

2025 IESE - ECGI CORPORATE GOVERNANCE CONFERENCE

Shareholders' Role and Responsibilities in Times of Corporate Disruptions

Shareholders and Divestment Decisions

Voice Through Divestment

Marco Becht

Solvay Brussels School (ULB), CEPR and ECGI

- Economists argue divestment ("exit") is ineffective compared to engagement ("voice") for influencing corporate behaviour.
- Yet fossil fuel divestment campaigns continue to grow and face strong industry and political opposition.

Exit, Voice, and Loyalty

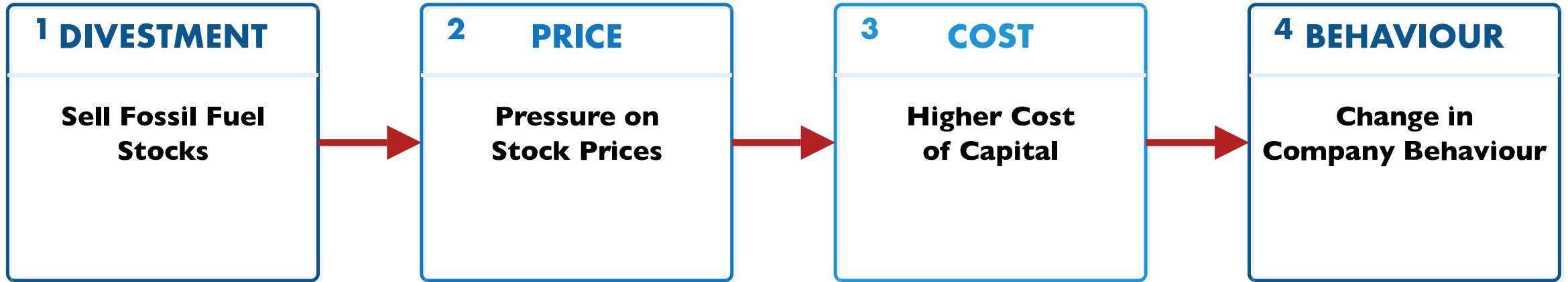
RESPONSES TO
DECLINE
IN FIRMS,
ORGANIZATIONS,
AND STATES

— ALBERT O
HIRSCHMAN

Two Insights

1. Impact: Fossil Fuel Divestment can have an outsized impact on stock prices
2. False dichotomy : Divestment can make engagement more effective

Direct Impact Channel: Price Pressure from Sale



To be effective this requires:

- Large share sale
- Absence of investors willing to purchase the shares at a marginally lower price

Indirect Impact Channel: Voice Through Divestment

- Fossil fuel divestment announcements are “statements of disapproval that align actions with words for effectiveness” (Becht, Pajuste, Toniolo 2025).
- Disapproval can be motivated by a moral imperative and/or risk management.

Becht, Marco and Pajuste, Anete and Toniolo, Anna, Voice Through Divestment (updated 2025). ECGI Finance Working Paper No. 900, Available at SSRN: <https://ssrn.com/abstract=4386469>

Voice Through Divestment: Narrative

1 CAMPAIGN

Narrative

#350

#keepitintheground

“We’re not going to be able to burn it all”

Barack Obama

Who must stop selling fossil fuels?

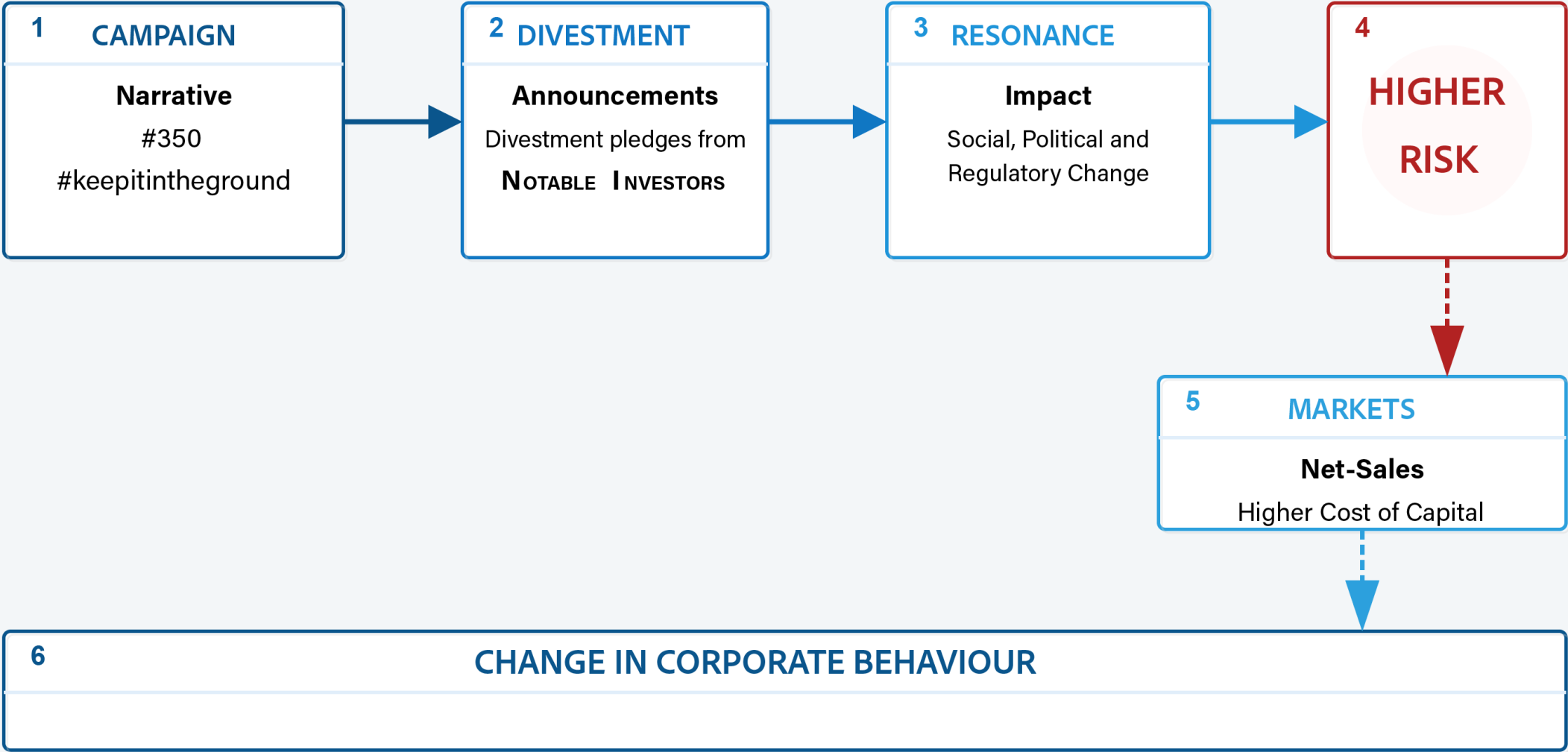
The Carbon Underground 200 - largest global publicly-listed coal, oil, and gas reserves owners ranked by the carbon emissions embedded in their reserves.

