

# Leading by Example: Can One Universal Shareholder's Voting Pre-Disclosure Influence Voting

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## Abstract

We analyze the impact of a large shareholder disclosing its voting decisions prior to shareholder meetings on final vote outcomes for management and shareholder proposals. We find that pre-disclosures of against votes lead to an average increase of 2.7 percentage points in against votes by other shareholders. Voting pre-disclosures are more effective for proposals with a higher information demand, and if the large shareholder pre-discloses a decision that is not directly observable from its proxy-voting guidelines. The results highlight the potential for large institutional investors to use voting pre-disclosure as a tool for influencing other shareholders and, ultimately, companies.

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Keywords: Pre-disclosure, Shareholder Voting, Institutional Investors, Corporate Governance

JEL Classifications: G30, G23, G34

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# **Leading by Example: Can One Universal Shareholder's Voting Pre-Disclosure Influence Voting Outcomes? \***

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We analyze the impact of a large shareholder disclosing its voting decisions prior to shareholder meetings on final vote outcomes for management and shareholder proposals. We find that pre-disclosures of against votes lead to an average increase of 2.7 percentage points in against votes by other shareholders. Voting pre-disclosures are more effective for proposals with a higher information demand, and if the large shareholder pre-discloses a decision that is not directly observable from its proxy-voting guidelines. The results highlight the potential for large institutional investors to use voting pre-disclosure as a tool for influencing other shareholders and, ultimately, companies.

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## 1. Introduction

Shareholder voting is a major ownership tool for large institutional investors such as mutual fund families or pension funds. These entities use the right to vote to express their views and influence firm outcomes (e.g., Armstrong, Gow and Larcker, 2013; Ertimur, Ferri and Oesch, 2013; Gillan and Starks, 2000).

Regulators and market participants believe that large institutional investors ought to take their fiduciary duty seriously and that they should carefully examine management and shareholder proposals prior to voting at annual general meetings (AGMs). Yet, many shareholders strictly follow the advice of proxy advisory firms (“robo-voting”) such as Institutional Shareholder Services (ISS) or Glass-Lewis (GL) (Alexander, Chen, Seppi, and Spatt, 2010; Malenko and Shen, 2016; Ertimur et al., 2013). This practice has drawn public criticism and regulatory attention, because proxy advisors’ voting recommendations can be subject to a ‘one size fits all’ approach, because possible conflicts of interests stemming from proxy advisors’ consulting services can arise, and because institutional investors potentially violate their fiduciary duties.

At the same time, the largest passive investors such as BlackRock, State Street, or Vanguard that could, due to their size, be important corporate governance players, have lean stewardship teams because they compete on fees and often track indices. Some argue that they underinvest in corporate governance (e.g., Bebchuk and Hirst, 2019). Few of these universal shareholders go beyond publishing their proxy voting guidelines to communicate their views on corporate governance.<sup>1</sup>

In this context, Norges Bank Investment Management (NBIM), the asset manager of the Government Pension Fund Global (commonly referred to as the Oil Fund) and a long-time

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<sup>1</sup> Recent research has shown that proxy voting guidelines of important institutional investors have an impact on corporations (e.g., Couvert, 2021; Gormley et al., 2023).

corporate governance advocate, decided in 2021 to pre-disclose its voting intentions on management and shareholder proposals at all publicly listed portfolio companies worldwide.

In this paper, we analyze whether the introduction of the fund's voting intentions pre-disclosure influences proposal vote outcomes. We assemble a global dataset with proxy voting outcomes, NBIM's pre-disclosures, ISS', and GL's vote recommendations, as well as NBIM's ownership information. We find, using quasi-random variation in the ability of NBIM to influence other shareholders' votes, that the introduction of NBIM's pre-disclosure causes an additional 2.7 percentage points of votes to align with NBIM's voting.

NBIM is the world's largest sovereign wealth fund and the largest single shareholder in many publicly listed firms. It has built a reputation as a governance expert, and the prior literature has shown that its voice is influential (e.g., Aguilera et al., 2021). Hence, we believe it is possible that its pre-disclosure can sway other investors.<sup>2</sup> NBIM has a long history of developing clear principles and a systematic approach to its ownership activities. In 2007, NBIM launched its first expectation document on Children's Rights to outline how boards should integrate this issue in corporate strategy, risk management and reporting. By 2023, NBIM had published 9 further expectation documents on sustainability issues.<sup>3</sup> In total, 12 position papers set out NBIM's views on governance questions such as board diversity, multiple share classes and CEO remuneration.<sup>4</sup> Expectation documents and position papers form the basis of NBIM's public voting guidelines.

By disclosing both its voting intentions and reasons for dissenting votes five days prior to any shareholder meeting, NBIM moved from developing ownership policies to encouraging

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<sup>2</sup> NBIM discloses which companies have been excluded from the fund: <https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/>. [Informal discussions with NBIM and anecdotal evidence \(Storebrand 2022\) suggest that](#) several other funds follow suit and exclude these companies, too. Milne (2014) reports that investors were split whether the NBIM pre-disclosure could sway other investors.

<sup>3</sup> NBIM, Expectation Documents, <https://www.nbim.no/en/publications/expectation-documents/>

<sup>4</sup> NBIM, Position Papers, <https://www.nbim.no/en/the-fund/responsible-investment/our-voting-records/position-papers/>

their adoption. The goal of the pre-disclosure was to increase transparency on how NBIM uses the fund's voting rights and to provide more information to the market based on the belief that the market for voting advice was not fully efficient.<sup>5</sup> By giving other shareholders the chance to take NBIM's well-researched governance views on specific proposals into account, an implicit, although not stated goal, was to increase the vote share aligned with NBIM's governance preferences.

NBIM started to disclose their voting intentions for the 2021 proxy season. NBIM's decision to pre-disclose five days ahead of the AGM was based on how many days prior to cut-off the vote research becomes available and the additional time it takes to internally develop and align on the vote decision. Our identification strategy takes advantage of the fact that for some AGMs, shareholders have sufficient time to cast or change their votes after NBIM's pre-disclosure (treatment group), while for other AGMs, the voting cut-off deadline has already passed and shareholders are unable to change their votes after studying NBIM's pre-disclosure (control group).

Although shareholder voting is an important mechanism through which shareholders influence corporate decisions (e.g., Aggarwal et al., 2011; Lee and Souther, 2020), it is an economically interesting question whether a single universal shareholder's pre-disclosure can affect voting outcomes, as it would require influencing voting decisions of other shareholders' who are driven by various incentives and pressures that shape their voting behavior.

On the one hand, free-rider problems and agency-conflicts reduce investors' voting and independent information acquisition incentives (Bebchuk and Hirst, 2019; Cvijanovic, Groen-Xu, and Zachaiadis, 2019; Grossman and Hart, 1980; Harris and Raviv, 1988; McCahery, Sautner, and Starks, 2016). In that case, voting intention disclosures can serve as a useful alternative signal to proxy voting recommendation for shareholders that would otherwise not

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<sup>5</sup> NBIM, Investing responsibly, p.67: [https://www.nbim.no/contentassets/ae68d3bc8e145c8bc5c5636c1bafe5b/investing-responsibly\\_government-pension-fund-global\\_web.pdf](https://www.nbim.no/contentassets/ae68d3bc8e145c8bc5c5636c1bafe5b/investing-responsibly_government-pension-fund-global_web.pdf)

be sufficiently incentivized by their ownership stake or investment style to perform their own research (Bar-Isaac and Shapiro, 2020; Malenko and Malenko, 2019). In addition, voting intention disclosure could improve voting quality by facilitating information aggregation in the voting process with some shareholders ignoring their own information to align their vote with the institutional investor instead of simply following management or proxy advisors (Bar-Isaac and Shapiro, 2020).

On the other hand, Bolton et al. (2020) and Bubb and Catan (2020) suggest that distinct ideologies can be discerned from institutional investors' voting behavior, reflecting the preferences of their beneficiaries. The existence of ideologies makes it less likely that an investor follows the voting intention of another investor, unless both investors share the same ideology. Moreover, shareholders' independent information acquisition, the widespread availability of proxy voting advice, and the alignment of proxy voting advice with investor preferences may further limit the influence of voting pre-disclosures on other investors' voting decisions (e.g., Shu, 2023; Matsusaka and Shu, 2023).

We distinguish in our analysis between management and shareholder sponsored proposals, as these two major proposal types differ substantially both in their content and support rates. Furthermore, for management sponsored proposals, we focus on instances in which NBIM opposes management, as most management proposals are uncontroversial and routine.

The economic magnitude of our main result, that following NBIM's pre-disclosure to vote against a proposal, opposition by other shareholders increases by approximately 2.7 percentage points, can be compared to the impact of recommendations by the main proxy advisors. Whenever ISS recommends to vote against a proposal, the "against" vote tally increases by 12 percentage points and whenever GL recommends to vote against, the "against" vote tally increases by 6.5 percentage points.



Management almost always opposes shareholder proposals, and we expect NBIM's pre-disclosure to have most effect if they are supportive of shareholder proposals. We document an increase of 3.6 percentage points in other shareholders supporting shareholder proposals after NBIM has pre-disclosed its own support.

Additional tests support our hypothesis that other investors follow NBIM's pre-disclosure especially in situations where acquiring additional information is particularly beneficial. NBIM's pre-disclosure has more impact for proposals that pass or fail with a narrow margin, in small firms which are more difficult to understand or to obtain information on, and in companies that had a high amount of dissent in the past.

We also examine proposals where proprietary internal data from NBIM show that NBIM's recommendation was based on manual input by one of its governance experts (and not on the partly automated execution of their voting guidelines). Consistent with our conjecture that in such more complex voting situations, other shareholders are more interested in additional information to inform their voting, we document a more than twice as large treatment effect of the pre-disclosure for manual voting.

