

**NGOS AND OTHER STAKEHOLDERS
GROUPS' INFLUENCE AS PARTICIPANTS IN
AGMS**

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Abstract

NGOs and other stakeholders developed different kinds of interactions with companies. Many are at the same time shareholders of these companies, providing NGOs the same shareholder rights as other shareholders. Little is known about how NGOs and stakeholders make use of these rights. With different case studies this stakeholder behavior as shareholder is explored. First, their voting engagement and voting behavior is compared with that of institutional and retail investors showing both similarities and differences. Second, the NGOs' use of the question right in the general meeting is analysed and correlated with companies' commitments. Third, NGOs as initiator of shareholder proposals is studied. Those stakeholder initiated shareholder proposals are seldomly approved but the indirect investees' effects should not be underestimated. All cases show that NGOs and stakeholders' behavior as shareholders differs often from the other kinds of shareholders.

Keywords: NGO, Stakeholder, general meeting, voting, shareholder questions, shareholder proposals

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NGOs and Other Stakeholder Groups' Influence as Participants in AGMs

1. Introduction

Non-governmental organisations (NGOs) and other stakeholder groups interact in many different ways with companies. Regularly their actions receive significant media attention, like the 'plastic attack'-protests of customers at several retailers in Europe.¹ Conversely, also companies involve NGOs and other stakeholder groups in their business relationships. For example, Tesco sets up panels with different employees organisations and local community representatives, organises site visits and panels, engages with contractors, sets up surveys, naming but a few.²

Many of these NGOs and other stakeholder groups also govern significant amounts of resources, which they invest in, amongst others, shares of companies. As a corollary of this, the NGOs are looking after their stakeholder interests in their position of shareholders. The Church of England, the established Christian Church in England controls an investment fund of more than £10 billion, of which more than 1/3 is directly invested in equity with significant holdings in Amazon, Apple, Microsoft, Siemens, etc³. Its stakeholder goals are also reflected in its shareholder engagement. The Ethical Investment Advisory Group of the Church provides specific advice for investing and engaging in many industries considering "ethical and Christian biblical and theological perspectives, which show how fundamental commitments of Christian faith bear on matters of public concern"⁴. Consequently, The Church of England strongly supports the right of freedom of association and voted for a shareholder proposal of SHARE (Shareholder Association for Research and Education) at Amazon requesting for an assessment of Amazon's adherence to its stated commitment to workers' freedom of association and collective bargaining rights. The board of Amazon requested the shareholders to vote against the proposal as the company already published a report on its human right commitment in 2022. It considered that there is no need for a third party assessment. Nevertheless, the proposal received 34.9 per cent support, indeed down from 38.9 per cent in 2022.

Evidence on how important the different types of stakeholders' voting behavior and shareholder engagement are and how influential the different strategies, are largely lacking.

¹ BBC, 'Plastic attack' packaging protesters hit Tesco near Bath' (London, 27 March 2018), <<https://www.bbc.com/news/uk-england-bristol-43559636>> accessed 5 March 2025; E Perkins, 'Climate action group hold protest against supermarket plastic use outside Deal's Sainsbury's and Aldi' (KentOnline, 15 September 2020), <<https://www.kentononline.co.uk/deal/news/climate-action-group-hold-protest-against-supermarket-plastic-use-233766/>> accessed 5 March 2025; A Deutsch, 'Climate NGOs file complaint against Ahold on plastics reporting (Reuters, 18 November 2021) <<https://www.reuters.com/business/environment/climate-ngos-cite-ahold-dutch-regulator-over-reporting-plastics-2021-11-18/>> accessed 5 March 2025.

² See for an example, Tesco, 'Understanding our stakeholders' (Annual Report 2024) 67-68.

³ The Church of England, 'Review of Investments' (Annual Report 2023) 32-38.

⁴ The Church of England, Big Tech Report and Policy (September 2022) 14.



