348)	FIR (Fatality Incident Rate)
(225)	diverse	(285)	engage	(349)	fire
(226)	diversity	(286)	engaged	(350)	fire-related
(227)	DJSI (Dow Jones Sustainability Indices)	(287)	engagement	(351)	fires
(228)	DJSIW (Dow Jones Sustainability Index World)	(288)	engagements	(352)	Fitwel
(229)	DOJ (Department of Justice)	(289)	engages	(353)	flooding
(230)	donations	(290)	engaging	(354)	FOFA (Future of Financial Advice)
(231)	DOT (Department of Transportation)	(291)	engender	(355)	food
(232)	drops	(292)	enjoyable	(356)	foods
(233)	e-waste	(293)	ENSR (Energia Non Servita di Riferimento)	(357)	footprint
(234)	EACC (Ethics and Anti-Corruption Commission)	(294)	environment	(358)	footprinting
(235)	e-buses	(295)	environment-linked	(359)	forest
		(296)	environmental	(360)	forestry
		(297)	environmental-related	(361)	FOS (Financial Ombudsman Service)
		(298)	environmentally	(362)	foster
		(299)	environmentally-friendly	(363)	fostering

(364)	fosters	(424)	helping	(470)	illegal
(365)	freedom	(425)	HES (Health, Environment, and Safety)	(471)	illness
(366)	frequency			(472)	illnesses
(367)	freshwater	(426)	HESS (Health, Environment, Safety, and Security)	(473)	impact
(368)	FSI (Fatal and Serious Injuries)			(474)	impacted
(369)	FTSE4Good	(427)	high-hazard	(475)	impacting
(370)	FVR (Fatigue-Violation Rate)	(428)	high-severity	(476)	impacts
(371)	GAIA	(429)	HIPAA (Health Insurance Portability and Accountability Act)	(477)	incidence
(372)	Gallup			(478)	incidences
(373)	Gallup's			(479)	incident
(374)	gaps	(430)	HIRR (Hazard Identification Reporting Rate)	(480)	incident-based
(375)	gas outages			(481)	incidents
(376)	GCA (Governance, Culture, and Accountability)	(431)	HIV	(482)	inclusion
		(432)	HMDA (Home Mortgage Disclosure Act)	(483)	inclusion-related
(377)	gCO2			(484)	inclusiveness
(378)	gCO2e	(433)	homes	(485)	inclusivity
(379)	GDPR (General Data Protection Regulation)	(434)	hospice	(486)	Indigenous
(380)	GED (General Educational Development)	(435)	hospital	(487)	infractions
		(436)	hospitality	(488)	inhalable
(381)	gender	(437)	hospitalization	(489)	injuries
(382)	Gender-Equality Index	(438)	house	(490)	injury
(383)	GHG	(439)	housing	(491)	Innu
(384)	GHG-related	(440)	HPI (High-Potential Incident)	(492)	inpatient
(385)	GHGE	(441)	HIPIR (High-Potential Incident Frequency Rate)	(493)	inspires
(386)	GMDSS (Global Maritime Distress and Safety System)			(494)	integrity
(387)	GMP (Good Manufacturing Practice)	(442)	HPIs (High-Potential Incidents)	(495)	intensity
		(443)	HPN (High-Performing Norm)	(496)	interpersonal
(388)	GMP-compliant (Good Manufacturing Practice-compliant)	(444)	HQE (Haute Qualité Environnementale)	(497)	Inuit
		(445)	HRA (Health Risk Assessment)	(498)	involvement
(389)	GMP-ready (Good Manufacturing Practice-ready)	(446)	HRI (High-Risk Incident)	(499)	IOSA (IATA Operational Safety Audit)
(390)	GMR (Global Minimum Requirements)	(447)	HSE (Health, Safety, and Environment)	(500)	ISO-compliance
		(448)	HSEC (Health, Safety, Environment, and Community)	(501)	ISP (Incidents with Serious Potential)
(391)	governance	(449)	HSEIP (Health, Safety, and Environment Improvement Plan)	(502)	ISS ESG
(392)	GPG (gender pay gap)			(503)	ISS ESG rating
(393)	green	(450)	HSEMS (Health, Safety, and Environment Management System)	(504)	ISS-oekom
(394)	greener			(505)	JCI (Joint Commission International)
(395)	greenhouse	(451)	HSEQ (Health, Safety, Environment, and Quality)	(506)	job
(396)	greening			(507)	job-safety
(397)	GRESB (Global Real Estate Sustainability Benchmark)	(452)	HSER (Health, Safety, Environment, and Regulatory)	(508)	jobs
(398)	GRI (Global Reporting Initiative)			(509)	JSEA (Job Safety and Environmental Analysis)
(399)	GSCOP (Grocery Supply Code of Practice)	(453)	HSES (Health, Safety, Environment, and Sustainability/Health, Safety, and Environmental Standards/Health, Safety, Environment, and Security)	(510)	justice
(400)	GWh			(511)	kCO2
(401)	GxP (Good x Practice)	(454)	HSMSO (Health and Safety Management System Objective)	(512)	kgCO2
(402)	HACT (Housing Associations' Charitable Trust)			(513)	kgCO2e
		(455)	HSS (Health, Safety, and Sustainability)	(514)	kids
(403)	happier	(456)	HSDD (Health, Safety, and Sustainable Development)	(515)	kWh
(404)	happiness			(516)	KYC (Know Your Customer)
(405)	harassment	(457)	HSSE (Health, Safety, Security, and Environment)	(517)	L6
(406)	harm			(518)	labor
(407)	harmful	(458)	HSSEC (Health, Safety, Security, Environment, and Community)	(519)	landfill
(408)	harms			(520)	landscape
(409)	hazard	(459)	HSSEQ (Health, Safety, Security, Environment, and Quality)	(521)	Latinx
(410)	hazardous			(522)	laundering
(411)	hazards	(460)	HTA (Health Technology Assessment)	(523)	lawfully
(412)	HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems)			(524)	LDAR (Leak Detection and Repair)
		(461)	human	(525)	leader
(413)	HDSA (Historically Disadvantaged South Africans)	(462)	human-resource	(526)	leaders
(414)	HDSAs (Historically Disadvantaged South Africans)	(463)	human-resources	(527)	leadership
		(464)	humanitarian	(528)	leakage
(415)	health	(465)	humanity	(529)	leaks
(416)	Health-e Workforce Solutions			(530)	LEED (Leadership in Energy and Environmental Design)
(417)	healthcare	(466)	hygiene	(531)	legal
(418)	healthcare-associated	(467)	ICAM (Incident Cause Analysis Method)	(532)	legislation
(419)	healthier			(533)	LFTR (Lost-Time Injury Frequency Rate)
(420)	healthy	(468)	IDEAL (Inclusion, Diversity, Equity, Access and Leadership)	(534)	LGBTQ
(421)	heat			(535)	life-changing
(422)	help	(469)	IIR (Illness Incident Rate/Injury Incident Rate)	(536)	life-enhancing
(423)	helped			(537)	LifeSkills
				(538)	literacy

