



BEYOND ESG: EXECUTIVE PAY METRICS AND SHAREHOLDER SUPPORT

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Background

- Heated debate on whether **E&S targets** are contractible and whether E&S pay is just a manifestation of **CEO power** (Bebchuk and Tallarita, 2022)
 - Evidence on whether the adoption of E&S pay is associated with better ESG performance is mixed (Homroy, Mavruk, Nguyen, 2023; Cohen, Kadach, Ormazabal, and Reichelstein, 2023; Ikram, Li, and Minor, 2023; Hazarica et al, 2022; Flammer, Hong, and Minor, 2019; Maas, 2018; Michaely, Schmid, and Wang, 2024)
- We depart from the literature along three dimensions:
 1. We consider ESG metrics and other metrics → Are ESG metrics special?
 2. We do not try to estimate the causal effect on performance. But ask how ESG metrics affect the correlation between payouts and performance?
 3. How are specific metrics chosen?
- Data
 - First comprehensive classification based on SABS of all executive pay metrics for 10,636 global companies
 - Most detailed classification of ESG metrics in executive pay to date
 - AI-driven measure of performance on the specific metric
 - Over 80% of companies worldwide disclose market, earnings, operating or ESG metrics

Are ESG metrics special? ESG and Other Metrics

→ *Firms using ESG metrics also use other metrics*

→ *This also applies to material ESG metrics, though with weaker correlations*

	(1)	(2)
	ESG Metric	Material ESG Metric
Operating Metric	0.1507*** (22.22)	0.0810*** (14.88)
Earnings Metric	0.0534*** (6.68)	0.0364*** (5.49)
Market Metric	0.0742*** (10.35)	0.0452*** (7.83)
Observations	41,516	40,982
Year FE	YES	YES
Industry FE	YES	YES
Country FE	YES	YES
Adjusted R2	0.283	0.266

Metrics Use and Equity-Based Compensation

→ *Positive correlation between metrics and equity-based compensation*

→ *One-SD increase in equity share → 12.47% increase in number of metrics*

	(1)	(2)	(3)	(4)	(5)
	Num Metric Types	Num Metric Types Excl. Mkt	Num ESG Metrics	Num Operating Metrics	Num Earnings Metrics
Share of Equity Comp	0.8722*** (22.63)	0.5093*** (16.53)	0.1746*** (8.26)	0.3975*** (11.91)	0.3268*** (14.94)
Observations	39,982	39,982	39,982	39,982	39,982
Year FE	YES	YES	YES	YES	YES
Industry FE	YES	YES	YES	YES	YES
Country FE	YES	YES	YES	YES	YES
Adjusted R2	0.186	0.127	0.213	0.0883	0.142

How do pay metrics affect compensation?

- ESG metrics do not affect compensation, while operating, earnings and market metrics do
- This does not support the rent-extraction view on ESG metrics
- Metric news is only relevant for total compensation
- Similar results if we consider excess pay as dependent variable

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



Why do firms use pay metrics?

Which Firms Use ESG Metrics?

- Arrival of **active blockholders** (hedge funds & private equity investors) correlates with use of ESG metrics
- **CEO tenure** is negatively correlated with ESG metrics
- Consistent with theory, firms with **volatile prices** use ESG metrics
- Similar findings for material ESG metrics