How can we get them to stop?

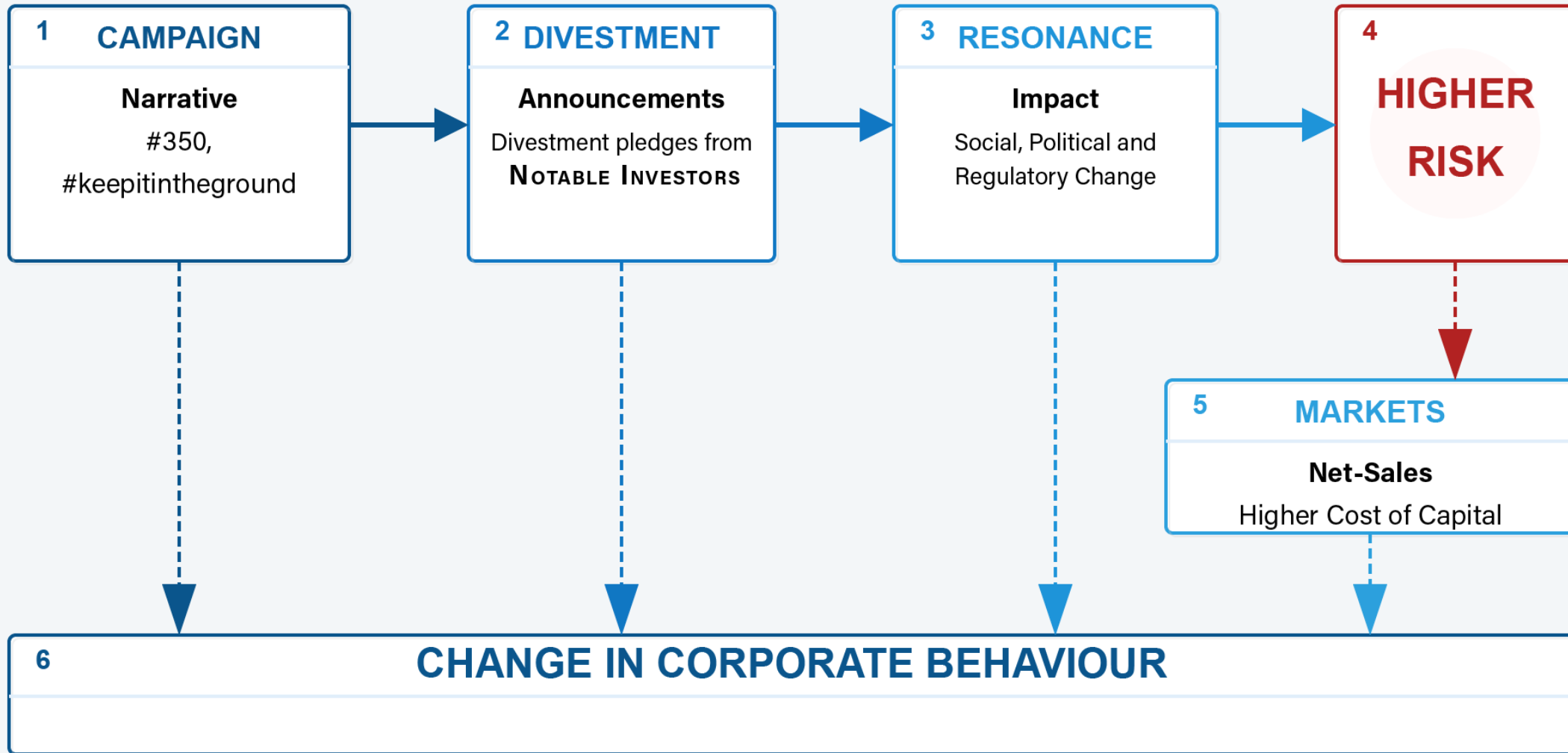
“Once, in recent corporate history, anger forced an industry to make basic changes. That was the campaign in the 1980s demanding divestment from companies doing business in South Africa.”