(539)	litigations	(600)	MOSWEC (Mass-on-Spring Wave Energy Convertor)	(659)	OSHA (Occupational Safety and Health Administration)
(540)	livelihood	(601)	motivated	(660)	OSHA-recordable (Occupational Safety and Health Administration-recordable)
(541)	lives	(602)	motivating	(661)	outpatient
(542)	LMICs (Low- and Middle-Income Countries)	(603)	MSCI	(662)	OWL (Online Wisdom of Linamar)
(543)	local	(604)	MSHA (Mine Safety and Health Administration)	(663)	P1 (Priority 1)
(544)	LOCIs (Loss-of-Containment Incidents)	(605)	MTIFR (Medically Treated Injuries Frequency Rate)	(664)	palm
(545)	LOPC (Loss of Primary Containment)	(606)	multicultural	(665)	parental
(546)	lost	(607)	multiracial	(666)	passion
(547)	Lost-Time	(608)	MVI (Motor Vehicle Incident)	(667)	patient
(548)	low-carbon	(609)	NABERS (National Australian Built Environment Rating System)	(668)	patient-centric
(549)	low-emission	(610)	nationality	(669)	patient-focused
(550)	LTAFR (Lost-Time Accident Frequency Ratio)	(611)	native	(670)	patients
(551)	LTAR (Lost-Time Accident Rate)	(612)	near-miss	(671)	peatland
(552)	LTAs (Lost-Time Accidents)	(613)	NECEC (New England Clean Energy Connect)	(672)	people
(553)	LTDIF (Lost-Time and Disabling Injury Frequency)	(614)	neighborhoods	(673)	people-based
(554)	LTFIR (Lost-Time Injury Frequency Rate)	(615)	net-zero	(674)	peoples
(555)	LTi (Lost-Time Incidents/Long-Term Injuries)	(616)	ISNetwork	(675)	personnel development
(556)	LTIF (Lost-Time Injury Frequency)	(617)	neutralize	(676)	PHC (Plant Health Committee)
(557)	LTIFR (Lost-Time Injury Frequency Rate)	(618)	newborn	(677)	PHEV (plug-in hybrid vehicle)
(558)	LTiIR (Lost-Time Injury Incidence Rate)	(619)	NFDL (Non-Fatal Days Lost)	(678)	philanthropic
(559)	LTIR (Lost-Time Injury Rate)	(620)	nitrogen	(679)	philanthropy
(560)	LTIS (Lost-Time Injury Severity)	(621)	noise	(680)	phishing
(561)	LTIs (Lost-Time Injuries)	(622)	noise-related	(681)	photovoltaic
(562)	LTISR (Lost-Time Incident Severity Rate)	(623)	non-compliance	(682)	physician
(563)	LWCR (Lost Workday Case Rate)	(624)	non-compliances	(683)	planet
(564)	LWDIR (Lost Workday Case Incidence Rate)	(625)	non-compliant	(684)	plant-based
(565)	LWDR (Lost Workday Rate)	(626)	non-discrimination	(685)	planting
(566)	MAIFI (Momentary Average Interruption Frequency Index)	(627)	non-emitting	(686)	plastic
(567)	malaria	(628)	non-fatal	(687)	plastics
(568)	males	(629)	non-fresh	(688)	PLMUS (Professional-Level Women, U.S.)
(569)	managerial	(630)	non-hazardous	(689)	PLWG (Professional-Level Women, Global)
(570)	managers	(631)	non-injury	(690)	PM10 (Particulate Matter 10)
(571)	materiality	(632)	non-renewable	(691)	PMVA (Preventable Motor Vehicle Accidents)
(572)	maternal	(633)	non-reportable	(692)	PMVAR (Preventable Motor Vehicle Accident Rate)
(573)	Mecheshoo	(634)	non-white	(693)	policies
(574)	Medicaid	(635)	norms	(694)	policy
(575)	medical	(636)	NPS (Net Promoter Score)	(695)	policymaker
(576)	medically	(637)	NQS (National Quality Standard)	(696)	pollution
(577)	medicine	(638)	nurture	(697)	pollutions
(578)	medicines	(639)	nurturing	(698)	population
(579)	men	(640)	nutrition	(699)	populations
(580)	mental	(641)	occupational	(700)	positivity
(581)	mentality	(642)	ODMs (organizational diversity metrics)	(701)	potable
(582)	mentor	(643)	odor	(702)	poverty
(583)	mentoring	(644)	Ofcom	(703)	POW (Program of Work)
(584)	mentorship	(645)	offset	(704)	prejudice
(585)	methane	(646)	offsets	(705)	preventable
(586)	microplastics	(647)	offsetting	(706)	preventative
(587)	middle-income	(648)	Ofwat	(707)	prevention
(588)	migrant	(649)	OHC (Organizational Health Check)	(708)	preventive
(589)	minorities	(650)	OHES (Occupational Health, Environmental, and Safety)	(709)	privacy
(590)	minority	(651)	OHI (Organizational Health Index)	(710)	products
(591)	mitigate	(652)	OHSAS (Occupational Health and Safety Assessment Series)	(711)	prosecution
(592)	mitigating	(653)	OHSE (Occupational Health, Safety, and Environment)	(712)	prosper
(593)	mitigation	(654)	OII (Occupational Illnesses and Injuries)	(713)	protect
(594)	MMTCO2e	(655)	OIR (Occupational Illness and Injuries Rate)	(714)	protected
(595)	mobility	(656)	oil-to-gas	(715)	protecting
(596)	monitor	(657)	ombudsman	(716)	protection
(597)	morale	(658)	ORIR (Occupational Safety and Health Administration Recordable Incident Rate)	(717)	PSER (Process Safety Event Rate)
(598)	morbidity			(718)	PSEs (Process Safety Events)
(599)	mortality			(719)	PSIR (Process Safety Incident Rate)
				(720)	PSIs (Potentially Serious Incidents)
				(721)	PSPS (Public Safety Power Shutoff)
				(722)	psychologically