	(1)	(2)	(3)	(4)	(5)	(6)
	ESG Metric			Material ESG Metric		
New 1% Block	0.0012 (0.22)					
New 1% Active Block		0.0203*** (3.29)			0.0132*** (2.83)	
New 5% Block			0.0010 (0.16)			
New 5% Active Block				0.0198* (1.79)		0.0180** (2.08)
CEO Tenure	-0.0016*** (-3.44)	-0.0016*** (-3.33)	-0.0016*** (-3.44)	-0.0016*** (-3.39)	-0.0011*** (-2.85)	-0.0011*** (-2.88)
Log(Var Daily Returns)	0.0168*** (4.21)	0.0159*** (4.01)	0.0168*** (4.21)	0.0166*** (4.17)	0.0155*** (4.94)	0.0159*** (5.05)
St. Dev. All Pulse News	0.0008** (2.25)	0.0008** (2.23)	0.0008** (2.26)	0.0008** (2.26)	0.0005* (1.90)	0.0005* (1.92)
St. Dev. Ind-adj. ROE	0.0057 (0.79)	0.0045 (0.63)	0.0056 (0.79)	0.0051 (0.72)	-0.0087* (-1.85)	-0.0084* (-1.80)
Below Avg ESG Rank	-0.0081 (-1.09)	-0.0087 (-1.18)	-0.0081 (-1.09)	-0.0082 (-1.10)	-0.0058 (-0.96)	-0.0054 (-0.90)
Log Mkt Cap	0.0278*** (10.77)	0.0282*** (10.87)	0.0277*** (10.72)	0.0279*** (10.76)	0.0150*** (7.22)	0.0149*** (7.17)
Inst Block Own	0.0063 (0.27)	0.0017 (0.07)	0.0062 (0.25)	0.0025 (0.10)	-0.0033 (-0.18)	-0.0040 (-0.21)
Large Non-Inst Block	-0.0467*** (-5.19)	-0.0469*** (-5.21)	-0.0468*** (-5.20)	-0.0473*** (-5.25)	-0.0383*** (-5.15)	-0.0387*** (-5.20)
Observations	26,731	26,731	26,731	26,731	26,493	26,493
Year, Industry & Country FE	YES	YES	YES	YES	YES	YES
Adjusted R2	0.274	0.275	0.274	0.274	0.291	0.291

When Do Firms Introduce *Specific* ESG Metrics?

- *Firms introduce ESG metrics following superior performance on that specific metric*
- *One-SD increase in metric-specific news raises likelihood of introducing an ESG metric by 65%*
- *In contrast, overall ESG news has a negative effect*

	(1)	(2)	(3)	(4)
	First ESG Metric			First Material ESG Metric
Metric-Specific News	0.0039*** (19.64)	0.0038*** (18.74)	0.0043*** (17.51)	0.0024*** (13.58)
Bad Metric-Specific News			-0.0007*** (-3.08)	-0.0010*** (-5.85)
Below Avg ESG Rank	0.0003 (0.40)	-0.0000 (-0.03)	0.0002 (0.32)	0.0003 (0.70)
Material Metric		0.0031*** (6.51)		
Material Metric X Below Avg ESG Rank		0.0009 (0.95)		
All Categories Pulse News	-0.0008*** (-2.74)	-0.0008*** (-2.61)	-0.0008*** (-2.68)	-0.0002 (-0.93)
Bad All Categories Pulse News			0.0000 (0.04)	0.0001 (0.48)
New 1% Active Block	0.0007 (1.17)	0.0007 (1.15)	0.0007 (1.16)	0.0004 (1.13)
Inst Block Own	-0.0012 (-0.55)	-0.0012 (-0.54)	-0.0012 (-0.55)	-0.0012 (-0.90)
Large Non-Inst Block	0.0016 (1.28)	0.0015 (1.21)	0.0016 (1.27)	0.0003 (0.44)
Observations	341,621	339,605	341,621	339,605
Firm & Year FE	YES	YES	YES	YES
Adjusted R2	0.0247	0.0250	0.0247	0.0174

Peer Influence

- *Both ISS peers and other industry peers influence ESG metric adoption*
- *A 1 pp increase in ISS peer adoption of environmental metrics raises first-time adoption probability by 0.29 pp*
- *The same increase among other industry peers has a larger effect: 0.59 pp*