In this case study approach, I address how stakeholders and NGOs act as (representative of) shareholders. When stakeholders are also shareholders of the company, they can make use of all shareholder rights which the jurisdiction specific companies act provides. Three rights stand out. First, the shareholder can vote the agenda items and signal her preference. Second, shareholders (or their representatives, including NGOs) can provoke a vote of an agenda item and third, shareholders (or their representatives, including NGOs) can address the general meeting and ask questions, steering corporate behavior.

The next section starts with a short introduction of what these NGOs and other stakeholder groups are and who they represent as well as how they operate. Sections 3 to 5 address with three different cases how NGOs and other stakeholders perform as shareholders in listed companies. Section three studies the voting behaviour of NGOs. Section four examines their use of the question right. Section five addresses the shareholder proposals launched by NGOs. The last section concludes with the main findings.

2. NGOs, Companies and their Relationships

Since Freeman's famous book *Strategic Management: A Stakeholder Approach*, the role and position of stakeholders in companies became a pivotal management topic. With an introductory example of the day-to-day operational business activities of the CEO of a large multinational company, Woodland International, Freeman illustrated that the CEO's calendar was full of appointments and meetings with external groups and agenda items concerning social responsibility and labor-management issues. Freeman argued that this time-consuming part of the CEO's work requires a *conceptual shift*, developing a framework for corporate management handling turbulent external environments flowing from both internal and external change with many involved parties.⁵ Following Thompson,⁶ Freeman denoted *stakeholders* in an organisation as those groups which make a difference or formally "any group or individual who can affect or is affected by the achievement of the organization's objectives".⁷ Freeman mapped those stakeholders as owners, financial community, activist groups, customers, customer advocate groups, unions, employees, trade associations, competitors, suppliers, government and political groups⁸ bringing internal change and leading to external change. Freeman took a managerial approach in identifying the members of the those stakeholder groups. Indeed, members of a stakeholder group can combine their membership with a position of shareholder, bondholder and/or employee. He clarified that the latter group includes the pension funds of the unions who are concerned with the long term growth of the stock, emphasizing that other types of shareholders want current income,

⁵ R Edward Freeman, *Strategic Management – A Stakeholder Approach* (CUP, 2010), 3-8

⁶ James D, *Organizations in Actions* (mc graw hill, 1967).

⁷ Freeman (n 5) 46.

⁸ Freeman (n 5) 55.



signalling that also conflicts in each of the stakeholder groups can commonly be found. Importantly, he disclosed the identity, role, and position of these stakeholders, thus enlarging the different parties involved in the company.

Another strand of literature discusses the role and the impact of *non-governmental organisations* (NGO) in society and companies. The proliferation of (the use of the term) NGO started after the establishment of the United Nations. In article 70 and 71 of the Charter of the United Nations addressing the Economic and Social Council (ECOSOC), this Council is requested to establish suitable arrangements for consultation with non-governmental organisations and representatives of specialized agencies participating in the deliberations of the commission that ECOSOC established. Willets studied the emergence and developments of these NGOs arguing that there is not a generally accepted definition but common fundamental features for identifying NGOs. These are: being independent from direct control of any government, not making profit (for its members), non-violent and not being a political party. He defines the NGO as "an independent voluntary association of people acting together on a continuous basis, for some common purpose, other than achieving government office, making money or illegal activities"⁹. This broad approach results in a wide variety of different kinds of NGOs which Willets' study classified in two major types, although acknowledging it is impossible to make a strict distinction. The first type consists of the operational NGOs mobilizing resources of different kinds, including financial donations and volunteer labor supporting their programs and projects embedded in a well-developed and structured organisation. The second group of NGOs are campaigning NGOs which act and perform in a similar way but are less organised and more project focused.