(723)	PUE (Power Usage Effectiveness)	(792)	RGMP (Responsible Gold Mining Principles)	(842)	serious
(724)	PV (photovoltaics)	(793)	Ribbon	(843)	severity
(725)	PVAR (Preventable Vehicle Accident Rate)	(794)	RICI (Road Injury Crash Index)	(844)	sexual
(726)	PVIR (Preventable Vehicle Incident Rate/Preventable Vehicle Injury Rate)	(795)	RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations)	(845)	SF6 (sulfur hexafluoride)
(727)	QHSE (Quality, Health, Safety, and Environment)	(796)	RIDDORs (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations)	(846)	shared-value
(728)	QHSES (Quality, Health, Safety, Environment, and Security)	(797)	RIF (Reportable Incident Frequency/Reportable Injury Frequency)	(847)	SHECR (Safety, Health, Environment, and Community Relations)
(729)	QualityScore	(798)	RIFR (Recordable Injury Frequency Rate/Reportable Injury Frequency Rate)	(848)	SHECS (Safety, Health, Environment, and Sustainability)
(730)	race	(799)	rights	(849)	SHS (Safety, Health, and Sustainability)
(731)	racial	(800)	RightShip	(850)	sick
(732)	racialized	(801)	RIR (Recordable Incident Rate/Reportable Incident Rate)	(851)	sickness
(733)	RCFR (Recordable Case Frequency Rate)	(802)	Robeco	(852)	SICR (Serious Injury Case Rate)
(734)	RCR (Recordable Personal Injury Case Rate)	(803)	RobecoSAM	(853)	SIF (Serious Incidents and Fatalities/Serious Injury and Fatality/Serious Injuries and Fatalities)
(735)	recordable	(804)	rPET (recycled polyethylene terephthalate)	(854)	SIFR (Serious Injury Frequency Rate/Significant Injury Frequency Rate)
(736)	recordables	(805)	RSE (Responsabilité Sociétale des Entreprises)	(855)	sinks
(737)	recruit	(806)	RVIR (Recordable Vehicular Incident Rate)	(856)	SIP (Sustainable Improvement Program)
(738)	recruiting	(807)	SACIFR (Serious Actual Consequence Incidence Frequency Rate)	(857)	slates
(739)	recyclability	(808)	SAF (Sustainable Aviation Fuel)	(858)	slavery
(740)	recyclable	(809)	safe	(859)	SLO (Social License to Operate)
(741)	recycle	(810)	safeguarding	(860)	smallholder
(742)	recycled	(811)	safely	(861)	SMBs (Small and Micro Businesses)
(743)	recycling	(812)	safer	(862)	SMCR (Senior Managers and Certification Regime)
(744)	reduce	(813)	safety	(863)	SO2 (sulfur dioxide)
(745)	reduction	(814)	safety-first	(864)	social
(746)	reductions	(815)	safety-related	(865)	social-economical
(747)	refuel	(816)	SAIDI (System Average Interruption Duration Index)	(866)	social health
(748)	regeneratively	(817)	SAIFI (System Average Interruption Frequency Index)	(867)	socially
(749)	regime	(818)	salary	(868)	societal
(750)	regulation	(819)	saltwater	(869)	societies
(751)	regulations	(820)	SAM (Sustainable Asset Management)	(870)	society
(752)	regulator	(821)	sanitation	(871)	society's
(753)	regulators	(822)	Sapin	(872)	socioeconomic
(754)	regulatory	(823)	Sarbanes-Oxley	(873)	soil
(755)	rehab	(824)	SASB (Sustainability Accounting Standards Board)	(874)	solar
(756)	rehabilitate	(825)	satisfaction	(875)	solidarity
(757)	rehabilitated	(826)	satisfactory	(876)	SOX (Sarbanes-Oxley)
(758)	rehabilitation	(827)	satisfied	(877)	SOX deficiencies (Sarbanes-Oxley deficiencies)
(759)	rehospitalization	(828)	satisfy	(878)	SOX-compliant (Sarbanes-Oxley-compliant)
(760)	relations	(829)	SBTi (Science Based Targets initiative)	(879)	species
(761)	relationship	(830)	SBTi-approval (Science Based Targets initiative-approval)	(880)	spill
(762)	reliability	(831)	SCFR (Serious Case Frequency Rate)	(881)	spilled
(763)	reliance	(832)	science-based	(882)	spills
(764)	remotely	(833)	scope	(883)	SPMVI (Serious Preventable Motor Vehicle Incident)
(765)	removals	(834)	scopes	(884)	SSOFR (Significant Safety Occurrence Frequency Rate)
(766)	renewable	(835)	SDG (Sustainable Development Goal)	(885)	staff
(767)	renewables	(836)	secrecy	(886)	stakeholders
(768)	replacements	(837)	security	(887)	StakeholderWatch
(769)	represented	(838)	SEEC (Sustainable Energy and Environment Coalition)	(888)	STARR (Safety, Teamwork, Accountability, Respect and Results)
(770)	resilience	(839)	SEIFR (Significant Environmental Incident Frequency Rate)	(889)	statutorily
(771)	resilience-based	(840)	self-care	(890)	stewardship
(772)	resiliency	(841)	self-development	(891)	stress
(773)	resilient			(892)	succession
(774)	reskilling			(893)	suicide
(775)	resource			(894)	supervisors
(776)	resources			(895)	supplied
(777)	resources-related			(896)	support
(778)	respecting			(897)	supported
(779)	respects			(898)	supporting
(780)	responsibilities			(899)	supportive
(781)	responsibility				
(782)	responsible				
(783)	responsibly				
(784)	restoration				
(785)	retention				
(786)	retirees				
(787)	retraining				
(788)	reusable				
(789)	reusables				
(790)	reuse				
(791)	reused				