Our work relates to different strands of the existing literature. First, while previous studies provide evidence on the effects of third-party proxy advisors on voting outcomes (e.g., Malenko and Shen, 2019; Ertimur et al., 2013) and on the impact of proxy voting guidelines (e.g., Couvert, 2021), there is to the best of our knowledge no empirical evidence on the role of investors' voting pre-disclosures in the voting process. Institutional investors' pre-disclosure of votes differs from proxy advice and proxy voting guidelines in several important ways. First, in contrast to the proxy advice sold by ISS or GL, the voting intention disclosures by NBIM are freely accessible to the public five days prior to the shareholder meeting. Second, these disclosures are not recommendations to vote in a specific way, but rather a commitment of how a large institutional investor will vote, allowing other investors to update their

expectations about the voting outcomes and to gather additional information to inform their voting. Third, pre-disclosure is more of a commitment (after having vetted the actual proposal) than a broad statement in proxy-voting guidelines.

Second, our research sheds light on whether voting pre-disclosure can serve as a governance tool. While shareholder activism typically targets individual firms or groups of firms (Starks 2009; Gillan and Starks 2000; Del Guercio and Hawkins, 1999), the voting pre-disclosure applies to all firms in NBIM's portfolio. Our results highlight the potential for voting pre-disclosures as a form of stewardship that can be done at scale.

Finally, our work relates to the theoretical literature on the economics of shareholder voting (e.g., Alexander et al., 2010; Bar-Isaac and Shapiro, 2020; Edmans, 2009; Malenko and Malenko, 2019; Levit, Malenko and Maug, 2023) by providing empirical evidence on the role of institutional investors' disclosures in resolving informational and agency-related conflicts that may arise in the voting process.

The paper proceeds as follows. In Section 2, we give an institutional background on NBIM and the decision to pre-disclose votes. In Section 3, we develop our identification strategy, describe the data, and provide details on the empirical tests. Section 4 contains the main empirical analysis, and Section 5 concludes.

## **2. Institutional Background**

The Government Pension Fund Global (GPF) is the Norwegian sovereign wealth fund and the world's largest single shareholder. NBIM is responsible for the operational management of GPF. It manages assets worth more than 15 trillion NOK (approximate 1.4 trillion dollar)<sup>6</sup>. NBIM's goal is to improve performance, corporate governance, and responsible business practices of the firms in which it invests (NBIM, 2020). NBIM exercises its voting rights for

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<sup>6</sup> NBIM, [The fund | Norges Bank Investment Management \(nbim.no\)](https://www.nbim.no), as of 17.11.2023

all shares, contingent upon the absence of trading restrictions, such as those arising from share-blocking mechanisms that constrain trading activity within a specified time frame surrounding shareholder meetings.<sup>7</sup> Furthermore, NBIM votes all shares in the same way. NBIM employs global custodians and a network of sub-custodians for asset management to cover all markets and to have the most efficient voting procedures in place. In most cases, NBIM holds shares with a global custodian, which enables voting at shareholder meetings through a proxy voting service provider.

The voting process can be summarized in five steps (NBIM, 2020). First, the company sets an agenda with the relevant items and the custodian confirms shareholders' identities and holdings as of the record date. The record date can range from one day before the meeting up to 30-60 days before the meeting. Second, shareholders receive relevant meeting documents. Third, proxy advisors review the materials and provide general voting recommendations to their clients. In NBIM's case, the proxy advisor also incorporates NBIM's voting guidelines into its proprietary voting platform to streamline the voting process and makes a vote recommendation based on NBIM's guidelines for standard agenda items. Fourth, shareholders instruct the custodian on how to vote before the voting cut-off date, typically using an online platform provided by the proxy advisory service. Institutional investors that use such an online platform are able to change their already instructed votes, but only until a cut-off date.<sup>8</sup> The voting cut-off date, which constitutes the last day of proxy-voting, is specific to each meeting and depends on the firm, the voting infrastructure in a given market, local regulations, the custodian, and the proxy advisor's deadlines (NBIM, 2020).

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<sup>7</sup> In addition, NBIM does not have a policy to consistently recall all lent shares prior to the AGM. Hence, they do not vote on lent shares.

<sup>8</sup> Anecdotal evidence that we obtained from market participants suggests that voting decisions are frequently made near the cut-off date, as large institutional shareholders need to vote on numerous agenda items for multiple firms concurrently.

In the final step, voting takes place at the shareholder meeting and shareholders receive a confirmation from the proxy advisor that their votes have been submitted. In most markets, voting is carried out electronically through the proxy voting service. If physical attendance at the shareholders meeting is required, the proxy voting service dispatches a proxy to attend and vote at the meeting.

### **3. Identification Strategy and Data**

We develop the identification strategy in Section 3.1. We then describe our sample in Section 3.2. Finally, Section 3.3 provides details on the regression setup.

#### **3.1. Identification strategy**

Identifying the incremental effect of voting pre-disclosure on final vote outcomes is challenging due to an omitted variable problem. The same unobservable firm and management characteristics that lead NBIM to give a negative vote recommendation are likely to also lead other shareholders to oppose a proposal. Without a proper correction or identification, the estimated effect of the influence of NBIM would be upward biased (see the discussions in Malenko and Shen, 2016; Ertimur, Ferri, and Oesch, 2013; Larcker, McCall, and Ormazabal, 2015).

To address the omitted variable challenge, we exploit quasi-random variation in other shareholders' ability to react to NBIM's pre-disclosure. In our research design, we use the fact that the voting disclosure by NBIM is always released five calendar days prior to the meeting due to internal organizational procedures. However, the actual effective cut-off date for submitting votes is specific to each firm. As a result, we have shareholder meetings in our sample where the voting intentions are disclosed before the cut-off date and shareholder meetings where the voting intentions are disclosed after the cut-off date. We exploit this

variation in other shareholders' ability to react to NBIM's pre-disclosure for our identification strategy.

More specifically, the cut-off deadlines for proxy voting through the online platform of the main proxy advisory firms vary from meeting to meeting and can be before or after the date of pre-disclosure. The online platform cut-off dates are relevant in our setting because the vast majority of institutional investors do not directly instruct their custodian on how to vote but cast their vote through the online platform of a proxy voting service.<sup>9</sup> The two largest proxy voting service providers are ISS and GL with their platforms Proxy Exchange and Viewpoint. According to Shu (2023), 62% of all US mutual funds voted through Proxy Exchange platform, while 34% employ Viewpoint. NBIM uses Proxy Exchange.

For each meeting, investors must respect the respective proxy voting deadline ("cut-off" dates) when submitting their vote. This deadline is meeting-specific and determined by various factors that are outside the investors' or the firm's control. Local market regulations, deadlines from the custodian and the proxy voting firm together determine the effective cut-off dates ahead of the shareholder meeting. The cut-off date is similar for all large institutional investors with efficient voting processes such as NBIM.

Our identification strategy exploits that shareholders can still cast or change their votes *after* they have learned about NBIM's voting intentions for some proposals (Cutoff B in Figure 1) (*treatment group*), but not for others (Cutoff A in Figure 1) (*control group*). If the voting intention disclosure date is at least one day before cut-off date for proxy voting, we consider the meeting to be treated by the voting intention disclosure. Employing the meeting-specific cut-off date helps alleviate concerns that changes in voting behavior are driven by unobservable characteristics. NBIM's initial choice of the pre-disclosure date allowed for an

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<sup>9</sup> While custodians and sub-custodians provide general cut-off dates for the individual markets, these dates are often including extra days. Therefore, we rely on the effective cut-off date that is provided by ISS to NBIM. This date already reflects the narrowest cut-off window for large institutional investors.

efficient internal vote coordination rather than maximizing the number of pre-disclosures published prior to the vote cut-off date, thus providing a valuable setup to identify our main effect.

### **3.2. Sample and Data**

NBIM's voting database is our primary data source. It contains publicly available information as well as proprietary data. The database contains information on all management and shareholder proposals on which NBIM voted between 2019 and October 2022 during shareholder meetings of publicly listed firms worldwide. NBIM's database includes voting recommendations of management, NBIM itself, and the two leading proxy advisory firms, ISS and GL.

In addition, it includes data from ISS on the absolute number of votes as well as the percentage of for, against, and abstain votes, and whether the resolution passed, failed, or was withdrawn. We also obtain NBIM's ownership percentage for each company, and the number of shares NBIM voted.

NBIM registers in the database whether the vote was instructed manual or automatically. In a manual vote, an employee of NBIM's stewardship strategies team reviews a resolution and casts a manual vote. In an automatically instructed vote, ISS votes NBIM's shares in accordance with NBIM's voting guidelines developed by the stewardship strategies team, but without a review of a team member.

Finally, we obtained proprietary data from ISS on the voting cut-off by issuer for the years 2021 and 2022. A resolution belongs to the treatment group if the cut-off date is set at least one day after the pre-disclosure, allowing other shareholders to cast or change their votes after NBIM's pre-disclosure. We exclude all resolutions where NBIM abstained from voting. It is NBIM's policy to vote if possible, and abstain votes make up less than 1% of all cases due

to special circumstances. For example, in some markets, shareholders would have to relinquish their right to trade their shares for a specific time period to vote.

We merge the voting data from NBIM with information from Capital IQ and Thomson Reuters Eikon to obtain a firm's free float, accounting variables, and voting structure. We exclude all observations for which we could not obtain data on firms' accounting variables.

Panel A of Table 1 shows summary statistics for the baseline sample. The baseline sample consists of 190,169 proposals, of which 187,731 (98.72%) are management proposals and 2,438 (1.28%) are shareholder proposals (Column 1). The most common management proposals are director elections (50% of all resolutions), routine / business proposals such as accepting the financial statements or ratifying the auditor (22.2%), performance-based compensation (11.3%), and proposals regarding changes in the capitalization of companies (10%).<sup>10</sup> Many of these management proposals are routine and non-controversial, and NBIM votes in favor of management proposals in more than 95% of the cases. We show in Panel A of Table 1 that for the most common proposals, NBIM opposes director related resolutions in only 4.39% of all cases, routine matters in only 1.84% of all cases, and compensation related proposals in 4.58% of all cases. We therefore focus in our empirical analysis on the subset of 7,139 management proposals that NBIM opposes, because we believe that these votes convey most information to other investors.