Obviously there is a significant overlap between NGOs and stakeholder groups. Freeman does not use the term NGOs but identifies as activist groups *inter alia* environmental groups and safety and health groups commonly organised as NGOs, and even considers customer advocate groups, also often organised as NGOs, as a separate stakeholder group. Using the aforementioned definition of NGOs, those organisations are also part of Freeman's identified 'stakeholder groups', including "owners". As an example I would like to refer to the Dutch association *Follow This*. As an association *Follow This*'s object is "to address climate change by getting large emitters to reduce their contribution to greenhouse gas emissions in line with the Paris Climate Agreement and the IPCC (Intergovernmental Panel on Climate Change (IPCC) 'United Nations Climate Panel') formulated goals and risks of climate change".¹⁰ The association aims to reach this goal by "promoting, through the acquisition of shares in companies carefully selected by the association, that these companies develop a sustainability

⁹ Peter Willets, 'What is a Non-Governmental Organization, Output from the Research Project on Civil Society Networks in Global Governance' (15 August 2006) <<https://www.staff.city.ac.uk/p.willets/CS-NTWKS/NGO-ART.HTM>> accessed 8 January 2025.

¹⁰ Article 2 of the Association's Articles (<<https://www.follow-this.org/wp-content/uploads/2024/10/Follow-This-English-office-translation-articles-of-association-2024-Signed.pdf>>, accessed 1 March 2025.)



policy, reduce their (contribution to) greenhouse gas emissions and identify their climate-related risks [...]", which perfectly fits the aforementioned NGO definition.

There is another important common characteristic between NGOs and stakeholder groups. Both the members of a group of stakeholders as well as the members of an NGO are people or other entities that can, and often do, belong to different stakeholder groups and NGOs. Freeman illustrates the stakeholder 'employee' being at the same time an owner, customer, political party member and consumer advocate.¹¹ It complicates the study of "stakeholdership" significantly and makes it more difficult and complex, especially as members of these groups change and objects and alliances evolve over time. It resulted in a significant amount of stakeholder role literature feeding new questions about the mechanisms of governance of stakeholder relationship, the interactions both *between* as well as *in* stakeholder groups and, the effects of the institutional context, including the legal, environment and framework.¹² Recent evidence shows that many areas of the stakeholder engagement frameworks are still under investigation and a variety of methods must be used for further analysis.¹³ Especially how NGOs and stakeholders engage as owners and how it affected corporate behaviour received limited attention.¹⁴⁻¹⁵

In this chapter I contribute to this stakeholder engagement literature bringing elements of these lines of literature and studies together by focusing on shareholder engagement of non-controlling stakeholders and NGOs in the general meeting of shareholders.¹⁶ This approach is not unique. Guay, Doh and Sinclair investigated how NGOs use four different strategies for enhancing corporate responsibility. The four strategies are depicted in figure 1. First, NGOs influence institutional investors to engage with their investees for the enhancement of social

¹¹ Freeman (n 5) 59.

¹² Sinziana Dorobantu, 'Sketches of New and Futures Research on Stakeholder Management' in [Jeffrey S. Harrison, Jay B. Barney, R. Edward Freeman and Robert A. Phillips](#) (eds) *Stakeholder Theory* (CUP 2019) 259.

¹³ Johanna Kujala and Sybille Sachs, 'The Practice of Stakeholder Engagement' in [Jeffrey S. Harrison, Jay B. Barney, R. Edward Freeman and Robert A. Phillips](#) (eds) *Stakeholder Theory* (CUP 2019) 236.

¹⁴ See for an excellent example Jennifer Goodman, Céline Louche, Katinka van Cranenburg and Daniel Arenas, 'Social Shareholder Engagement: The Dynamics of Voice and Exit', (2014) 125 *Journal of Business Ethics*, 193.

¹⁵ For the sake of completeness, I note that there is another line of related research of NGOs and stakeholders (and also corporate governance development), which is that of stewardship. In many jurisdictions, next to corporate governance codes, also stewardship codes have been issued, of which a number are emphasizing the shareholders as actors for stewarding the benefits of all stakeholders. In its Stewardship Principles for Family Businesses of the non-profit organisation Stewardship Asia Center, the owners of family businesses should embrace "the responsibility for creating long-term social and economic value to a wider group of stakeholders and not just myopically focusing on family wealth." (Stewardship Asia Center, Stewardship Principles for Family Businesses (2018)