(900) supports
 (901) surveillance
 (902) SustainAbilities
 (903) sustainability
 (904) sustainability-based
 (905) sustainability-labelled
 (906) sustainability-linked
 (907) sustainability-related
 (908) sustainable
 (909) sustainable-development
 (910) sustainably
 (911) Sustainagility
 (912) Sustainalytics
 (913) SWD (saltwater disposal)
 (914) system average
 (915) tailings
 (916) tails
 (917) talent
 (918) talents
 (919) TAR (Total Accident Rate)
 (920) taxonomy
 (921) TCEQ (Texas Commission on Environmental Quality)
 (922) TCF (Treating Customers Fairly)
 (923) TCFD (Task Force on Climate-Related Financial Disclosures)
 (924) TCIR (Total Case Incident Rate/Total Case Incidence Rate)
 (925) tCO2
 (926) tCO2e
 (927) team
 (928) teambuilding
 (929) teammate
 (930) teams
 (931) teamwork
 (932) teamworking
 (933) TFAF (Total First Aid Frequency)
 (934) TFIR (Total Frequency Incident Rate)
 (935) thriving
 (936) TICR (Total Incident Case Rate)
 (937) TIFR (Total Injury Frequency Rate/Total Incident Frequency Rate)
 (938) TIR (Total Incident Rate)
 (939) traceability
 (940) traceable
 (941) TRAFR (Total Reportable Accident Frequency Rate)
 (942) training
 (943) trainings
 (944) transparency
 (945) TRCF (Total Recordable Case Frequency)
 (946) TRCFR (Total Recordable Case Frequency Rate)
 (947) TRCR (Total Recordable Case Rate)
 (948) treatable
 (949) treating
 (950) trees
 (951) TRER (Total Recordable Environmental Rate)
 (952) TRFIR (Total Recordable Injury Frequency Rate)
 (953) TRI (Total Recordable Injuries)
 (954) TRIF (Total Recordable Injury Frequency/Total Reportable Injury Frequency/Total Recordable Incident Frequency)
 (955) TRIFR (Total Recordable Injury Frequency Rate/Total Reportable Injury Frequency Rate)
 (956) TRIR (Total Reportable Incident Rate/Total Recordable Incident Rate)