In contrast, we analyze all 2,438 shareholder proposals, as they tend to be more controversial with varying support rates among different investor types (Bolton et al. 2020; Ertimur et al. 2013).<sup>11</sup> Indeed, Panel A of Table 1 displays that NBIM opposes, depending on

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<sup>10</sup> We use the ISS classification of proposals. ISS distinguishes between "compensation" and "non-salary compensation" proposals. Proposals labeled as "compensation" are French proposals in 2022, when a law required a binding ex-post vote on remuneration reports.

<sup>11</sup> We exclude shareholder proposals from China and Brazil due to their unique governance structures. In Brazil, most shareholder proposals are elections to the fiscal council, a supervisory body that does not exist outside Brazilian legislation. In China, most shareholder proposals receive support rates close to 100% and concern regular director elections that are sponsored by the controlling shareholder (frequently a government entity which effectively appoints the board).

the type of proposal, between 25% (general economic issues) and 90.4% (compensation proposals) of all shareholder proposals.

Column 5 of Panel A shows that anywhere between 66% (Compensation-related proposals) and 90% (Reorganization and Merger related proposals) of management proposals are voted automatically. Employees of NBIM cast manual votes on shareholder proposals more frequently. The leading category is Human Rights and Social shareholder proposals, with 93% of all proposals being reviewed manually.

The last two columns of Panel A of Table 1 show the percentage of resolutions in each proposal category that belong to the treatment and control groups, respectively. There are more resolutions in the treatment than in the control group, and the imbalance is larger for shareholder proposals than for management proposals. The reason for the higher percentage of proposals in the treated group is that most U.S. companies are treated (see Panel B of Table 1), and that the U.S. makes up a large fraction of the entire sample and an even larger fraction of the shareholder proposal sample, as shareholder proposals are more common in the U.S.<sup>12</sup>

Panel B of Table 1 shows the distribution of meetings and resolutions across countries that are part of our final sample. We include all 2,438 shareholder proposals and the 7,139 management proposals on which NBIM voted against in the final sample. Our final sample consists of 1,780 firms from 49 countries that hold 4,542 meetings with 9,577 proposals between 2019 and 2022. These firms correspond to 1/6<sup>th</sup> of all firms in NBIM's portfolio. The largest number of resolutions in our final sample are from the US (3,244 resolutions), France (1,193 resolutions), and Hong Kong (604 resolutions). Furthermore, we document that shareholder proposals are concentrated in the US (1,432 resolutions), Japan (219 resolutions) and Italy (214 resolutions).

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<sup>12</sup> In later tests, we show that our results are robust to excluding U.S. publicly listed firms from the analysis.



NBIM is a large shareholder because of the considerable size of the GPF. As a result, NBIM voting in favor or against a specific proposal has a direct and mechanical effect on the final voting outcome. In our empirical analysis, we subtract the number of shares voted by NBIM from the total votes cast when calculating the percentage of votes for or against a resolution.<sup>13</sup>

### 3.3. Regression setup

We analyze the influence of voting intention disclosures on vote outcomes in the following difference-in-differences regression model:

$$(1) \quad \% \text{ Votes Against}_{ijt} = \beta_0 + \beta_1 \text{Treated}_{it} \times \text{Post}_t + \beta_2 \text{ISS Against}_{ijt} + \beta_3 \text{ISS Against}_{ijt} \times \text{Post}_t + \beta_4 \text{GL Against}_{ijt} + \beta_5 \text{GL Against}_{ijt} \times \text{Post}_t + \sum \gamma_k \times \text{Controls}_{ikt} + \theta_i + \phi_j + \mu_t + \varepsilon_{ijt}$$

Where  $\% \text{ Votes Against}_{ijt}$  is the percentage of votes cast against resolution  $j$  at the meeting of firm  $i$  in year  $t$ , relative to the respective base level. The base level is provided by ISS and depends on whether abstain votes are counted in the total number of votes cast in the respective market. Thus, the base is either the sum of votes cast for, against and abstain or only votes cast for and against a resolution.

We employ the binary variable  $\text{Treated}_{it}$  that indicates whether other shareholders are able to change their votes for the respective meeting of firm  $i$  in year  $t$  after the voting intention disclosure by NBIM in 2021 and 2022.  $\text{Treated}$  takes the value of ‘1’ if the proxy voting cut-off date is at least one day after the voting intention disclosure date. Market participants can

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<sup>13</sup> Some markets, e.g., Japan, deviate from the one share one vote principle. We employ information from Capital IQ to correct the number of votes cast in these cases because we can only obtain data on the number of for, against, and abstain votes and not the number of shares that were used to cast the votes.

observe the voting intention disclosure for all meetings in the post period, while investors' voting behavior can only incorporate the information from the voting intention disclosure for the *Treated* meetings. We remove some rare cases when meetings of the same firm switch in 2021 and 2022 between the treatment and the control group, because we cannot exactly determine the reasons for these changes in the voting timeline of the specific firm. The binary variable  $Post_t$  takes the value of '1' for the years 2021 and 2022 when NBIM disclosed its voting behavior five days before the meeting date, and zero otherwise.

Our main coefficient of interest is  $\beta_1$  which captures the difference-in-differences estimate for the change in against votes between firms that were able to observe NBIM's voting intention disclosure compared to control firms that could not adjust their voting behavior.

We control for the vote recommendations of ISS and GL because a large proportion of investors follow their voting advice (e.g., Ertimur et al. 2013). Furthermore, we also interact *ISS Against* and *GL Against* with our binary variable  $Post$  to capture changes in ISS' or GL's voting recommendations between the pre and the post period.

We include  $k$  firm-specific control variables that capture differences in firm attributes that might influence investor voting behavior: Ownership captures the ownership percentage of NBIM for the respective firm at the beginning of the year to account for differences in voting behavior related to NBIM's ownership stake. Size is the natural logarithm of a firm's total assets. ROA is net income over total assets and captures performance differences across firms that could influence shareholder voting behavior. Free float is the ratio of free float shares relative to a firm's total shares. It captures the potential to influence other shareholders that are not insiders. We expect that the voting intention disclosure is more effective for firms with a higher ratio of influenceable shares that are not controlled by insiders or blockholders. We include the free float ratio in all cross-sectional tests without firm fixed effects because the free

float ratio remains relatively constant for each firm and is absorbed by firm fixed effects otherwise.

Furthermore, we account for time-invariant firm characteristics by including firm fixed effects ( $\theta_i$ ) in some specifications. In addition, we include year fixed effects to account for year-specific events ( $\mu_t$ ). In the analysis of management proposals, we include proposal type fixed effects ( $\phi_j$ ) that help to alleviate concerns that the results are driven by differences in support levels across proposal categories. We do not include proposal type fixed effects in our analysis of shareholder proposals due to the low number of shareholder proposals in each category. In all of our tests, we cluster standard errors at the firm level.

We estimate equation (1) separately for management and shareholder proposals to explore heterogeneity in the voting intention disclosures across these two distinct proposal types.

First, we analyze management-sponsored resolutions for which NBIM voted against and shareholder resolutions for which NBIM voted for or against.

Second, we analyze cross-sectional differences in the effectiveness of the voting intention disclosures. We expect the effect of the voting intention disclosure to vary across different proposal types. Shareholder-initiated proposals are often more controversial and receive varying support rates across investor types (Bolton et al., 2020; Ertimur et al., 2013).

Third, we expect voting intention disclosures to carry more weight for more contested resolutions, compared to resolutions that are supported by a large majority of shareholders. To verify this conjecture, we estimate equation (1) for proposals that receive a support rate close to the simple majority. Specifically, we examine all resolutions that receive between 30-70% and between 40-60% support when NBIM votes against the resolution. Furthermore, we analyze resolutions that receive against vote ratios above the yearly median. Through these tests, we seek to identify situations where we expect that outside shareholders have greater

demand for further external input to inform their voting decision. We furthermore expect that proposals at smaller firms might benefit more from voting intention disclosures because they are characterized by an on average more opaque information environment, and other shareholders may also be reluctant to spend time monitoring these firms. We re-estimate the regression of equation (1) separately for the subsample of firms with below median total assets in 2019.

Fourth, we look at differences in shareholder information acquisition. To be effective, the voting intention disclosure needs to be received and processed by other shareholders who change their voting behavior afterwards. While we cannot observe which investors change their voting behavior, we can develop a proxy for how many investors receive the voting pre-disclosure. NBIM published its voting intention pre-disclosures on its webpage and tracked the page views for each individual meeting during 2022. We use these data to test whether resolutions in meetings that received at least above median page views are associated with a greater effect of the pre-disclosure.

Finally, we focus on the subset of proposals with manual votes by NBIM. Manual votes are resolutions where a member of NBIM's stewardship strategies team manually enters in the voting platform the voting instruction or changes the instruction suggested by the proxy advisor based on NBIM's voting guidelines. These votes often concern shareholder proposals, management proposals in large holdings or non-standard resolutions that do not directly map into NBIM's voting guidelines and where we expect NBIM to provide especially valuable guidance.

## **4. Results**

We first assess the validity of the parallel trends assumption in Section 4.1. In Section 4.2, we show our main results. We examine the heterogeneity of voting pre-disclosure effects across proposal categories, levels of proposal controversy, voting structures, and the extent of information demand from other shareholders in Section 4.3. In Section 4.4, we analyze differences in the information content of voting intention disclosures, and assess in Section 4.5 the robustness of our findings.