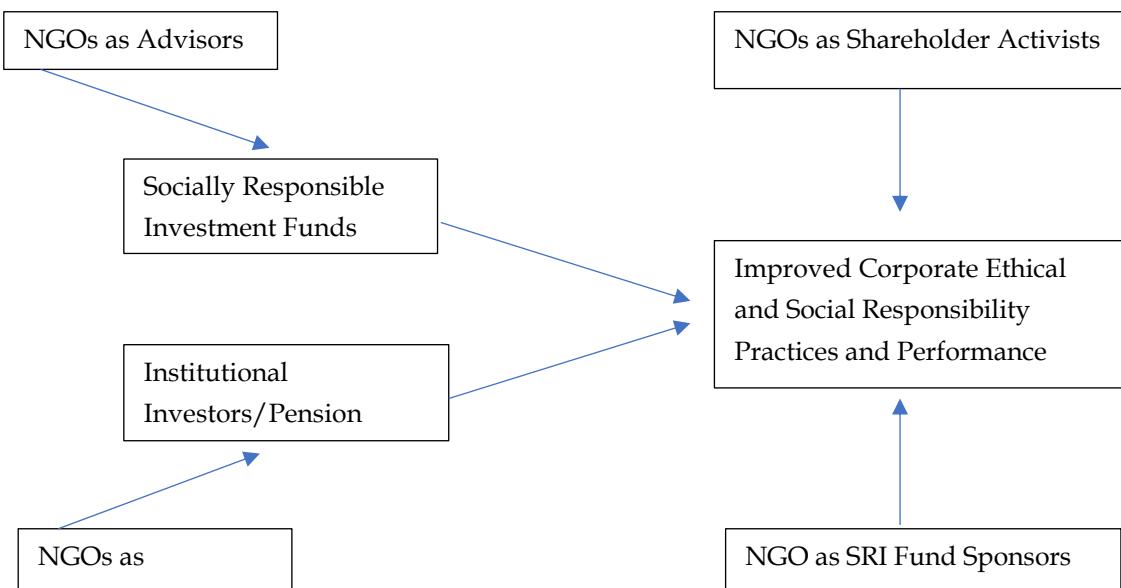
https://www.stewardshipasia.com.sg/docs/saclibraries/default-document-library/spfb-brochure-0913.pdf?sfvrsn=8a5d8fe4_1/%20SPFB-brochure-0913%20.pdf, accessed 22 January 2025, 4).

¹⁶ In a number of cases legal entities with charitable missions control large companies like Novo Nordisk. See for a detailed analysis of these controlling relationship Ofer Eldar and Mark Ørberg, 'The Anatomy of Nonprofit Control of Business Enterprise', (working paper, January 2025).



responsibility. Next, NGOs also advice and consult socially responsible investment funds in pressuring companies for social enhanced corporate behavior. Third, some NGOs act directly as shareholder activists. Lastly, NGOs sponsor funds that are focusing on socially responsible funds.

Figure 1: Roles of NGOs in the Socially Responsible Investing System



Terrence Guay, Jonathan P Doh and Graham Sinclair, 'Non-governmental Organizations, Shareholder Activism, and Socially Responsible Investments: Ethical, Strategic, and Governance Implications' (2004) 52 Journal of Business Ethics, 132.

In this way I cover three of the four strategies in the study of Guay and others uncovering how important the NGOs are and how they directly and indirectly influence corporate behavior via the platform of the general meeting of shareholders.

The next three sections address for three different cases how NGOs and other stakeholders perform as shareholders in listed companies. The next section addresses the voting behaviour of NGOs. Section three studies the use of the question right. Section four examines shareholder proposals launched by NGOs. The last section concludes with the main findings.

3. The Stakeholder/NGO as Voting Shareholder.



In 2009 the secretary general of the United Nations, addressing a summit of religious and secular leaders stated that religious organisations are the third largest investor in the world.¹⁷ Therefore it must be noticeable that those organisations which often belong to the group of NGOs and are also stakeholders in many companies, acquire equity stakes in companies and with those stakes engage with companies in different ways.¹⁸ Proxy voting, writing letters, meeting with company representatives and questioning the board are all part of the engagement tool box.