	(1)	(2)	(3)
	Env Metric	Social Metric	Gov Metric
ISS Peers - Same Metric	0.2923*** (5.63)	0.1749*** (8.93)	0.1055*** (4.97)
Other Industry Peers - Same Metric	0.5906*** (6.94)	0.3065*** (10.65)	0.3701*** (10.76)
Material Metric	0.0002 (0.17)	0.0016* (1.72)	0.0011* (1.95)
Metric-Specific News	0.0001*** (6.81)	0.0001*** (4.19)	0.0000* (1.94)
All Categories Pulse News	0.0000 (0.31)	-0.0001** (-2.23)	-0.0000** (-2.06)
Below Avg ESG Rank	-0.0003 (-0.27)	0.0001 (0.09)	0.0003 (0.45)
New 1% Active Block	0.0021* (1.66)	0.0003 (0.25)	0.0003 (0.45)
Inst Block Own	0.0019 (0.46)	-0.0016 (-0.37)	-0.0033 (-1.39)
Large Non-Inst Block	0.0015 (0.60)	0.0020 (0.87)	0.0011 (0.86)
Observations	72,492	110,951	116,407
Firm & Year FE	YES	YES	YES
Adjusted R2	0.0717	0.0807	0.0330

Peer Influence

→ *ISS and industry peers also influence adoption of operating and earnings metrics*

→ *Operational metrics: 1 pp increase in ISS peer use
→ 0.096 pp increase in adoption*

→ *Earnings metrics: 1 pp increase in ISS peer use
→ 0.098 pp increase in adoption*

	(1)	(2)	(3)
	Operating Metric	Earnings Metric	Market Metric
ISS Peers - Same Metric	0.0964*** (12.73)	0.0981*** (5.62)	0.0451* (1.89)
Other Industry Peers - Same Metric	0.1735*** (19.13)	0.1352*** (7.03)	-0.0073 (-0.12)
Below Avg ESG Rank	0.0024 (1.16)	-0.0068 (-1.03)	-0.0068 (-1.24)
New 1% Active Block	0.0050** (2.56)	0.0121** (2.04)	0.0157*** (2.80)
Inst Block Own	0.0141* (1.89)	-0.0313 (-1.36)	-0.0002 (-0.01)
Large Non-Inst Block	-0.0007 (-0.21)	0.0054 (0.51)	-0.0117 (-1.22)
Observations	127,963	27,045	20,254
Firm & Year FE	YES	YES	YES
Adjusted R2	0.0633	0.0998	0.0991

Shareholder Votes

→ *Increases in broad and specific metrics boost support for say-on-pay proposals*

→ *The effects are economically meaningful, given the average approval rate of 90.8%*

	(1)	(2)	(3)	(4)	(5)	(6)
	<i>OLS</i>			<i>IV</i>		
	SOP Approval Rate		First Stage	SOP Approval Rate	First Stage	SOP Approval Rate
Num Metric Types	0.0044*** (4.16)			0.0208*** (2.71)		
Num Indiv. Metrics		0.0018*** (3.01)				0.0072* (1.83)
ISS Peers' Number of Metric Types			0.4187*** (14.65)			
ISS Peers' Number of Indiv. Metrics					0.4542*** (14.87)	
Other Peers' Number of Metric Types			0.1727*** (3.47)	-0.0012 (-0.22)		
Other Peers' Number of Indiv. Metrics					0.1596*** (2.82)	0.0017 (0.47)
All Categories Pulse News	0.0001*** (2.82)	0.0001*** (2.92)	0.0019*** (4.02)	0.0001 (1.50)	0.0027*** (3.47)	0.0001** (2.09)
Total Comp	-0.0175*** (-8.58)	-0.0173*** (-8.49)	0.1103*** (7.06)	-0.0196*** (-8.21)	0.1772*** (7.57)	-0.0184*** (-8.05)
3-Year Return	0.0004*** (5.37)	0.0003*** (5.35)	-0.0017*** (-4.51)	0.0004*** (4.66)	-0.0033*** (-5.07)	0.0004*** (4.58)
Log Mkt Cap	0.0073*** (6.26)	0.0074*** (6.43)	0.0457*** (4.14)	0.0056*** (3.85)	0.0577*** (3.26)	0.0065*** (4.86)
Inst Block Own	0.0497*** (7.46)	0.0507*** (7.58)	0.2647*** (3.78)	0.0439*** (5.70)	0.2315** (2.00)	0.0490*** (6.75)
Large Non-Inst Block	0.0053* (1.84)	0.0049* (1.69)	-0.2868*** (-10.83)	0.0103*** (2.78)	-0.4114*** (-9.48)	0.0078** (2.31)
Below Avg ESG Rank	-0.0057*** (-2.85)	-0.0056*** (-2.82)	0.0108 (0.53)	-0.0054** (-2.52)	-0.0007 (-0.02)	-0.0052** (-2.41)
Observations	24,430	24,430	27,467	22,019	27,467	22,019
R-squared	0.051	0.050	0.284	0.031	0.286	0.043
First-stage F			214.7		221.1	