### **4.1. Parallel trends assumption for treated and control groups**

We start our analysis with an assessment of the parallel trends assumptions for the treatment and control groups. We estimate Equation (1) as a generalized difference-in-differences model. To do so, we replace  $\beta_1$  with individual treatment indicator variables for each year using the year before the pre-disclosure as the benchmark period. In the results, shown in Figures 2 (opposed management proposals) and 3 (shareholder proposals), we document no statistically significant difference in against votes between the treatment and control groups in the pre-period when accounting for relevant covariates, such as the recommendation of the proxy advisor. Figures 2 and 3 mitigate concerns about systematically different pre-trends for our treatment and control group.

### **4.2. The Influence of Voting Intention Disclosures for Management and Shareholder Proposals**

We now present our main result, the average treatment effect of the voting pre-disclosure by NBIM. In Table 2, we report our baseline results for management proposals for a set of different specifications to ensure robustness of our results. In Table 3, we show results for shareholder proposals.

We report results of five specifications in Table 2. Columns 1, 2, and 3 show results without firm fixed effects. In Columns 4 and 5, we include firm fixed effects to reduce concerns about unobservable time-invariant firm characteristics driving the increase in against votes. Column 1 shows the base-line coefficient without any control variables. NBIM's pre-disclosure of an intended against vote results in an increase of 3.2 additional percentage points of against votes. In Columns 2 and 3, we included firm-specific control variables and the voting recommendations of the two main proxy advisors, ISS and GL. In Columns 2 (year fixed effects) and 3 (year and proposal type fixed effects), NBIM's pre-disclosure of an intended against vote results in an increase of 3.9 percentage points of additional against votes. Importantly, these are the additional against votes by other shareholders, i.e. we remove the direct effect of NBIM's own ownership stake.

The regression results with firm fixed effects in Columns 4 (year fixed effects) and 5 (year and proposal type fixed effects) display lower coefficients on the *Treated x Post* indicator variable of 2.7 and 2.8 percentage points, respectively, which suggests that unobservable time-invariant firm characteristics attenuate the observed effect. However, the effect remains statistically and economically strongly significant.

We predict that a negative vote recommendation from the proxy advisors has a meaningful impact on the fraction of against votes, but that the impact should not change after NBIM started to pre-disclose its votes. Indeed, we find in Columns 2 to 5 that a negative vote recommendation by ISS is associated with between 7 and 13 percentage points more against votes, and a negative vote recommendation by Glass-Lewis is associated with 5.7 to 6.7 percentage points more against votes. The interaction term ISS-post (GL-post) is economically small in all and statistically insignificant in all (two out of four) specifications.

We can also assess the economic impact of NBIM's pre-disclosure by comparing the *Treated x Post* coefficient with *ISS against* and *GL against*. Looking at Column 5, the effect of NBIM's recommendation (2.797) is about 1/4<sup>th</sup> of the effect of ISS (12.044) and 2/5<sup>th</sup> of the effect of GL (6.552).

None of the other control variables has a significant association with the fraction of against votes on proposals in the firm fixed effects regressions. In the regression without firm fixed effects (Column 2), we observe that smaller firms with lower ROA have a higher percentage of against votes.

In Table 3, we report the corresponding findings for shareholder proposals in a firm fixed effects specification. Columns 1 and 2 show results for shareholder proposals which NBIM opposes while Columns 3 and 4 show results where NBIM is in favor. Our results document that NBIM significantly influences vote outcomes on shareholder proposals only when it votes in favor of the proposal. In these instances, we observe an average increase of 5.5 percentage points in other shareholders' for votes. The more pronounced effect of the voting intention disclosure for shareholder proposals that NBIM supports is consistent with the argument that NBIM's disclosure should matter most if a proposal is controversial or NBIM votes against management. Across all specifications, we find a strong association of the proxy advisors' voting recommendation on outcomes.

However, the results on shareholder proposals need to be interpreted with caution. We showed in Panel B of Table 1 that most of the shareholder proposals come from a handful of countries, and for some of these countries, most proposals are in the treated group. The following list shows the countries with the most proposals, and reports the percentage of treated proposals in each country: U.S. (1,432; 98.2%), Japan (219; 98.7%), Italy (215; 52.6%), Poland (150; 15.7%), and Canada (142; 86.8%). Hence, the shareholder proposal tests mostly compare

the U.S. and Japan against Italy and Poland. In addition, the average percentage votes against proposals are quite different by country and even for shareholder proposals in the same proposal category, as they deal with different issues. As a consequence, only the regression analyses with firm fixed effects show economically and statistically significant results. A drawback of those regressions is that the effect is estimated based on a small number of observations.

#### **4.3. Controversial Management Proposals, High Dissent, and Small Firms**

We now examine several subsamples in which we have clear predictions on why NBIM's pre-disclosure is relatively more important. We examine management proposals with ex-post close voting outcomes, proposals with a high degree of controversy, and proposals in smaller firms in which shareholders typically have more difficulty obtaining information.<sup>14</sup> As in Table 2, we provide evidence from regressions with and without fixed effects. The odd columns in Table 4 show regression results without firm fixed effects, and the even columns those with firm fixed effects.

First, we analyze differences in proposals that are close to the simple majority threshold, considering an interval of 30-70% of votes supporting the proposal. The 30-70% window represents the smallest interval around the majority threshold with enough observations to estimate equation (1). Our result in Table 4, Columns 1 and 2 reveal a pre-disclosure effect of between 6.2 and 6.9 percentage points if NBIM opposes the proposal. In Column 1, the result is statistically significant. Column 2 shows an economically similar effect, but the result is not statistically significant at conventional levels.<sup>15</sup> In Columns 3 and 4, we examine firms with high past dissent, which we define as those firms that received an above country-median

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<sup>14</sup> Due to an insufficient number of shareholder proposals, we focus solely on management proposals in these tests.

<sup>15</sup> The regression in Column 2 is based on fewer observation, which may explain the result. It has fewer observations, because firm fixed effects regressions require that there was a close proposal with NBIM against both before and after the pre-disclosure happened.



percentage of against votes on their proposals in 2019. We document a statistically significant increase in against votes of 4.6 (4.2) percentage points for firms with high past dissent. We believe that the result is economically sensible, because other shareholders would be particularly interested in an additional opinion before voting on proposals in firms with past issues.

Finally, we examine in Columns 5 and 6 whether differences in information asymmetries and information demand for a specific firm or meeting interact with the importance of pre-disclosure. Our measure of information asymmetries is a small firm indicator (Amihud et al., 2015; Bharat et al., 2007). The findings in Table 4, Columns 5 and 6, suggest that firms below the country median in total assets in 2019, which are more likely to have an opaque information environment, experience a 5.02 percentage points (4.08 percentage points) pre-disclosure effect compared to the average firm in our sample. Compared to the average effect of 2.7 percentage points in the similar specification of Table 2, the effect is 50% higher for the firm fixed effects regression.

In 2022, NBIM decided to monitor the interest in their voting pre-disclosure on their website and started to use website analytics tools to which we obtained access. We have, for all 2022 meetings, the possibility to measure information demand through revealed preferences. If more users access information from NBIM's website about their voting pre-disclosure for a specific meeting, we expect the frequency of access to be correlated with the information demand from other investors who also vote at the AGM. We predict that the pre-disclosure has a larger impact on the ultimate voting outcomes if there were more visits to the meeting's pre-disclosure webpage. Table 5, Columns 1 to 3 show results for cross-sectional regressions of voting outcomes for management proposals in 2022 in which NBIM voted against management. Column 1 includes country fixed effects. Column 2 includes proposal category fixed effects and Column 3 adds both. We include country fixed effects in this specification to account for

unobservable factors that are constant over time within each country. We cannot include firm fixed effects in this specification as we do not necessarily observe the same firm repeatedly in this sample. We demonstrate that the pre-disclosure effect is between 5.2 and 6.9 percentage points larger for meetings with above median pageviews on NBIM's website (measured by the interaction effect of Treated x High Information Demand).<sup>16</sup>

#### **4.4. Voting Intention Disclosure based on manual or automated input**

Many management and shareholder proposals are covered by NBIM's voting guidelines and require limited manual input. Voting on such standard items can be automated. However, some proposals necessitate in-depth analysis and are executed manually. In addition, votes for large holdings are also more often reviewed manually, because of the weight the company has in the overall portfolio and the greater likelihood that the company is covered by an active portfolio manager. These manually reviewed proposals are more complex or more important for NBIM, and it is likely that the same holds true for other shareholders. If that was the case, other shareholders should be more interested in NBIM's opinion on these more complex and important proposals, and we should observe a higher percentage of votes aligned with NBIM's position. We note however that identification is less clean in this analysis, as the decision to manually vote is endogenous.

Table 6 shows the regression results. The coefficient of interest is the triple interaction term Treated x Post x Manual. We first note however that there is a small effect of automated votes for treated firms (the coefficient treated x post) of approximately 1.6 percentage points, robust across all three specifications. Columns 1 to 3 progressively add year fixed effects, year and country fixed effects, and year, country, and proposal fixed effects. The coefficients on manual

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<sup>16</sup> While pageviews correlate with investor demand for information, investors can also obtain pre-disclosure information via NBIM's API.

votes and manual x treated deserve additional explanations. The large positive coefficient of approximately 8 percentage points indicates that NBIM tends to vote manually on more controversial proposals that collect a larger fraction of against votes. The large negative coefficient of approximately 7 percentage points of manual x treated can be explained by a size effect – much of the U.S. firms are treated, and they have large market capitalizations. NBIM also votes manually on the largest firms in their portfolio.