Bill McKibben, Rolling Stone Magazine, June 2012

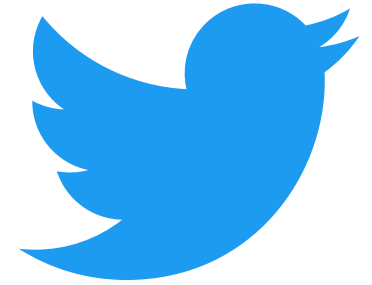
Voice Through Divestment: Resonance and Impact



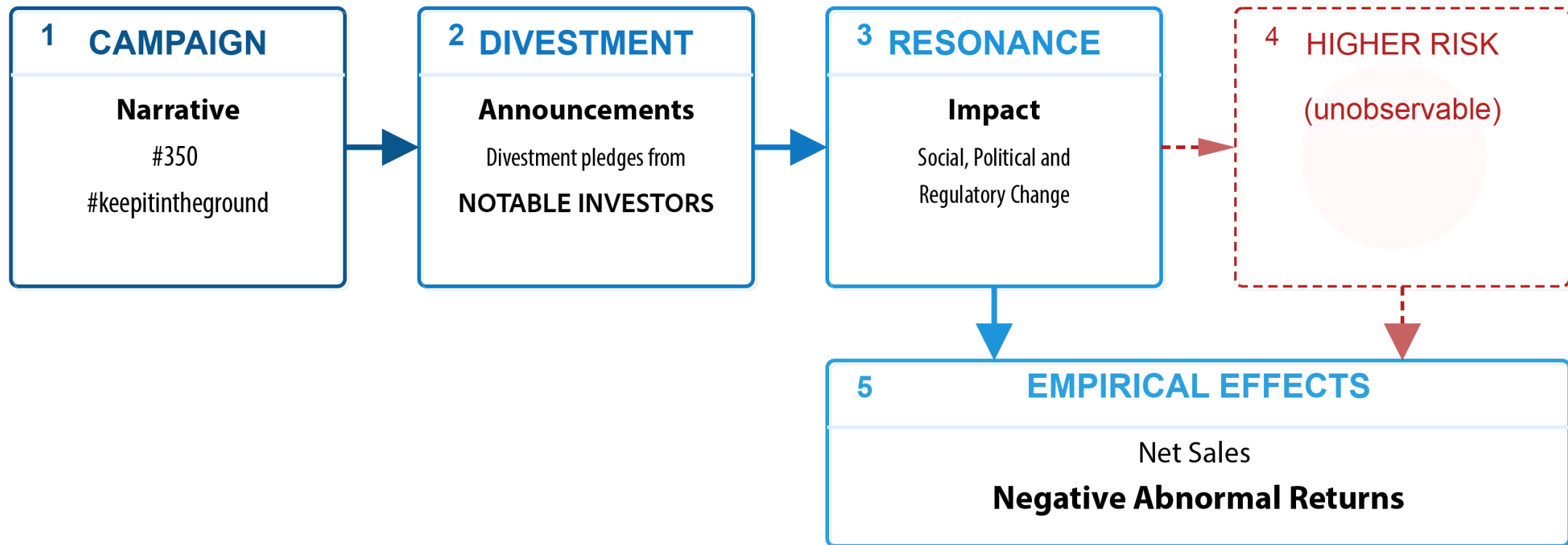
Voice Through Divestment: **Multiple** Impact Channels



Voice Through Divestment : Impact on Stock Prices



Which divestment announcements “resonate”?



Fossil Free Divest (a 350 project)



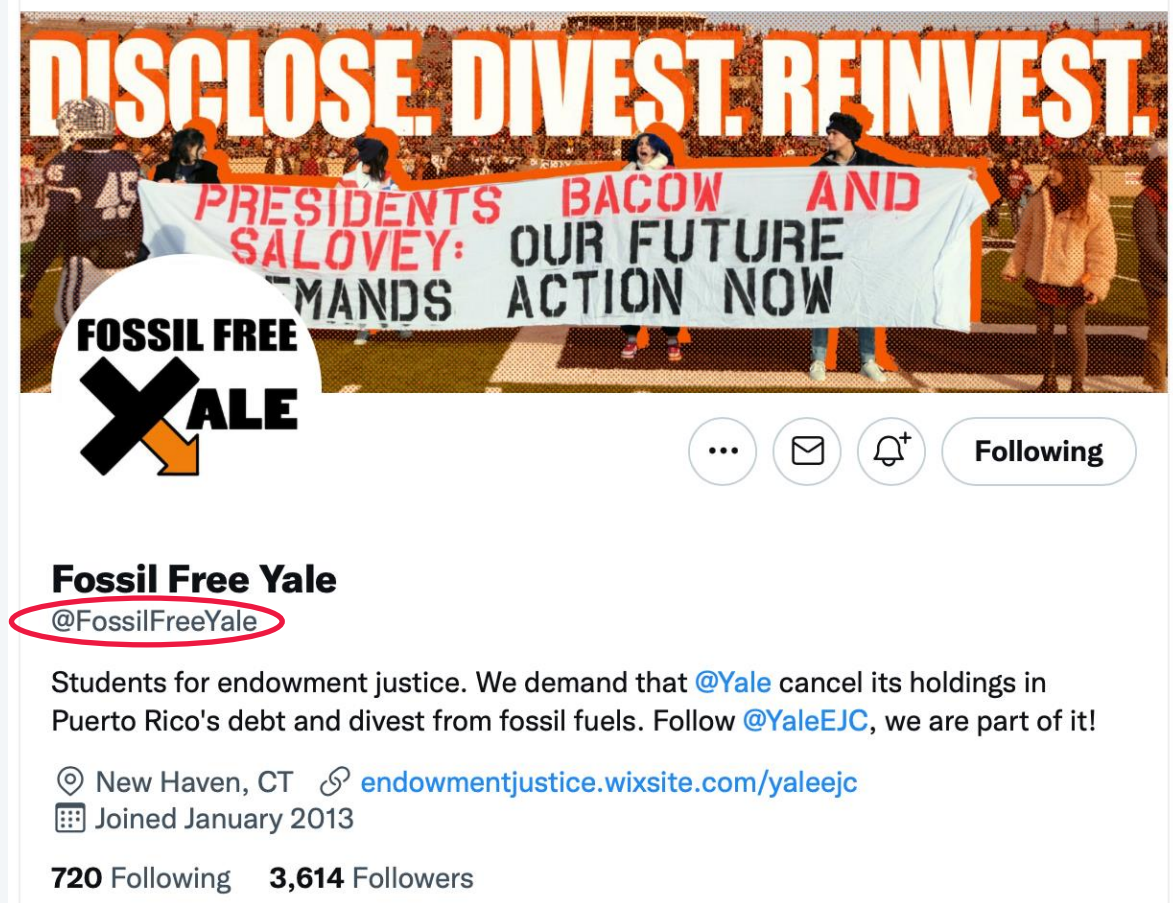
The profile picture shows a group of people holding a banner that reads "DISCLOSE. DIVEST. REINVEST." and "PRESIDENTS BACOW AND SALOVEY: OUR FUTURE DEMANDS ACTION NOW". The banner is white with red and black text. The profile picture is a circular logo with an orange background and a black diamond shape in the center. The diamond contains the text "DIVEST HARVARD" and "CLIMATE JUSTICE NOW".