Metrics are introduced when management faces dissent

→ *Increases in both broad and specific metric types following disapproval of say-on-pay proposals*

→ *Stronger effect when disapproval persists*

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

ESG Proposals and Pay Metrics

Panel A. ESG proposals				
	(1)	(2)	(3)	(4)
	ESG Proposal			
ESG Metric	-0.0227*** (-3.78)	-0.0160*** (-2.68)		
Material ESG Metric			-0.0258*** (-3.40)	-0.0195*** (-2.59)
Operating Metric		-0.0180*** (-3.71)		-0.0188*** (-3.83)
Earnings Metric		-0.0202*** (-2.97)		-0.0194*** (-2.83)
Market Metric		-0.0095* (-1.90)		-0.0096* (-1.91)
All Categories Pulse News	-0.0007*** (-6.43)	-0.0006*** (-6.20)	-0.0007*** (-6.51)	-0.0007*** (-6.26)
Total Comp	-0.0033 (-0.73)	-0.0016 (-0.36)	-0.0033 (-0.73)	-0.0016 (-0.35)
3-Year Return	-0.0004*** (-4.60)	-0.0004*** (-4.59)	-0.0004*** (-4.51)	-0.0004*** (-4.51)
Below Avg ESG Rank	0.0017 (0.33)	0.0017 (0.33)	0.0019 (0.36)	0.0018 (0.34)
Log Mkt Cap	0.0372*** (11.80)	0.0387*** (12.10)	0.0372*** (11.75)	0.0387*** (12.05)
Inst Block Own	-0.1355*** (-9.79)	-0.1288*** (-9.45)	-0.1364*** (-9.68)	-0.1300*** (-9.35)
Large Non-Inst Block	0.0072 (1.32)	0.0037 (0.68)	0.0071 (1.29)	0.0036 (0.66)
Observations	30,333	30,333	30,002	30,002
R-squared	0.304	0.306	0.303	0.305
Year FE	YES	YES	YES	YES
Industry FE	YES	YES	YES	YES
Country FE	YES	YES	YES	YES
Adjusted R2	0.303	0.304	0.302	0.303

ESG Proposals

Shareholders submit proposals to put an issue on the table, even if they are unlikely to pass

→ IV estimates show a stronger effect

→ Instrumented ESG metrics reduce ESG proposal probability by 48.7 (column 4) and 31.1 (column 6) pp

→ Also, operating, earnings, and market metrics reduce the probability of a ESG proposal