In Column 1 through 3 of Table 6, we document an incremental increase of approximately 6.8 percentage points in against votes aligned with NBIM's preference for manually voted resolutions (the coefficient on manual x treated x post), which is statistically significantly and economically significant. The large effect could indicate that other shareholders also manually review these proposals and rely proportionally more on NBIM. The magnitude of the Treated x Post x Manual Vote variable is comparable to that of the influential proxy advisors such as ISS and GL when they are against a proposal. The result of Table 6 highlights the potential for an institutional investor to exert significant influence through voting pre-disclosure, especially in situations that require substantial case-specific research and do not conform to pre-specified voting guidelines.

#### **4.5. Robustness Tests**

We conclude our analysis by examining the robustness of our results. First, we alleviate concerns that differences in covariates between the treatment and control group may drive our results.<sup>17</sup> Therefore, we repeat our analysis in Table 2 using an entropy-balanced sample (Hainmueller, 2012) that balances the treatment and control group across the first two moments

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<sup>17</sup> For such an alternative explanation, it would be necessary for treated firms to experience a substantial change in voting precisely when the pre-disclosure was introduced, while remaining constant for our control firms.

of all firm-level covariates in 2019.<sup>18</sup> The first three lines of Table 7, Panel A show that control firms are smaller, less profitable, and have slightly lower NBIM ownership. For the balanced sample we observe no statistically significant differences in means between treatment and control group anymore for the firm-level control variables Size, Ownership, and ROA (Table 7, Panel A). Table 7, Panel B, Columns 1 through 4 show that our findings in Table 2 remain virtually unchanged with entropy balancing. The evidence in Table 7 therefore indicates that our results are not driven by systematic differences between treatment and control groups that correlate with changes in shareholder voting behavior around the treatment intervention.

Second, we perform additional robustness tests through changes to our fixed effects structure and through the exclusion of the largest market. We report results in Table 8. In Columns 1 and 2 we include, in addition to year fixed effects (Column 1) and year and proposal fixed effects (Column 2), country fixed effects. The results can be compared to Columns 2 and 3 of Table 2. The interaction term treated x post decreases slightly, from about 3.8 percentage points to 3.4 percentage points with the inclusion of country fixed effects, but remains economically and statistically significant. The U.S. is the largest capital market in the world, and U.S. firms constitute a large fraction of NBIM's portfolio. In addition, most U.S. companies are treated. In Columns 3 and 4 we exclude the US to understand whether our results are driven by the U.S. market. Column 3 reports results with year, proposal category, and country fixed effects and Column 4 reports results with firm fixed effects. Without the U.S., we report in Column 3 a 2.9percentage points increase in against votes after a pre-disclosed negative vote recommendation by NBIM for treated firms. The coefficient can be compared to the effect for the entire sample of 3.5 percentage points. In Column 4, with firm fixed effects, we observe an increase in against votes for treated firms of 2.3 percentage points, which can be compared to

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<sup>18</sup> Entropy balancing is widely used in recent research (e.g., Chapman, Miller and White, 2019; Ferri, Zheng and Zhou, 2018; Joenväärä and Kosowski, 2021; Shroff, Verdi and Yost, 2017).

Table 2, Column 5 (2.8 percentage points). Hence, without the U.S., the reported impact of NBIM's pre-disclosure is about 0.5 percentage points lower. Taken together, our additional tests confirm the robustness of our results. NBIM's pre-disclosure treatment effect remains statistically and economically significant under a variety of alternative research design choices.

## **5. Conclusion**

Shareholder voting allows investors to exercise their ownership rights and hold corporate management accountable for their actions. We investigate whether an institutional investor's public proxy-voting pre-disclosure can influence the voting behavior of other shareholders. NBIM, the world's largest single shareholder, introduced voting pre-disclosure in 2021. We exploit unique features in the implementation of the pre-disclosure that introduce quasi-random variation in whether other shareholders can take NBIM's pre-disclosure into account. We use that variation in a difference-in-differences research design.

Our results suggest that NBIM's voting pre-disclosure influences other shareholders' voting decisions, with an average increase of approximately 2.7 percentage points in against votes following NBIM's pre-disclosure of an intention to vote against management proposals (and not counting NBIM's own stake). Furthermore, we document a greater impact of the voting pre-disclosure if the resolution is more controversial such as shareholder proposals or if the resolution does not easily map to existing voting guidelines.

Our findings highlight the potential for voting pre-disclosure as a form of broad-based engagement. Our study provides new insights into the mechanisms through which large shareholders can influence governance at scale and could provide a blueprint for other large asset managers who wish to extend their influence.

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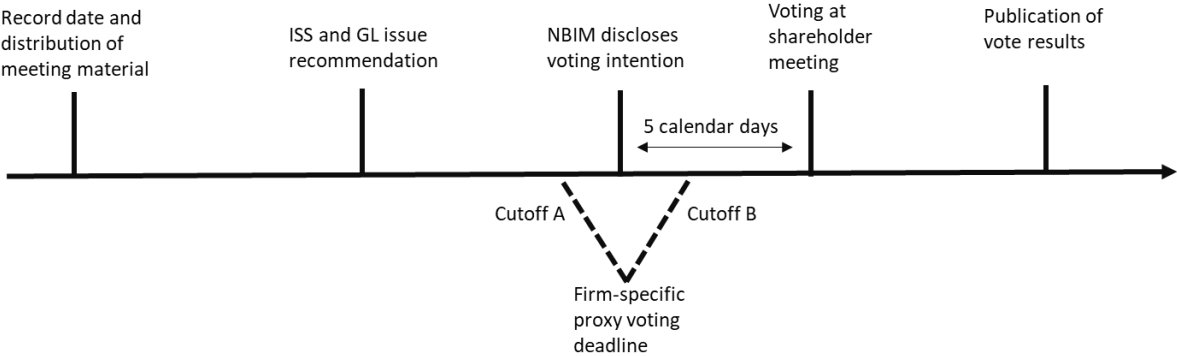
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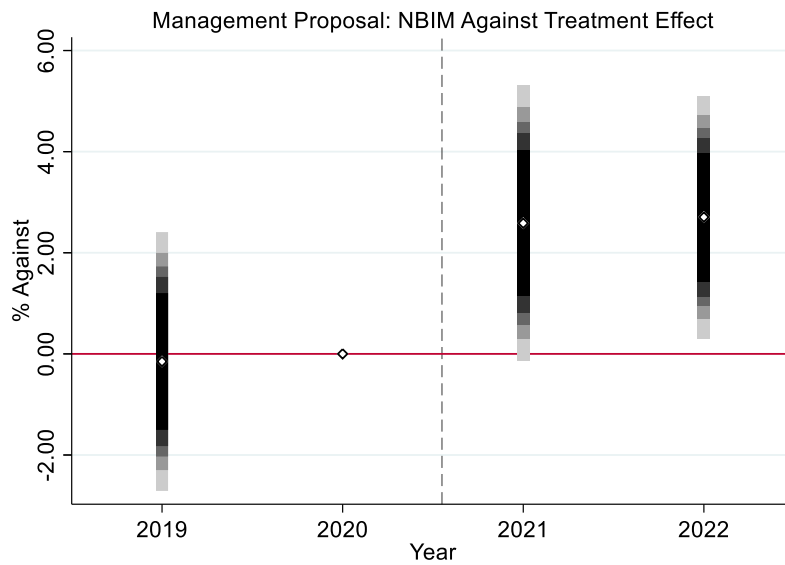
[3a5b03a977e132314e59d232810093bd9/stb-excluded-companies-q2-2022-220817.pdf](https://www.storebrand.no/en/asset-management/sustainable-investments/document-library/_attachment/inline/482e1d2f-0dfd-437c-8d6c-baa46cc47734:82be4c03a5b03a977e132314e59d232810093bd9/stb-excluded-companies-q2-2022-220817.pdf)



**Figure 1: Illustrative Shareholder Voting Timeline**



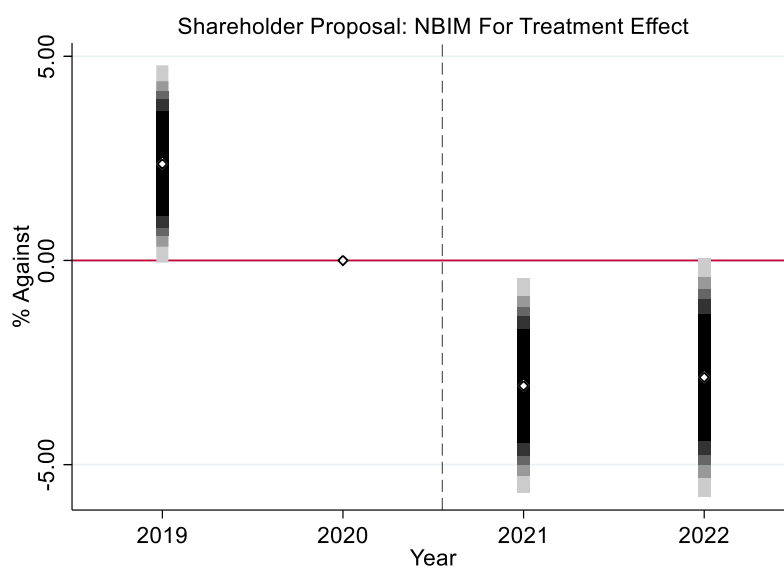
**Figure 2: Treatment Timing Management Proposals**



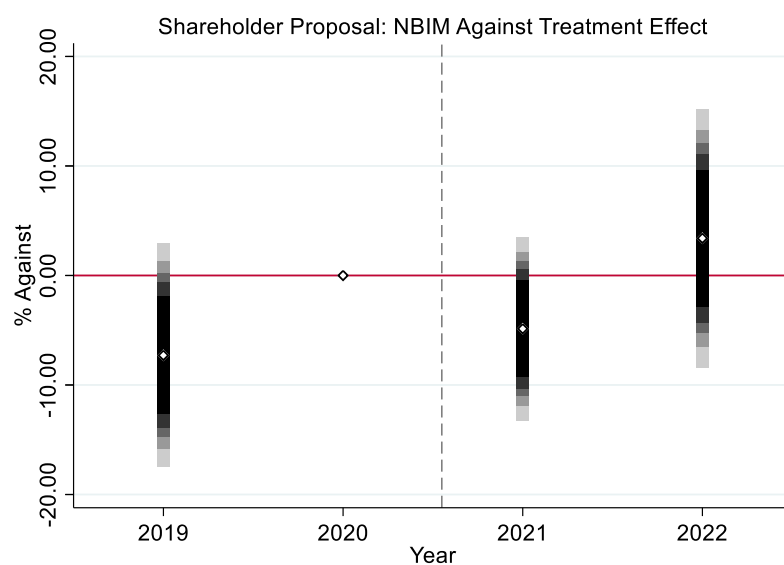
The figure shows the percentage of against votes around the adoption of the voting intention pre-disclosure by NBIM. We include only management proposals that NBIM opposed. We estimate the model in Eq. (1) but replace the *Treated x Post* coefficient with three separate interactions with *Treated*, for each year over the 2019 to 2022 period. We omit the indicator for 2020, which serves as benchmark for all other years. The figure plots the coefficient estimates for the four years (except 2020) together with their confidence intervals. We include all control variables and fixed effects from Table 2, Column 5 in the estimation. Standard errors are clustered by firm.