Fossil Fuel Divest Harvard ♦
[@DivestHarvard](#)

We made Harvard University commit to divestment from fossil fuels. Now, the fight continues for endowment and climate justice.

📍 Cambridge, MA 🔗 [DivestHarvard.com](https://divestharvard.com) 📅 Joined September 2012

2,996 Following 9,266 Followers



The profile picture shows a group of people holding a banner that reads "DISCLOSE. DIVEST. REINVEST." and "PRESIDENTS BACOW AND SALOVEY: OUR FUTURE DEMANDS ACTION NOW". The banner is white with red and black text. The profile picture is a circular logo with a white background and a black 'X' shape in the center. The 'X' contains the text "FOSSIL FREE" and "YALE".

Fossil Free Yale
[@FossilFreeYale](#)

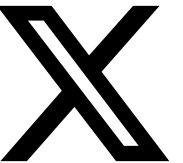
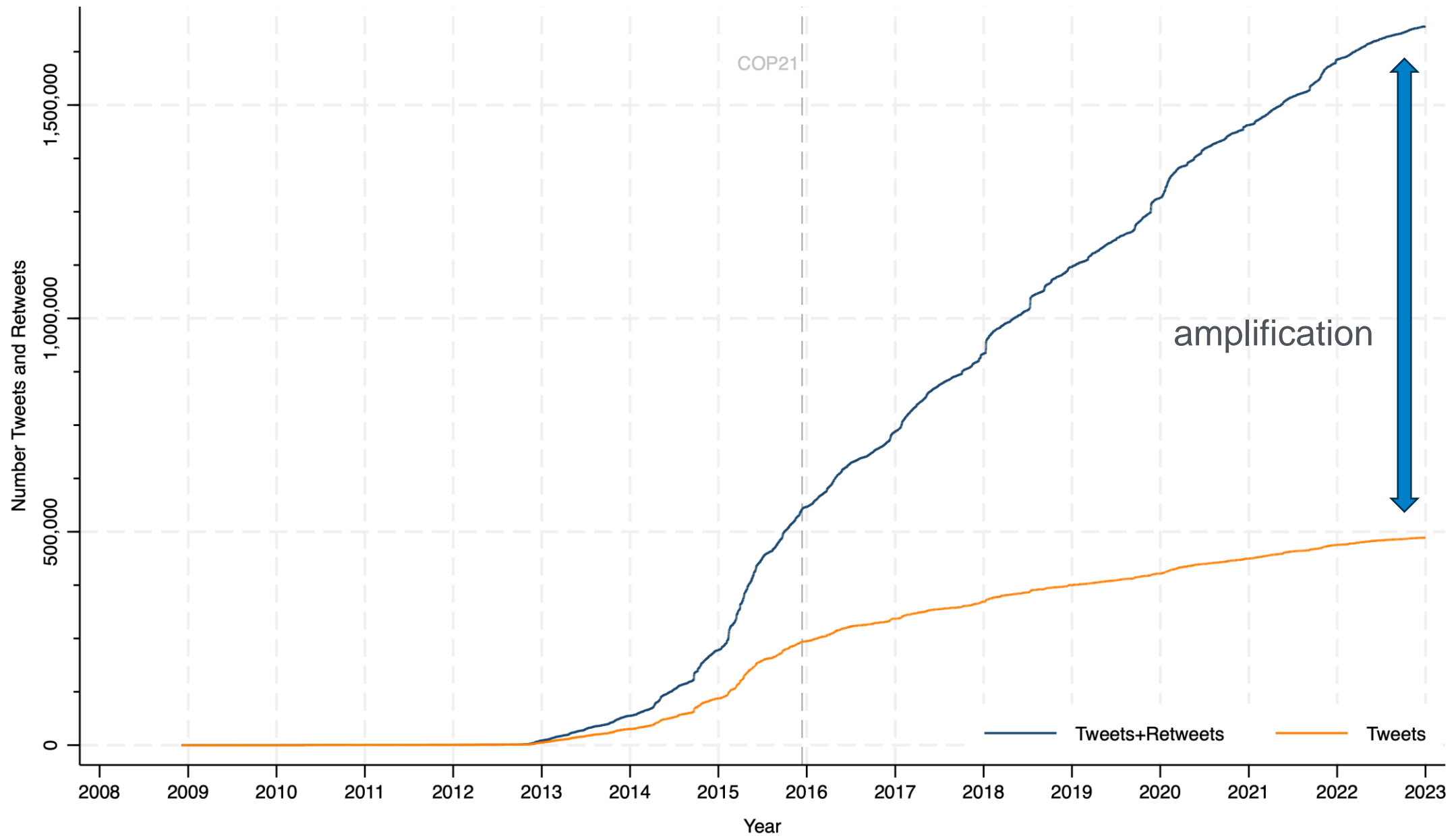
Students for endowment justice. We demand that [@Yale](#) cancel its holdings in Puerto Rico's debt and divest from fossil fuels. Follow [@YaleEJC](#), we are part of it!