Using the Italian minutes of the annual general meetings (AGM) of Telecom Italia (TIM), I provide in a detailed overview of the participating shareholders, including stakeholders and NGOs, in its AGMs, their voting blocks and how they voiced their votes for all agenda items. These micro data on shareholder ownership and voting of the different agenda items allow for a detailed analysis of the investment behaviour of the different types of shareholders and in particular their voting behaviour, as well as the start and the end of their voting engagement. I collected all minutes of AGMs between 2018 and 2024 of TIM, recorded all the voting shareholders, and classified all these shareholders in three major classes: retail shareholders, institutional investors and other shareholders. The latter group is heterogenous and is composed of (foreign) foundations; foreign churches; foreign universities; (foreign) associations; (foreign) banks, (foreign) non-financial companies; (foreign) governments; and (foreign) other entities including for example the IMF. Applying the former definition of an NGO¹⁹ leads to classify the first four classes, foundations, churches, universities and associations as stakeholders in this study.

Table 1 illustrates the number of shareholders in the different classes that participated and voted in TIM's AGMs. The overwhelming majority of the shareholders are individual retail shareholders and institutional investors like pension funds, insurance companies, and mutual funds. Between 1 and 2 per cent of the voting shareholders are other investors of which foreign banks and (foreign) government related organisations are the most important classes. There are also a number of stakeholders that vote in the AGM, including some churches, universities, foundations and associations. Their number varied between 11 and 26 in the AGMs of 2018 to 2024, representing 0,2 to 0,7 per cent of the total number of participating shareholders.

¹⁷ UN Secretary General, 'You Can – and Do – Inspire People to Change,' (3 November 2009) <<https://press.un.org/en/2009/sgsm12585.doc.htm>> accessed 13 January 2025. The speech does not highlight how an investor is defined, neither how the investor classes were established.

¹⁸ See for a number of examples Céline Louche, Daniel Arenas, Katinka van Cranenburgh, 'From Preaching to Investing: Attitudes of Religious Organisations Towards Responsible Investment', (2012) 110 Journal of Business Ethics, 301.

¹⁹ 'an independent voluntary association of people acting together on a continuous basis, for some common purpose, other than achieving government office, making money or illegal activities'.



Table 1: Participating Shareholders at the AGM of TIM

	2018	2019	2020	2021	2022	2023	2024
Retail shareholders	2786	3244	2396	3405	3013	2808	3846
Institutional investors	1284	1046	1190	1227	1241	1032	1023
Other shareholders including the following stakeholders:	74	86	88	99	55	68	89
Foundations	7	9	14	1	1	4	4
Universities	5	7	6	6	6	4	5
Churches	4	4	4	3	3	4	4
Associations	2	2	2	1	2	2	2
Total	4144	4376	3674	4731	4309	3908	4958

Source: own research based on the minutes of the meetings of TIM

The weight of those stakeholders is not only small in numbers, also in voting power these organisations will seldomly steer the decision making process of the AGM. All these identified stakeholders hold smaller stakes than the average stake of the shareholder. Therefore, the combined voting power of these stakeholders varies from 0,013 per cent in the AGM of 2022 to 0,14 per cent in the AGM of 2020.

These stakeholders tend to behave differently compared to the other types of shareholders. A relative large proportion of those stakeholders hold the shares for a longer term than institutional investors. On average, 57 per cent of the stakeholders hold and vote the shares for a period longer than three years. Only 31 per cent of the institutional investors belong to this class of long-term shareholders. However, I noted that stakeholders are not different from retail investors in this perspective. 65 per cent of the individual shareholders hold and vote the shares for at least three consecutive general meetings.²⁰

More importantly, the analysis also provides information on the voting behavior of these stakeholders, especially in comparison with the voting behavior of the other types of shareholders (institutional investors and retail shareholders). Table 2 summarizes the main findings. The second row (after the first row referring to the year of the general meeting) provides the number of agenda items that the general meeting of shareholders of TIM had to vote. Every year the meeting must vote between four to twelve agenda items presented to this meeting. The third row presents the average approval rate of all the agenda items of the