### Figure 3: Treatment Timing Shareholder Proposals

#### Panel A: Shareholder proposals supported by NBIM



#### Panel B: Shareholder proposals opposed by NBIM



The figures show voting patterns around the adoption of the voting intention pre-disclosure by NBIM. Panel A includes only shareholder proposals that NBIM supported. Panel B includes shareholder proposals that NBIM opposed. We estimate the model in Eq. (1) but replace the *Treated x Post* coefficient with three separate interactions with *Treated* for each year over the 2019 to 2022 period. We omit the indicator for 2020, which serves as benchmark for all other years. The figures plot the coefficient estimates for the four years (except 2020) together with their confidence intervals. We include all control variables and fixed effects from Table 3, Columns 2 and 4 in the estimation. Standard errors are clustered by firm.

**Table 1: Descriptive Statistics**

The table shows descriptive statistics for our baseline sample of all management and shareholder proposals on which NBIM voted between 2019 and October 2022. Panel A includes all management and shareholder proposals for which NBIM voted for or against. Column 1 shows the number of resolutions by proposal category. Column 2 displays the number of proposals in a specific category as a percentage of all proposals. Column 3 displays the number of resolutions which NBIM voted against. Column 4 displays the percentage of proposals in a specific category that NBIM opposed. Column 5 shows the percentage of resolutions in a specific proposal category that were manually voted by an NBIM employee. Column 6 displays the percentage of resolutions by proposal category that are in the treatment group. Firms are in the treatment group if they have proxy-voting deadlines at least one day after the voting intention disclosure of NBIM, allowing other shareholders to cast or change their votes after NBIM's pre-disclosure. % Control is defined accordingly. Panel B shows descriptive statistics by country and includes all shareholder proposals and management proposals on which NBIM voted against. #Number of meetings is the total number of annual general meetings by country at which there was at least one shareholder proposal or one management proposal which NBIM opposed. % Against is the average percentage of against votes by country. All variables are defined in Appendix B.

Proposal Category	# Resolutions	% Resolutions	# NBIM Against	% NBIM Against	% Manual Votes	% Treatment	% Control
Antitakeover Related	1,394	0.73	73	5.24	24.96	77	23
Capitalization	18,969	9.97	751	3.96	17.84	58	42
Compensation	79	0.04	0	0.00	34.18	95	5
Directors Related	95,097	50.01	4,178	4.39	22.11	76	24
Miscellaneous	680	0.36	0	0.00	17.35	80	20
Non-Salary Comp.	21,507	11.31	985	4.58	20.51	75	25
Reorg. and Mergers	7,711	4.05	372	4.82	9.82	48	52
Routine/Business	42,294	22.24	780	1.84	16.95	62	38
<b>Total Management</b>	<b>187,731</b>	<b>98.72</b>	<b>7,139</b>				
SH-Compensation	156	0.08	141	90.38	72.44	96	4
SH-Corp Governance	156	0.08	88	56.41	64.10	90	10
SH-Dirs' Related	994	0.52	523	52.62	45.07	69	31
SH-Gen Econ Issues	8	0.00	2	25.00	87.50	75	25
SH-Health/Environ.	316	0.17	234	74.05	73.42	99	1
SH-Other/misc.	300	0.16	115	38.33	92.67	99	1
SH-Routine/Business	331	0.17	168	50.76	61.93	83	17
SH-Soc./Human Rights	99	0.05	49	49.49	93.94	100	0
SH-Social Proposal	78	0.04	57	73.08	92.31	97	3
<b>Total Shareholder</b>	<b>2,438</b>	<b>1.28</b>	<b>1,377</b>				
<i>Total</i>	190,169	100	8,516				

**Table 1 continued**

Panel B: Descriptive Statistics by Country					
Region	# Meetings	# Resolutions	# Shareholder		
			Resolutions	% Treatment	% Against
Australia	112	194	33	59.79	29.80
Austria	24	80	11	46.25	7.62
Belgium	45	130	3	47.69	15.69
Brazil	140	231	0	39.83	22.55
Canada	65	150	142	86.67	85.57
Chile	5	9	0	100.00	3.71
China	148	385	0	76.10	6.62
Colombia	1	2	0	100.00	5.14
Croatia	6	8	0	0.00	0.76
Cyprus	2	9	0	77.78	9.76
Denmark	9	26	26	92.31	93.57
Estonia	1	2	0	0.00	4.41
Finland	4	4	0	50.00	13.05
France	257	1,193	32	78.46	16.42
Germany	80	322	36	65.53	16.25
Greece	33	98	5	9.18	9.80
Hong Kong	442	604	0	30.79	8.93
Hungary	1	6	6	0.00	0.26
India	169	270	5	67.78	8.60
Indonesia	204	311	4	36.98	6.41
Ireland	5	10	0	70.00	17.80
Italy	161	350	214	52.57	7.86
Japan	28	222	219	98.65	86.75
Jersey	3	12	0	0.00	3.70
Kenya	2	12	0	0.00	0.15
Liechtenstein	3	4	0	0.00	3.08
Luxembourg	36	63	3	26.98	23.15
Malaysia	12	22	0	45.45	9.56
Mexico	7	14	0	71.43	5.60
Netherlands	41	68	0	86.76	27.86
Philippines	1	3	0	0.00	3.27
Poland	196	504	151	15.67	10.87
Portugal	6	10	2	50.00	4.67
Romania	7	15	11	0.00	23.20
Russia	24	48	0	50.00	22.11
Saudi Arabia	1	2	0	0.00	13.00
Singapore	4	5	0	0.00	6.25
Slovenia	7	16	16	0.00	3.81
South Africa	38	73	6	43.84	19.25
South Korea	28	63	0	44.44	17.38
Spain	71	179	9	47.49	15.40
Sweden	6	18	0	61.11	4.84
Switzerland	57	189	11	45.50	12.70
Taiwan	19	32	3	21.88	14.68
Thailand	9	28	0	78.57	7.47
Turkey	47	79	0	77.22	13.44
USA	1,828	3,244	1,432	98.15	38.41
United Kingdom	95	166	58	48.19	35.58
<i>Total/ Unw. Average</i>	4,524	9,577	2,438	46.21	16.72

**Table 2: The Impact of NBIM's Voting Intention Disclosure on Management Proposals**

The table shows regression results for the effect of NBIM's voting intention disclosure on vote outcomes. *Treated* is an indicator variable that takes the value of one for firms that have proxy-voting deadlines at least one day after the voting intention disclosure of NBIM, allowing other shareholders to observe the disclosure and cast or change their votes, and zero otherwise. *Post* is an indicator variable that takes the value of one for the years 2021 and 2022. The sample includes only management proposals on which NBIM gave a negative vote recommendation. ISS Against and GL Against are the respective vote recommendations of the two main proxy advisors. Columns 4 and 5 include firm fixed effects. The table reports OLS coefficient estimates and (in parentheses) *p*-values based on standard errors clustered by firm. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively. All variables are defined in the data appendix.

<i>Dependent Variable:</i>	(1) % Against	(2) % Against	(3) % Against	(4) % Against	(5) % Against
Treated x Post	3.187*** (0.004)	3.936*** (0.000)	3.892*** (0.000)	2.676** (0.034)	2.797** (0.027)
Treated	1.806* (0.080)	3.976*** (0.000)	2.448** (0.018)		
Post	-1.168 (0.229)				
ISS Against		8.392*** (0.000)	7.068*** (0.000)	13.140*** (0.000)	12.044*** (0.000)
ISS Against x Post		-0.122 (0.871)	-0.352 (0.626)	0.108 (0.879)	-0.035 (0.961)
GL Against		6.316*** (0.000)	5.725*** (0.000)	6.719*** (0.000)	6.552*** (0.000)
GL Against x Post		2.093** (0.034)	1.545* (0.096)	0.330 (0.654)	0.001 (0.999)
Ownership NBIM		0.257*** (0.005)	0.215*** (0.009)	0.039 (0.326)	0.032 (0.428)
Size		-0.644*** (0.000)	-0.410*** (0.005)	1.201 (0.591)	1.236 (0.579)
ROA		-12.458** (0.025)	-10.072* (0.071)	8.348 (0.172)	9.100 (0.136)
Constant	11.546*** (0.000)	10.794*** (0.001)	9.321*** (0.003)	-20.261 (0.587)	-19.934 (0.592)
Firm Fixed Effects	No	No	No	Yes	Yes
Year Fixed Effects	No	Yes	Yes	Yes	Yes
Proposal Category Fixed Effects	No	No	Yes	No	Yes
SE Cluster	Firm	Firm	Firm	Firm	Firm
Observations	7,139	7,139	7,139	7,139	7,139
R-squared	0.013	0.161	0.232	0.739	0.746
Adjusted R-squared	0.013	0.160	0.230	0.666	0.674

**Table 3: The Impact of NBIM's Voting Intention Disclosure on Shareholder Proposals**

The table shows regression results for the effect of NBIM's voting intention disclosure on vote outcomes for shareholder proposals. *Treated* is an indicator variable that takes the value of one for firms that have proxy-voting deadlines at least one day after the voting intention disclosure of NBIM, allowing other shareholders to observe the disclosure and cast or change their votes, and zero otherwise. *Post* is an indicator variable that takes the value of one for the years 2021 and 2022. The sample includes all shareholder proposals. ISS Against/For and GL Against/For are the respective vote recommendations in the same direction as NBIM's voting recommendation of the two main proxy advisors. The table reports OLS coefficient estimates and (in parentheses) *p*-values based on standard errors clustered by firm. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively. All variables are defined in the data appendix.