📍 New Haven, CT 🔗 endowmentjustice.wixsite.com/yaleejc
📅 Joined January 2013

720 Following 3,614 Followers

Network analysis to map movement and identify hashtags

Main hashtags: #divest, #divestment, #divestnow, #fossilfree, #fossilfuel, #fossilfuels, #keepitintheground



(divest OR divestment OR divesting OR divestnow) AND (fossil OR fossils, fossilfree, fossilfuel, fossilfuels, keepitintheground, climate, climatechange, actonclimate, climatestrike, climateaction, climateemergency, coal, greennewdeal, 350ppm, fridaysforfuture, cop21, cop26)

Campaign Success: Fossil Free Divestment Commitments

1667
Institutions Divesting

**Global
Fossil Fuel
Divestment
Commitments
Database**

[COMMITMENTS](#) [REPORT: INVEST-DIVEST 2021](#) [ABOUT](#) [CONTACT](#)

**The database of fossil fuel
divestment commitments
made by institutions
worldwide**

[↓ VIEW DATABASE](#)



Which divestment announcements “resonate”?



Practical challenge: Classify 346,321 unique Tweet text strings

Large Language Model APIs make it possible

Tweet Categories

Divestment Push	155,166
Divestment Announcement	65,482
Opinion	16,878
Divestment Refusal	11,384
Divestment Consideration	10,768
Critique	3,590
Discussion	3,550
Link	3,504
News Article	2,725
Event Promotion	2,373
Criticism	1,749
Article Link	1,712
Question	1,451
Climate News	1,417
Climate Action	1,335


Targets (All Tweets)

Harvard University	5,510
gatesfoundation, wellcometrust	5,491
Ireland	3,944
Norway	2,294
Rockefeller	2,265
Harvard	1,886
Stanford University	1,779
New York City	1,613
Stanford	1,580
Glasgow University	1,384
Church of England	1,312
Edinburgh University	1,258
MetLife	1,220
Cambridge University	1,196
California	1,182

Which are the most viral divestment announcements?

Divesting Institution	Tweets	P. Views (mil)	Date
Ireland	15,730	199,737.7	12 Jul 2018
New York City	10,210	76,076.6	10 Jan 2018
Rockefeller	5,140	6,698.8	22 Sep 2014
University of California	4,831	67,538.5	17 Sep 2019
New York State	3,868	28,314.8	09 Dec 2020
Harvard University	3,650	21,261.9	09 Sep 2021
Norwegian government	2,861	25,338.7	08 Mar 2019
Norway	2,807	24,315.6	05 Jun 2015
Catholic Church	2,452	3,690.0	03 Oct 2017
Cambridge University	2,282	4,877.5	01 Oct 2020
British Medical	2,150	15,830.4	26 Jan 2020
Ireland	2,128	4,137.6	27 Jan 2017
New York State	2,020	13,444.2	19 Dec 2017
The Vatican	1,786	9,936.7	18 Jun 2020
Guardian Media Group	1,620	3,541.7	01 Apr 2015
Leonardo DiCaprio	1,487	22,815.6	22 Sep 2015
University of California	1,439	4,165.7	20 May 2020
Ireland	1,393	5,176.0	04 Jan 2019

top 18 in top 1
percentile by both
tweets and
potential views

 **REUTERS®** World ▾ Business ▾ Markets ▾ Sustainability ▾ Legal ▾ More ▾

Funds

Ireland commits to divesting public funds from fossil fuel companies

By Nina Chestney

July 13, 2018 12:25 PM GMT+2 · Updated 6 years ago

Aa 

FINANCIAL TIMES

IS COMPANIES TECH MARKETS CLIMATE OPINION WORK & CAREERS LIFE & ARTS HTSI

EU energy  Added ▾

Ireland to become first country to divest from fossil fuels

Government bill will require Strategic Investment Fund to sell €300m of holdings

The New York Times

Ireland Moves to Divest From Fossil Fuels

A bill passed in the lower house of Parliament was a victory for the global divestment movement.

“Ireland was ranked the second-worst performing European Union country, in front of Poland, in terms of climate change action in June by environmental campaign group Climate Action Network (CAN) Europe.”

“Ireland has lagged behind other European countries in cutting emissions and Irish households emit 60 per cent more carbon than the average EU home, in part because of the use of peat and coal for heating, according to a government study.”

The vote in the Irish Parliament follows a recommendation by Norway's central bank in late 2017 for its \$1 trillion sovereign wealth fund to drop its oil company investments. While Norway, the largest oil producer in Europe, has not yet decided on whether to divest, the very suggestion is a signal of waning confidence in the future of the petroleum business by one of its major players.