²⁰ Our data do not allow to distinguish the shareholders that participate in an AGM after which they sell their stake and buy another stake before the following AGM taking place, from those that continuously hold their voting stake in the company. However as in a large number of cases the stake with which the shareholder participates in the different AGM remains identical, it is doubtful that a large group of the shareholders belong to the first, actively trading shareholder group.



general meeting of shareholders, measured in voting rights. In 2018 there were four voting items of which three (the fourth row) were approved with 95 per cent of the voting rights and one item, the slate voting item²¹, including the slate of the largest shareholder, which received only 47 per cent support of the votes. The resulting average is 83,6 per cent. In several AGMs, a significant number of the voting items were disapproved by the (majority of the) shareholders. Especially in 2019, 2023 and 2024 several agenda items, like the items related to the remuneration report and the remuneration policy were voted down. In those three AGMs the shareholders approved only slightly more than 50 per cent of all voting items. Conversely, during the general meetings of 2020 to 2022 all voting items were approved.

For the three investor classes, the retail shareholders, the institutional investors and the other stakeholders, I also calculated how they supported the agenda items. The results can be found in the remaining rows of table 2. First it can be noticed that the overall approval rates in number of votes significantly differs from the approval by the number of shareholders. For example, in 2022 the average approval rate in votes of all the agenda items was 72 per cent but on average only 31 per cent of all the participating shareholders agreed with the proposed agenda item. It follows that the agenda items were predominantly approved by larger shareholders and opposed by smaller shareholders. Also during the general meetings of most other years – 2018, 2020, 2021 and 2023 – larger shareholders tend to approve the agenda items more frequently than smaller shareholders, resulting in higher mean approval rates in votes than in approval rates measured in number of shareholders. In 2019 (and 2024) the opposite occurred: smaller shareholders approved more of the agenda items than larger shareholders resulting in a higher approval rate in the number of the shareholders than the approval rate measured in votes.

For this study it is more important to measure the behavior of the stakeholders compared to the other types of shareholders. The last three rows of table 2 provides insights in the voting behavior of the stakeholders compared to the retail shareholders and the institutional investors. Again different voting behaviors are found and the results show a mixed picture. The stakeholders support the agenda items in a similar way as the institutional investors during some of the more recent general meetings. In 2024, on average 91 per cent of both the stakeholders as well as the institutional investors approved the agenda items, and similarly these stakeholders and investors voted 'yes' for close to 70 per cent of the agenda items of the 2023 general meeting. It contrasts with the voting behavior of the retail shareholders of which only 52 per cent voted 'yes' for the agenda items and the divergence between the latter group and the stakeholders is even larger for the 2023 agenda items as on average an agenda item received only a 'yes' of 30 per cent of the retail shareholders. In other years the results tend to be in the opposite direction. In 2020 the agenda items were supported on average by close to 90% of the retail shareholders while the stakeholders (as well as the institutional investors)

²¹ The general meeting elects the board of directors based on lists of candidates presented by large shareholders and/or the outgoing board of directors (see next).



were significantly more frequently opposing the agenda items. The same divergence is to be found in the approval of the agenda items of the 2018 meeting, with 73 per cent of the retail shareholders approving the agenda items, while only 64 per cent of the stakeholders voted 'yes' in the meeting.

In short, it seems that the stakeholders have frequently a different voting policy compared to both the institutional investors as well as the retail shareholders. Whether this general observation is also valid for specific governance items is further studied and the results are presented in table 3 and 4. I looked at some of the most important corporate governance agenda items that are being voted in the Italian AGMs, the director (slate) elections and the remuneration report and remuneration policy.

Table 2: Approval of Agenda Items at AGMs of TIM by Different Shareholder Classes

	2018	2019	2020	2021	2022	2023	2024
Voting items	4*	7	10	11	7	10	12
mean approval (votes)	83,6%	52,8%	96,1%	91,8%	71,7%	54,2%	58,1%
Voting items approved	3	4	10	11	7	5	7
Approval in number of shareholders:							
mean approval (all shareholders)	72,1%	56,5%	84,4%	82,4%	31,3%	40,9%	60,3%
Retail shareholders (shareholders)	73,4%	55,1%	89,7%	81,7%	14,5%	30,0%	51,9%
Other instit. inv. (shareholders)	69,8%	59,9%	74,3%	84,2%	70,5%	69,1%	91,9%
NGOs/Stakeholders*	63,9%	62,7%	76,7%	80,9%	80,1%	71,1%	91,3%

*foundations, universities, churches, associations

Source: own research based on the minutes of the meetings of TIM

The results of the voting behaviour of the different shareholder classes for the director elections are presented in table 3.