<i>Dependent Variable:</i>	<i>NBIM Against</i>		<i>NBIM For</i>	
	(1) % Against	(2) % Against	(3) % For	(4) % For
Treated x Post	1.356 (0.672)	3.259 (0.381)	4.485*** (0.009)	5.459*** (0.005)
ISS Against/For		20.296*** (0.000)		15.997*** (0.000)
ISS Against/For x Post		1.127 (0.289)		-0.505 (0.827)
GL Against/For		6.923*** (0.000)		6.769*** (0.000)
GL Against/For x Post		3.722* (0.073)		3.967* (0.051)
Ownership NBIM		0.169 (0.241)		-0.114 (0.436)
Size		-1.007 (0.664)		-0.071 (0.975)
ROA		2.718 (0.784)		-32.772** (0.031)
Constant	1.356 (0.672)	3.259 (0.381)	51.931*** (0.000)	34.328 (0.377)
Firm Fixed Effects	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes
Proposal Category Fixed Effects	No	No	No	No
SE Cluster	Firm	Firm	Firm	Firm
Observations	1,377	1,377	1,061	1,061
R-squared	0.860	0.929	0.890	0.915
Adjusted R-squared	0.828	0.912	0.851	0.884

**Table 4: Controversial Management Proposals, High Dissent and Small Firms**

The table shows regression results for the differential effect of NBIM's voting intention disclosure on vote outcomes for different management proposal for different sample splits. *Treated* is an indicator variable that takes the value of one for firms that have proxy-voting deadlines at least one day after the voting intention disclosure of NBIM, allowing other shareholders to observe the disclosure before they cast their vote, and zero otherwise. *Post* is an indicator variable that takes the value of one for the years 2021 and 2022. Close Proposals (30-70% approval) are proposals that receive between 30 and 70% for votes at the shareholder meeting (Columns 1 and 2). High Dissent Firms are firms that received above median against votes in their respective country in 2019 (Columns 3 and 4). Small Firms are firms with below median total assets in their respective country in 2019 (Columns 5 and 6). The table reports OLS coefficient estimates and (in parentheses) *p*-values based on standard errors clustered by firm. Even columns include firm fixed effects. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively. All variables are described in the data appendix.

Dependent Variable: % Against	NBIM Against					
	(1)	(2)	(3)	(4)	(5)	(6)
	Close Proposals (30-70% approval)	Close Proposals (30-70% approval)	High Dissent Firm	High Dissent Firm	Small Firms	Small Firms
Treated x Post	6.243** (0.025)	6.883 (0.175)	4.623*** (0.004)	4.210* (0.067)	5.018*** (0.002)	4.076** (0.026)
Treated	0.091 (0.961)		3.118** (0.013)		1.875 (0.120)	
ISS Against	-0.554 (0.772)	5.578 (0.271)	8.778*** (0.000)	13.922*** (0.000)	6.669*** (0.000)	9.084*** (0.000)
ISS Against x Post	2.060 (0.476)	-1.301 (0.809)	-0.136 (0.901)	-1.497 (0.257)	-0.465 (0.690)	-1.617 (0.255)
GL Against	5.816*** (0.000)	7.056*** (0.000)	7.352*** (0.000)	6.936*** (0.000)	5.415*** (0.000)	5.053*** (0.000)
GL Against x Post	0.721 (0.687)	-0.778 (0.640)	2.768** (0.039)	2.498** (0.040)	1.884 (0.144)	1.623 (0.164)
Ownership NBIM	-0.450*** (0.007)	0.118 (0.534)	0.268** (0.023)	0.093 (0.281)	0.150 (0.127)	0.028 (0.562)
Size	-0.567* (0.060)	-0.776 (0.748)	-0.429** (0.011)	1.826 (0.664)	-0.527*** (0.001)	1.539 (0.715)
ROA	-1.304 (0.795)	-9.262 (0.336)	-16.398* (0.062)	11.187 (0.209)	-17.394** (0.029)	4.500 (0.620)
Constant	41.779*** (0.000)	38.039 (0.329)	9.596*** (0.002)	-29.097 (0.678)	11.862*** (0.000)	-19.975 (0.755)
Firm Fixed Effects	No	Yes	No	Yes	No	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Proposal Category Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
SE Cluster	Firm	Firm	Firm	Firm	Firm	Firm
Observations	824	628	3,359	3,359	3,052	3,052
R-squared	0.232	0.784	0.300	0.715	0.218	0.689
Adjusted R-squared	0.216	0.670	0.296	0.639	0.213	0.598



**Table 5: Voting Intention Disclosure with High Information Demand**

The table shows regression results for the differential effect of NBIM's voting intention disclosure on vote outcomes for management proposals with high information demand. *Treated* is an indicator variable that takes the value of one for firms that have proxy-voting deadlines at least one day after the voting intention disclosure of NBIM, allowing other shareholders to observe the disclosure before they cast their vote, and zero otherwise. *High Information Demand* is an indicator variable that takes the value of one for all meetings that receive above median pageviews on NBIM's website. The analysis uses the year 2022, as web traffic data is only available for that year. The table reports OLS coefficient estimates and (in parentheses) *p*-values based on standard errors clustered by firm. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively. All variables are described in the data appendix.

<i>Dependent Variable:</i>	(1) % Against	(2) % Against	(3) % Against
Treated x High Information Demand	6.912*** (0.004)	5.388** (0.028)	5.231** (0.027)
Treated	3.170* (0.070)	3.578*** (0.008)	3.531** (0.027)
ISS Against	15.337*** (0.000)	9.398*** (0.000)	11.903*** (0.000)
GL Against	9.396*** (0.000)	7.476*** (0.000)	7.479*** (0.000)
Ownership NBIM	0.166** (0.020)	0.054 (0.381)	0.136** (0.037)
Size	-0.798** (0.035)	-0.361* (0.099)	-0.607* (0.085)
ROA	-8.238 (0.250)	-3.991 (0.617)	-5.302 (0.458)
Free Float	15.110*** (0.000)	19.429*** (0.000)	12.973*** (0.000)
Constant	0.135 (0.985)	-4.362 (0.315)	1.378 (0.836)
Country Fixed Effects	Yes	No	Yes
Year Fixed Effects	No	No	No
Proposal Category Fixed Effects	No	Yes	Yes
SE Cluster	Firm	Firm	Firm
Observations	1,454	1,454	1,454
R-squared	0.406	0.386	0.459
Adjusted R-squared	0.390	0.380	0.441

**Table 6: Voting Intention Disclosure with Manual Voting Decisions**

The table shows regression results for the differential effect of NBIM's voting disclosure on vote outcomes for proposals that were manually voted by an NBIM employee. *Treated* is an indicator variable that takes the value of one for firms that have proxy-voting deadlines at least one day after the voting intention disclosure of NBIM, allowing other shareholders to observe the disclosure before they cast their vote, and zero otherwise. *Post* is an indicator variable that takes the value of one for the years 2021 and 2022. *Manual Vote* is an indicator variable equal to one if a member of the NBIM stewardship strategies team manually voted on a proposal, and zero otherwise. The table reports OLS coefficient estimates and (in parentheses) *p*-values based on standard errors clustered by firm. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively. All variables

<i>Dependent Variable:</i>	(1)	(2)	(3)
	% Against	% Against	% Against
Treated x Post x Manual Vote	6.820*** (0.000)	6.821*** (0.000)	6.825*** (0.000)
Treated x Post	1.605** (0.037)	1.604** (0.037)	1.634** (0.030)
Treated	1.522*** (0.003)	1.522*** (0.003)	1.128** (0.031)
Post	-1.950** (0.024)		
Manual Vote	8.785*** (0.000)	8.786*** (0.000)	7.359*** (0.000)
Manual Vote x Post	-3.177** (0.033)	-3.179** (0.033)	-4.115*** (0.005)
Manual Vote x Treated	-7.531*** (0.000)	-7.531*** (0.000)	-6.424*** (0.000)
ISS Against	9.311*** (0.000)	9.311*** (0.000)	11.892*** (0.000)
ISS Against x Post	-0.199 (0.780)	-0.199 (0.780)	0.380 (0.582)
GL Against	6.459*** (0.000)	6.459*** (0.000)	7.300*** (0.000)
GL Against x Post	1.678*** (0.010)	1.678*** (0.010)	0.692 (0.276)
Ownership NBIM	0.130*** (0.000)	0.129*** (0.001)	0.131*** (0.001)
Size	-0.450*** (0.000)	-0.450*** (0.000)	-0.379*** (0.000)
ROA	-4.187** (0.028)	-4.190** (0.028)	-2.013 (0.283)
Free Float	15.849*** (0.000)	15.851*** (0.000)	13.285*** (0.000)
Constant	-0.195 (0.880)	-1.089 (0.382)	-2.499 (0.110)
Country Fixed Effects	No	No	Yes
Year Fixed Effects	No	Yes	Yes
Proposal Category Fixed Effects	Yes	Yes	Yes
SE Cluster	Firm	Firm	Firm
Observations	7,069	7,069	7,069
R-squared	0.313	0.313	0.372
Adjusted R-squared	0.311	0.311	0.366

are described in the data appendix.