Price Impact? Irish Strategic Investment Fund (\$16bn, SWFI ranked 52 in Top 100)

CARs for US companies on 12 July 2018

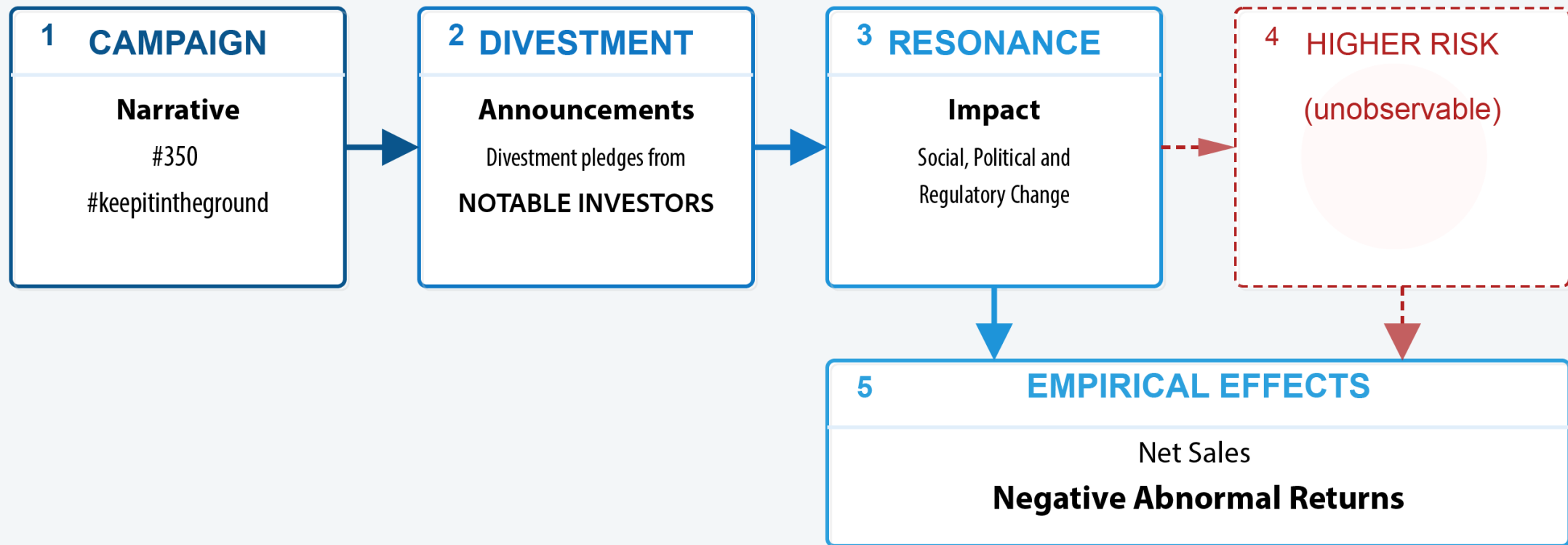
Divestment amount: ~11 Million Euro and only 16 of the 40 CU200 stocks held in portfolio

		[1] Carbon Underground 200	[2] Fossil Fuel Companies	[3] High Carbon Emitters	(1)-(2)	(1)-(3)	(2)-(3)
CAR (-1,+1)	Mean	-3.11%***	-0.94%***	-0.38%*	0.001	0.000	0.093
	Median	-2.37%***	-0.56%***	-0.26%***	0.000	0.000	0.223
Dollar returns (\$ millions)	Mean	-352.6**	-10.6	-20.4	0.000	0.000	0.638
	Median	-125.0***	-1.0**	-2.3**	0.000	0.000	0.651
<i>Sum of values (\$ millions)</i>		-14,104	-1,883	-4,360			
CAR (-3,+3)	Mean	-4.06%***	-2.66%***	-1.74%***	0.214	0.000	0.122
	Median	-3.11%***	-2.36%***	-1.71%***	0.103	0.008	0.233
Dollar returns (\$ millions)	Mean	-521.2***	-56.0***	-86.8***	0.000	0.000	0.249
	Median	-171.1***	-5.6***	-18.7***	0.000	0.000	0.079
<i>Sum of values (\$ millions)</i>		-20,849	-9,990	-18,490			
Number of unique firms		40	177	214			

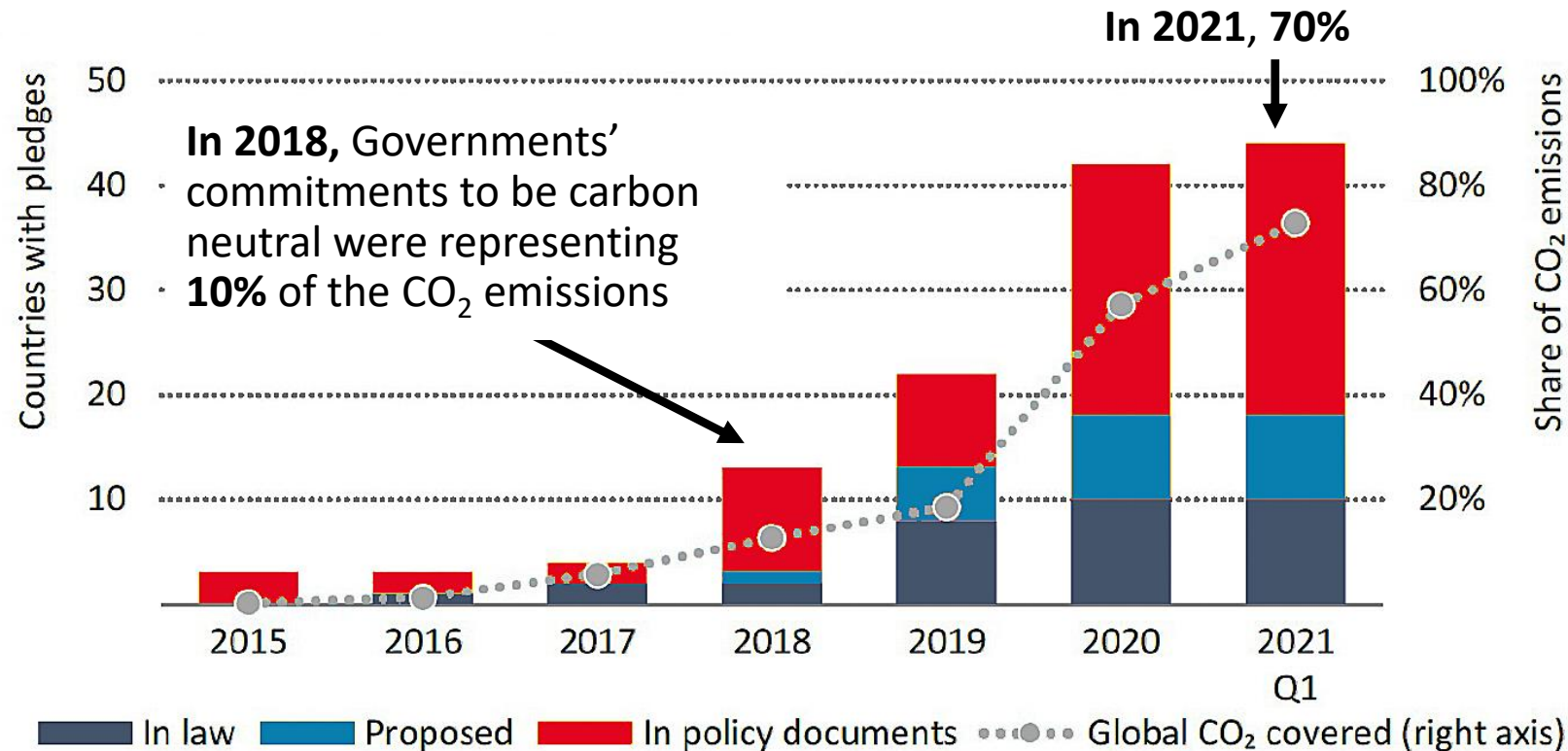
Top Viral CARs [-1,5] by Divesting Institution