(957) TRR (Total Recordable Rate)
 (958) trust
 (959) trustworthiness
 (960) trustworthy
 (961) TSM (Towards Sustainable Mining)
 (962) TTIFR (Total Treatable Injury Frequency Rate)
 (963) UN (United Nations)
 (964) underrepresented
 (965) underserved
 (966) unionized
 (967) unions
 (968) unsafe
 (969) upcycling
 (970) upskilling
 (971) urgency
 (972) value-based
 (973) values
 (974) values-based
 (975) vegetation
 (976) veteran
 (977) veterans
 (978) Vigeo Eiris
 (979) village
 (980) violation
 (981) violations
 (982) VIR (Vehicle Incident Rate)
 (983) VOCs (volatile organic compounds)
 (984) VoE (Voice of Employee)
 (985) voluntary turnover
 (986) volunteered
 (987) volunteering
 (988) volunteerism
 (989) vulnerable
 (990) WACI (weighted average carbon intensity)
 (991) warming
 (992) warning
 (993) waste
 (994) wastes
 (995) wastewater
 (996) water
 (997) water-intensive
 (998) waters
 (999) watershed
 (1000) ways-of-working
 (1001) welfare
 (1002) wellbeing
 (1003) wellness
 (1004) whistleblowing
 (1005) WHS (Work, Health, and Safety/Workplace Health and Safety)
 (1006) wildfire
 (1007) wildflower
 (1008) wildlife
 (1009) wind
 (1010) WLO (World-Leading Operations)
 (1011) WLTP (Worldwide Harmonised Light Vehicles Test Procedure)
 (1012) woman
 (1013) women
 (1014) women-owned
 (1015) women's sponsorship
 (1016) women's
 (1017) wood
 (1018) woodland
 (1019) work
 (1020) work-related
 (1021) workable
 (1022) workday
 (1023) workdays
 (1024) worked