	(1)	(2)	(3)	(4)	(5)	(6)
	OLS			IV		
	ESG Proposal		First Stage	ESG Proposal	First Stage	ESG Proposal
Number of Metrics	-0.0150*** (-6.04)					
Number of Indiv. Metrics		-0.0077*** (-4.89)				
ESG Metric				-0.4869*** (-4.59)		-0.3109*** (-4.26)
ISS Peers' Num Metric Types			0.0813*** (7.30)			
Other Peers' Num Metric Types			-0.0473*** (-2.59)	-0.0241* (-1.89)		
ISS Peers' Number Indiv. Metrics					0.0638*** (9.36)	
Other Peers' Number Indiv. Metrics					-0.0174 (-1.45)	-0.0071 (-0.99)
All Categories Pulse News	-0.0006*** (-6.18)	-0.0006*** (-6.27)	0.0004*** (2.66)	-0.0004*** (-3.24)	0.0004*** (2.85)	-0.0005*** (-4.28)
Total Comp	-0.0021 (-0.47)	-0.0024 (-0.54)	0.0109*** (3.29)	0.0027 (0.62)	0.0114*** (3.45)	0.0007 (0.17)
3-Year Return	-0.0004*** (-4.07)	-0.0004*** (-4.07)	-0.0006*** (-4.34)	-0.0008*** (-5.01)	-0.0006*** (-4.17)	-0.0006*** (-5.41)
Below Avg ESG Rank	0.0027 (0.52)	0.0026 (0.49)	0.0085 (1.18)	0.0065 (1.03)	0.0089 (1.23)	0.0049 (0.86)
Log Mkt Cap	0.0382*** (12.02)	0.0377*** (11.93)	0.0037 (1.08)	0.0441*** (11.02)	0.0006 (0.18)	0.0408*** (11.92)
Inst Block Own	-0.1308*** (-9.56)	-0.1339*** (-9.73)	-0.0410* (-1.72)	-0.1423*** (-7.56)	-0.0351 (-1.48)	-0.1390*** (-8.45)
Large Non-Inst Block	0.0046 (0.85)	0.0056 (1.03)	-0.0418*** (-4.66)	-0.0132 (-1.56)	-0.0401*** (-4.50)	-0.0057 (-0.81)
Observations	30,792	30,792	27,467	27,469	27,467	27,469
R-squared	0.305	0.305	0.257		0.260	0.188
Adjusted R2	0.304	0.303				
First-stage F			53.33		87.53	

Shareholder Proposals and Pay Metrics

→ *More metric types and specific metrics reduce the likelihood of shareholder proposals*

→ *The number of submitted proposals is considered a proxy for shareholder dissent (Aggarwal, Briscoe-Tran, Erel, and Starks, 2024)*

→ *Adding a broad metric type reduces shareholder proposals by 15.6%*

	(1)	(2)	(3)	(4)	(5)	(6)
	<i>OLS</i>			<i>IV</i>		
	Num Shr. Prop		First Stage	Num Shr. Prop	First Stage	Num Shr. Prop
Number of Metrics	-0.0273** (-2.19)			-0.1843*** (-2.88)		
Number of Indiv. Metrics		-0.0134* (-1.86)				-0.0614* (-1.69)
ISS Peers' Num Metric Types			0.4187*** (14.65)			
Other Peers' Num Metric Types			0.1727*** (3.47)	0.0139 (0.40)		
ISS Peers' Number Indiv. Metrics					0.4542*** (14.87)	
Other Peers' Number Indiv. Metrics					0.1596*** (2.82)	-0.0049 (-0.21)
All Categories Pulse News	-0.0024*** (-6.77)	-0.0025*** (-6.74)	0.0019*** (4.02)	-0.0020*** (-5.49)	0.0027*** (3.47)	-0.0022*** (-6.05)
Total Comp	-0.0304 (-1.43)	-0.0311 (-1.45)	0.1103*** (7.06)	-0.0089 (-0.46)	0.1772*** (7.57)	-0.0192 (-0.94)
3-Year Return	-0.0018*** (-4.79)	-0.0018*** (-4.78)	-0.0017*** (-4.51)	-0.0025*** (-6.03)	-0.0033*** (-5.07)	-0.0023*** (-5.86)
Below Avg ESG Rank	0.0109 (0.70)	0.0106 (0.67)	0.0108 (0.53)	0.0196 (1.21)	-0.0007 (-0.02)	0.0168 (1.05)
Log Mkt Cap	0.1545*** (9.36)	0.1536*** (9.41)	0.0457*** (4.14)	0.1668*** (8.90)	0.0577*** (3.26)	0.1557*** (8.86)
Inst Block Own	-0.4827*** (-10.96)	-0.4882*** (-10.92)	0.2647*** (3.78)	-0.4127*** (-8.93)	0.2315** (2.00)	-0.4586*** (-10.22)
Large Non-Inst Block	-0.0007 (-0.04)	0.0013 (0.09)	-0.2868*** (-10.83)	-0.0532** (-2.13)	-0.4114*** (-9.48)	-0.0263 (-1.19)
Observations	29,235	29,235	27,467	26,121	27,467	26,121
R-squared	0.211	0.211	0.284	0.170	0.286	0.198
Adjusted R2	0.209	0.209				
First-stage F			214.7		221.1	