Divesting Institution	1 (%)	2 (%)	3 (%)	Total (%)	Date
Rockefeller	-5.22	-2.33	-1.72	-2.35	22 Sep 2014
Guardian Media Group	7.60	5.71	0.24	3.31	01 Apr 2015
Norway	-0.66	0.50	-0.77	-0.22	05 Jun 2015
Columbia University	1.97	1.24	-0.39	0.55	22 Jun 2015
@IS_Foundation	-5.42	-4.81	-2.40	-3.74	30 Jun 2015
Leonardo DiCaprio	-3.61	-10.12	-2.88	-6.04	22 Sep 2015
Ireland	-2.39	-1.44	-0.30	-0.98	27 Jan 2017
Catholic Church	-0.97	-0.87	0.21	-0.36	03 Oct 2017
NY State	8.94	3.61	1.07	3.02	19 Dec 2017
NY City	-0.26	0.77	-2.49	-0.98	10 Jan 2018
American Medical	0.57	0.39	-0.21	0.12	14 Jun 2018
Ireland	-5.62	-1.42	-0.40	-1.45	12 Jul 2018
Ireland	5.79	5.42	3.85	4.66	04 Jan 2019
Norwegian government	0.40	2.57	-1.23	0.30	08 Mar 2019
University of California	1.73	2.73	-0.88	0.72	17 Sep 2019
British Medical	-4.46	-5.51	-1.12	-3.05	27 Jan 2020
University of California	1.12	4.54	5.55	4.63	20 May 2020
The Vatican	-13.13	-6.97	-3.40	-5.89	18 Jun 2020
12 Major Cities	-14.34	-3.75	-2.97	-4.59	22 Sep 2020
Cambridge University	-1.19	1.67	4.39	2.78	01 Oct 2020
NY State	7.79	3.27	-0.55	1.72	09 Dec 2020
Harvard University	1.98	2.53	-1.28	0.37	09 Sep 2021
	-0.81	-0.28	-0.37	-0.39	Total

What is a plausible source of higher **long-term risk** for all high-carbon emitters?