(1025) worker
 (1026) workers
 (1027) workforce
 (1028) worklife
 (1029) workload
 (1030) workplace
 (1031) workplaces
 (1032) worksite
 (1033) world's
 (1034) worst
 (1035) young
 (1036) youth
 (1037) zero-carbon
 (1038) zero-fatalities

Earnings Keywords

(1) accounting return
 (2) adjusted OCI
 (3) after tax
 (4) before tax
 (5) billing
 (6) CAD
 (7) capital effectiveness
 (8) capital efficiency
 (9) cash
 (10) CFROI
 (11) change in working capital
 (12) contribution margin
 (13) debt service
 (14) direct contribution
 (15) earned premium
 (16) earnings
 (17) EBIT
 (18) economic return
 (19) economic value
 (20) EPI
 (21) EPS
 (22) equity value
 (23) EVA
 (24) FAD
 (25) FCF
 (26) FFO
 (27) fixed charge
 (28) funds available
 (29) funds from operations
 (30) income
 (31) interest cover
 (32) interest margin
 (33) internal capital generation
 (34) internal return
 (35) invoicing
 (36) IRR
 (37) LCR
 (38) liquidity
 (39) loan to deposit
 (40) margin
 (41) MEP
 (42) net gain
 (43) net loss
 (44) NIM
 (45) NOI
 (46) NOPAT
 (47) NPAT
 (48) OIBDA
 (49) operating loss
 (50) OPROS
 (51) PACC
 (52) PAT
 (53) payback
 (54) PBIT
 (55) PBT
 (56) post-tax
 (57) pre tax
 (58) pre-tax
 (59) profit
 (60) property return

(61) rate of return
 (62) RCOP
 (63) recycle ratio
 (64) result
 (65) return on
 (66) return rate
 (67) return ratio
 (68) return on assets
 (69) return on net
 (70) ROA
 (71) ROC
 (72) ROCCE
 (73) ROE
 (74) ROFE
 (75) ROGEV
 (76) ROI
 (77) RONA
 (78) RORAC
 (79) RORC
 (80) RORWA
 (81) ROS
 (82) ROTCE
 (83) ROTE
 (84) TAR
 (85) total capital generation
 (86) TPR