Metrics reduce dissent against managerial proposals

→ Adding a broad metric type reduces shareholder dissent by 4.9% compared to mean dissent of 5.7%

→ The effect of specific metrics is naturally smaller: 1.9%

→ IV estimates reveal stronger effects:
→ 16.8% (column 4) and 7.4% (column 6) lower dissent rates

	(1)	(2)	(3)	(4)	(5)	(6)
	OLS			IV		
	Vote Against Mgmt		First Stage	Vote Against Mgmt	First Stage	Vote Against Mgmt
Number of Metrics	-0.0028*** (-6.13)			-0.0096*** (-3.09)		
Number of Indiv. Metrics		-0.0011*** (-4.19)				-0.0042*** (-2.60)
ISS Peers' Num Metric Types			0.4187*** (14.65)			
Other Peers' Num Metric Types			0.1727*** (3.47)	-0.0023 (-0.96)		
ISS Peers' Number Indiv. Metrics					0.4542*** (14.87)	
Other Peers' Number Indiv. Metrics					0.1596*** (2.82)	-0.0010 (-0.66)
All Categories Pulse News	-0.0001** (-2.47)	-0.0001*** (-2.60)	0.0019*** (4.02)	-0.0000 (-1.52)	0.0027*** (3.47)	-0.0000** (-1.96)
Total Comp	0.0028*** (4.23)	0.0027*** (4.04)	0.1103*** (7.06)	0.0036*** (4.72)	0.1772*** (7.57)	0.0032*** (4.40)
3-Year Return	-0.0001*** (-3.23)	-0.0001*** (-3.20)	-0.0017*** (-4.51)	-0.0001*** (-4.54)	-0.0033*** (-5.07)	-0.0001*** (-4.45)
Below Avg ESG Rank	0.0016* (1.90)	0.0016* (1.87)	0.0108 (0.53)	0.0013 (1.41)	-0.0007 (-0.02)	0.0012 (1.27)
Log Mkt Cap	-0.0058*** (-14.60)	-0.0060*** (-14.91)	0.0457*** (4.14)	-0.0051*** (-9.48)	0.0577*** (3.26)	-0.0055*** (-11.12)
Inst Block Own	-0.0212*** (-7.12)	-0.0218*** (-7.30)	0.2647*** (3.78)	-0.0198*** (-6.05)	0.2315** (2.00)	-0.0219*** (-6.88)
Large Non-Inst Block	-0.0006 (-0.50)	-0.0003 (-0.26)	-0.2868*** (-10.83)	-0.0030* (-1.89)	-0.4114*** (-9.48)	-0.0020 (-1.42)
Observations	28,818	28,818	27,467	25,780	27,467	25,780
R-squared	0.104	0.102	0.284	0.090	0.286	0.094
Adjusted R2	0.102	0.100				
First-stage F			214.7		221.1	

Conclusion

- CEO contracts feature a wide array of metrics
 - Recent proliferation of ESG metrics must be interpreted in the broader context of other metrics
- Contractual metrics have limited effects on the sensitivity of CEO pay to specific performance outcomes
- Metrics help reduce shareholder dissent on compensation and other management proposals
 - All metrics matter to the same extent, even for ESG proposals
 - ISS peer metrics matters most for consensus!
- By building consensus, ESG metrics also decrease the probability of shareholder proposals opposed by management
 - Metrics are mainly used to create consensus on CEO pay and align corporate strategy with shareholders' expectations