Net Zero Commitments: Countries

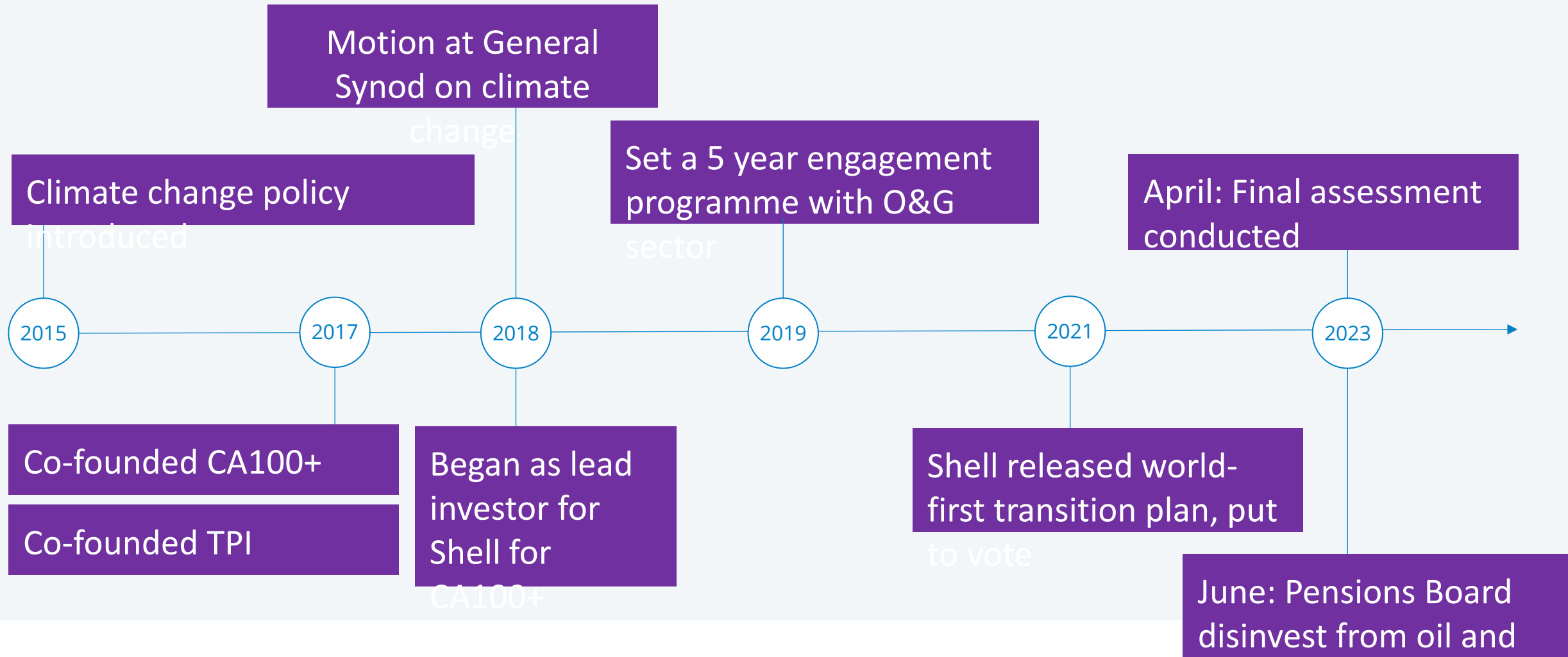


Source: IEA

- Major recent shift among Governments to be carbon neutral:
 - From representing 10% of the CO₂ emissions in 2018
 - Towards 70% in 2021
- Some countries/regions are legally binding
- E.g., Canada, California, Chile, UK, Europe, Switzerland, South Korea, Japan, New-Zealand, etc.

False Dichotomy: Engagement Escalation

Engagement with the oil and gas sector



Church of England

Voice Through Divestment (June 2023)

Anglican Church + Add to myFT

Church of England dumps oil majors over climate concerns

Anglican Church announces its endowment and pension funds plan to sell out of 11 groups, including Shell and BP



Justin Welby, Archbishop of Canterbury: 'We have long urged companies to take climate change seriously' © Hollie Adams/Getty Images

Attracta Mooney and Tom Wilson in London JUNE 22 2023

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In 2021, the Church Commissioners excluded 20 oil and gas majors from its investment portfolio. It is now also excluding BP, Ecopetrol, Eni, Equinor, ExxonMobil, Occidental Petroleum, Pemex, Repsol, Sasol, Shell, and Total, after concluding that none are aligned with the goals of the Paris Climate Agreement, as assessed by the Transition Pathway Initiative (TPI).

"Soberingly, the energy majors have not listened to **significant voices** in the societies and markets they serve and are not moving quickly enough on the transition. If any of these energy companies come into alignment with our criteria in the future, we would reconsider our position. Indeed, that is something we would hope for."

<https://www.churchofengland.org/media-and-news/press-releases/church-commissioners-england-exclude-oil-and-gas-companies-over>

Aviva will use its ‘ultimate sanction’ to force action on global warming

One of the UK’s largest asset managers says it is prepared to fully divest from 30 oil, gas and mining companies



Aviva Investment’s move marks a stronger stance than the current position of most asset managers © REUTERS

Attracta Mooney

Published JAN 31 2021

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Exit with half a Voice

Aviva declined to name the companies it is targeting. But it is a big shareholder in many of the world’s largest oil, gas and mining companies, with its holdings worth billions of pounds. According to S&P Global Market Intelligence, it is a top 30 shareholder in oil majors BP and Royal Dutch Shell, as well as miners Rio Tinto and Glencore.

David Cumming, Aviva’s chief investment officer for equities, said climate change posed a huge risk to capital markets.

“Climate change is a massive disrupter,” he said. “Exclusion [divestment] is the last thing we want to do but we will do it.”

If divestment does not work - why oppose it?

U.S. Anti-ESG laws

1. Mandate continued investment in fossil fuel companies
2. Prohibit financial institutions from "discriminating" against fossil fuel industries
3. Prevent state pension funds from considering environmental factors in investment decisions
4. Impose penalties on institutions that attempt to divest from fossil fuel companies

31 JAN, 2025

Dozens of new state anti-ESG bills introduced; federal legislation expected



By Karin Rives



With a full majority in the US Congress, Republican lawmakers are poised to join the campaign against financial firms that they say are politicizing investments.

Source: Richard Sharrocks/Moment via Getty Images.

Aviva Investors walks back 'watch list' pledge to ditch least green investments

Asset manager blames 'different macro backdrop' for change of tack on climate divestments



Aviva Investors, a division of the insurance company Aviva, is one of the UK's largest asset managers © Jose Sarmiento Matos/Bloomberg

Attracta Mooney in London

Published MAR 17 2025

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“Different macro backdrop”

or stepping back from engagement escalation through divestment?



15 November 2024



COP29 climate summit in Baku



CHURCH

ENVIRONMENT

CLIMATE CHANGE

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FAITH

Fossil fuel divestment as an act of faith and justice

27 religious institutions announce their decision to divest from fossil fuel companies, sending a clear and bold message to the leaders and negotiators gathered at COP29 in Baku.

By Guadalupe Garcia, Laudato Si' Movement

Actions as examples to follow

The actions of these dioceses are an invitation to reflection. They remind us that our decisions, both individual and collective, have a direct impact on the world. By divesting from fossil fuels, these religious institutions are setting an example that invites us all to reconsider how our finances can contribute to a world that is more just, sustainable and at peace with nature.