Operating Keywords

(1) A&D activities
 (2) access
 (3) ACQ
 (4) acquire
 (5) acquisition
 (6) AER
 (7) AISC
 (8) allocation of assets
 (9) allocation of capital
 (10) annual spend
 (11) ARIS
 (12) asset base
 (13) asset growth
 (14) asset quality
 (15) asset turns
 (16) ATWC
 (17) AWC
 (18) balance sheet
 (19) borrowings
 (20) C&E
 (21) CapEx
 (22) capital
 (23) capital adequacy
 (24) capital allocation
 (25) capital and exploratory
 (26) capital deployment
 (27) capital expenditure
 (28) capital expense
 (29) capital growth
 (30) capital level
 (31) capital position
 (32) capital program
 (33) capital project
 (34) capital ratio
 (35) capital recycling
 (36) capital spend
 (37) capital structure
 (38) capital turnover
 (39) cash conversion cycle
 (40) cash cycle
 (41) CASM
 (42) CET1
 (43) charge-off
 (44) CIR
 (45) classified
 (46) combined ratio
 (47) combined trade ratio
 (48) common equity
 (49) corporate expenditure
 (50) cost
 (51) credit loss
 (52) credit provision
 (53) credit quality
 (54) criticized asset
 (55) criticized loans
 (56) days of inventory
 (57) days sales
 (58) DBAR
 (59) debt
 (60) default
 (61) delinquency
 (62) development cost
 (63) DIO
 (64) DSO
 (65) DUAR
 (66) DWC
 (67) efficiencies
 (68) efficiency
 (69) equity
 (70) equity ratio
 (71) equity/assets
 (72) expand asset base
 (73) expenditure
 (74) expense
 (75) F&D
 (76) FD&A
 (77) fee
 (78) financial flexibility
 (79) financial position
 (80) financial resources
 (81) financial stability
 (82) financial strength
 (83) financing
 (84) finding and development
 (85) finding cost
 (86) finding development
 (87) funding
 (88) G&A
 (89) gearing
 (90) general and administrative
 (91) GMV
 (92) gross asset base
 (93) grow asset base
 (94) growth in assets
 (95) growth in core assets
 (96) growth in unencumbered asset pool
 (97) growth of assets
 (98) growth rate in assets
 (99) GWP
 (100) impairment
 (101) increase asset base
 (102) inorganic
 (103) internal capital generation
 (104) inventories
 (105) inventory
 (106) invested capital
 (107) investment
 (108) leverage
 (109) liability
 (110) loan loss
 (111) loan quality
 (112) loan to value
 (113) LOE
 (114) loss ratio
 (115) LTV
 (116) M&A
 (117) management fee growth
 (118) megawatts
 (119) merchandise volume
 (120) modernize asset base
 (121) NCO
 (122) new assets growth
 (123) NIW
 (124) non-accrual

(125) non-acquired growth
 (126) non-performing
 (127) NPA
 (128) NPE
 (129) NPL
 (130) NSFR
 (131) NWC
 (132) O&M
 (133) operating
 (134) operating leverage
 (135) operating ratio
 (136) operational effectiveness
 (137) OpEx
 (138) optimize our current asset base
 (139) organic growth
 (140) overhead
 (141) OWC
 (142) policyholder's surplus
 (143) premium
 (144) project finance
 (145) provision expense
 (146) provision for
 (147) provision of
 (148) provision rate
 (149) PWCPS
 (150) R&D
 (151) raise
 (152) raising
 (153) ratio
 (154) receivable
 (155) research
 (156) research and development
 (157) revenue
 (158) risk-based
 (159) risk-weighted
 (160) RWA
 (161) sales
 (162) saving
 (163) shareholder's equity
 (164) solvency
 (165) spend
 (166) stock cover
 (167) stockholder's equity
 (168) surplus growth
 (169) Texas ratio
 (170) tier
 (171) total asset
 (172) total capital
 (173) turnover
 (174) WCRR
 (175) WCT
 (176) working capital
 (177) written
 (178) written premium

Market Keywords

(1) index outperformance
 (2) market cap
 (3) market performance
 (4) market value
 (5) market-related
 (6) price to
 (7) securityholder return
 (8) share price
 (9) share valuation
 (10) shareholder return
 (11) stock performance
 (12) stock price
 (13) stockholder return
 (14) TSR

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