**Table 7: Entropy Balanced Sample**

The table shows regression results for the effect of NBIM's against voting intention disclosure on vote outcomes for management proposals. *Treated* is an indicator variable that takes the value of one for firms that have proxy-voting deadlines at least one day after the voting intention disclosure of NBIM, allowing other shareholders to observe the disclosure before they cast their vote, and zero otherwise. *Post* is an indicator variable that takes the value of '1' for the years 2021 and 2022. The table employs entropy balancing for the first two moments using all firm-specific covariates (Ownership NBIM, Size, and ROA) in 2019. Panel A shows the differences in firm characteristics before and after entropy balancing, and Panel B shows the regression results. The table reports OLS coefficient estimates and (in parentheses) *p*-values based on standard errors clustered by firm. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively. All variables are described in the data appendix.

*Panel A: Differences before and after Entropy balancing*

Before Entropy Balancing	Treatment Group		Control Group	
	Mean	Variance	Mean	Variance
Ownership NBIM	1.221	1.175	1.149	.9003
Size	16.2	5.481	15.81	5.137
ROA	.05212	.00693	0.03902	.00721
After Entropy Balancing	Treatment Group		Control Group	
	Mean	Variance	Mean	Variance
Ownership NBIM	1.221	1.175	1.221	1.174
Size	16.2	5.481	16.2	5.483
ROA	.05212	.00693	.05206	.006941

*(continued)*

Panel B: Entropy Balanced Sample

<i>Dependent Variable:</i>	(1) % Against	(2) % Against	(3) % Against	(4) % Against	(5) % Against
Treated x Post	2.896** (0.012)	4.762*** (0.000)	4.489*** (0.000)	2.831** (0.012)	2.884** (0.011)
Treated	2.140** (0.034)	3.536*** (0.002)	2.278** (0.032)		
Post	-0.643 (0.525)				
ISS Against		8.476*** (0.000)	7.270*** (0.000)	12.195*** (0.000)	11.275*** (0.000)
ISS Against x Post		0.653 (0.396)	-0.025 (0.973)	-0.331 (0.666)	-0.566 (0.460)
GL Against		5.411*** (0.000)	4.870*** (0.000)	6.222*** (0.000)	5.948*** (0.000)
GL Against x Post		2.120** (0.043)	1.609* (0.099)	0.672 (0.406)	0.368 (0.649)
Ownership NBIM		0.287** (0.011)	0.240** (0.014)	0.013 (0.760)	0.011 (0.790)
Size		-0.818*** (0.000)	-0.573*** (0.000)	1.469 (0.558)	1.493 (0.550)
ROA		-10.985* (0.077)	-9.555 (0.123)	9.058 (0.174)	9.721 (0.143)
Constant	11.222*** (0.000)	14.244*** (0.000)	12.306*** (0.000)	-24.476 (0.566)	-24.034 (0.571)
Firm Fixed Effects	No	No	No	Yes	Yes
Year Fixed Effects	No	Yes	Yes	Yes	Yes
Proposal Category Fixed Effects	No	No	Yes	No	Yes
SE Cluster	Firm	Firm	Firm	Firm	Firm
Observations	6,236	6,236	6,236	6,236	6,236
R-squared	0.015	0.163	0.231	0.723	0.731
Adjusted R-squared	0.014	0.162	0.229	0.649	0.657

**Table 8: Additional robustness checks with different fixed effects structures and excluding the largest market**

The table shows regression results for the effect of NBIM's voting intention disclosure on vote outcomes for management proposals. *Treated* is an indicator variable that takes the value of one for firms that have proxy-voting deadlines at least one day after the voting intention disclosure of NBIM, allowing other shareholders to observe the disclosure before they cast their vote, and zero otherwise. *Post* is an indicator variable that takes the value of one for the years 2021 and 2022. In Columns 1 and 2, we replicate the specifications of Columns 2 and 3 from Table 2 using additional country fixed effects. In Columns 3 (country fixed effects) and 4 (firm fixed effects), we exclude the largest market (USA) from the sample. The table reports OLS coefficient estimates and (in parentheses) *p*-values based on standard errors clustered by firm. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively. All variables are described in the data appendix.

<i>Dependent Variable:</i>	(1) % Against	(2) % Against	(3) % Against	(4) % Against
Treated x Post	3.408*** (0.002)	3.457*** (0.001)	2.888** (0.014)	2.283* (0.069)
Treated	0.620 (0.497)	0.250 (0.780)	0.496 (0.602)	
ISS Against	14.205*** (0.000)	11.545*** (0.000)	8.168*** (0.000)	8.589*** (0.000)
ISS Against x Post	0.426 (0.545)	0.222 (0.747)	-1.084 (0.287)	-1.192 (0.260)
GL Against	8.020*** (0.000)	7.433*** (0.000)	4.817*** (0.000)	4.115*** (0.000)
GL Against x Post	1.078 (0.214)	0.540 (0.515)	0.816 (0.406)	0.309 (0.703)
Ownership NBIM	0.278*** (0.001)	0.243*** (0.001)	0.236*** (0.005)	0.021 (0.631)
Size	-0.031 (0.902)	0.023 (0.922)	0.271 (0.366)	0.719 (0.829)
ROA	-6.347 (0.280)	-5.204 (0.369)	-5.843 (0.492)	14.936 (0.102)
Constant	-2.152 (0.615)	-0.448 (0.911)	-2.590 (0.610)	-9.696 (0.862)
Excluding USA	No	No	Yes	Yes
Country Fixed Effects	Yes	Yes	Yes	No
Firm Fixed Effects	No	No	No	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes
Proposal Category Fixed Effects	No	Yes	Yes	Yes
SE Cluster	Firm	Firm	Firm	Firm
Observations	7,139	7,139	5,326	5,326
R-squared	0.295	0.333	0.219	0.715
Adjusted R-squared	0.289	0.327	0.210	0.643

## Appendix A: Sample Selection

Appendix A describes the sample selection process. We start with all resolutions for which NBIM voted between 2019 and October 2022. We delete all proposals on which NBIM did not vote, with missing vote outcomes or where we could not obtain data on firm variables (ROA, free float, or size). We further exclude firms that switched between treatment and control group, resolutions with vote outcomes above 100%, resolutions without information on the percentage of against votes, and resolutions where NBIM voted abstain or withhold. Furthermore, we exclude shareholder proposals from Hong Kong, China and Brazil due to their unique governance structure (see footnote 11). In the last step we remove all firms with insufficient information to run our baseline regression in Table 2. Each line in the table below shows the number of resolutions that remain in the sample after each filter.

	#Resolutions	#Meetings	#Firms
All Resolutions 2019 – Oct. 2022	462,724	45,167	11,446
- Non-votable proposals	449,760	45,165	11,446
- Vote outcome missing	429,887	43,242	11,297
- Missing firm variables	373,004	36,719	9,341
- Switching between treatment and control	301,888	29,753	8,080
- Any vote outcome above 100% (for, abstain, against)	301,887	29,753	8,080
- Against % missing (missing ISS data)	195,279	21,199	5,945
- NBIM abstain/withhold	192,604	21,037	5,943
- Hongkong/China/Brazil SHP	191,700	20,965	5,939
- Singleton observations	190,169	20,906	5,919
<b>Total Sample</b>	<b>190,169</b>	<b>20,906</b>	<b>5,919</b>
Thereof			
NBIM For	181,653	20,668	5,895
Management Proposals	180,592	20,651	5,895
Shareholder Proposals	1,061	668	274
NBIM Against	8,516	4,221	1,691
Management Proposals	7,139	3,803	1,554
Shareholder Proposals	1,377	618	253

## Appendix B: Variable Definitions

<i>Variable</i>	<i>Variable Definition</i>	<i>Data Source</i>
Treated	Indicator variable that takes the value of '1' if the voting intention disclosure date is at least one day before cut-off date for proxy voting	ISS/ NBIM
ISS Against	Indicator variable that takes the value of '1' if ISS recommends voting against the resolution	ISS
ISS For	Indicator variable that takes the value of '1' if ISS recommends voting for the resolution	ISS
GL Against	Indicator variable that takes the value of '1' if GL recommends voting against the resolution	ISS
GL For	Indicator variable that takes the value of '1' if GL recommends voting for the resolution	ISS
Ownership NBIM	Ownership share of NBIM in a firm at the beginning of the calendar year in %	NBIM
Size	Natural logarithm of a firm's total assets	Refinitiv
ROA	Firm's net income/ total assets	Refinitiv
Free Float	Number of free float shares / Total Shares Outstanding	Refinitiv
Manual Vote	Indicator variable that takes the value of '1' if the voting was not automated but manually done by a member of NBIM's stewardship strategy team	NBIM
% Against	(Number of shares voted against a resolution – Number of NBIM's shares voted against)/Total Number of Shares Voted	NBIM/ISS
% For	(Number of shares voted for a resolution – Number of NBIM's shares voted for)/Total Number of Shares Voted	NBIM/ISS
High Information Demand	Indicator variable that takes the value of '1' if a meeting received above median website visits in 2022	NBIM
Close Proposals (30-70% approval)	Indicator variable that takes the value of '1' if % For is between 30-70%	ISS/NBIM
High Dissent Firm	Indicator variable that takes the value of '1' if a firm has a higher percentage of against votes as the country median in 2019	ISS/NBIM
Small Firm	Binary variable that takes the value of '1' if a firm has lower total assets as the country median in 2019	Refinitiv

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