The Italian law introduced a specific system for electing directors. The meeting elects the board of directors through a slate-voting system. Shareholders who meet the minimum shareholding requirement set by law (generally 2.5%) or the lower percentage indicated by the articles of association (in the case of Article 13 of TIM's articles of association, this is 0.5%) – as well as the incumbent outgoing board, if permitted by the articles of association – can submit slates or lists of candidates.

Under the Italian Consolidated Financial Act (Decree of February 24, 1998, no. 58), the board of directors is appointed as follows: all directors are drawn from the slate that received the most votes, except for one director, who is drawn from the second-ranking slate.



Some listed companies' articles of association allow for an increased number of directors to be drawn from minority slates and provide mechanisms for more slates to participate in the appointment of minority directors. TIM has adopted this option and states in Article 13 of its articles of association that only 80% of the directors are taken from the list with the most votes. The remaining directors are chosen as follows: "the remaining Directors shall be drawn from the other lists. To this end, the number of ballots obtained by the lists shall be successively divided by one, two, three and four, depending on the number of Directors to be elected. The quotients thus obtained shall be progressively assigned to the candidates on each of the lists, in accordance with the sequential order in which the nominees appear on their list. The quotients allocated in this manner shall be arranged in descending order in a single shortlist. The nominees elected shall be those with the highest quotients. In the event that more than one candidate obtains the same number of ballots, the appointee shall be drawn from the list from which no or the smallest number of Directors has been drawn. If no Director has been drawn from any of these lists, or all the lists have produced the same number of Directors, then the nominee who has received the highest number of ballots shall be appointed."

In 2018, 2021 and 2024, TIM used the slate voting system and the largest shareholder in 2018, and the outgoing board of directors in 2021 and 2024 provided in a slate of the directors (amongst slates of smaller shareholders). The results of this voting system is provided in table 3.²² In 2021 and 2024 the slate of outgoing board of directors obtained the largest number of votes (although not the majority of the votes in 2024), but in 2018 the slate of the largest shareholder only obtained 47 per cent, which is the second largest number of votes. Consequently and following TIM's articles of association the majority of the directors were elected from the slate of an American investment management firm that obtained the largest number of votes. Similar to the overall findings in table 2, there are large differences between the support of the shareholders measured in number of votes and in number of shareholders. The largest voting differences between the different shareholder classes, including the stakeholders, are found in the 2018 election round. Hardly any retail investor supported the list of the largest shareholder, whereas a very large number of smaller institutional investors voted for another slate of directors, and a number of large institutional investors relied on the list of the largest shareholder. As in the follow up election round of 2021, the stakeholders held a voting position between the retail shareholders and the institutional investors: 5,6 per cent of the stakeholders voted for the slate of the largest shareholder, against 1,1 per cent of all retail shareholders and 10,8 per cent of the institutional shareholders. In 2021 the list of the outgoing board of directors is supported by an overwhelming majority of all the shareholders (and votes), but again the number of supportive stakeholders held the middle between that of the retail shareholders and that of the institutional investors. Some large shareholders, but excluding the largest shareholder supported the slate of the outgoing board of directors in 2024 with almost 49 per cent of the attending votes. However, a very small number of large shareholders, including the largest shareholder, holding together more than 47 per cent of the

²² In 2018 there were two lists, in 2021 and 2024 there were three lists presented to the shareholders. In 2024 one other list was withdrawn before the vote.



participating votes abstained, while all stakeholders supported the directors' slate of the outgoing board.

Table 3: Voting Behavior of Different Shareholder Classes for the Director Slate Elections at TIM

	2018	2021	2024
Director slate (votes)	47,27%*	94,96%	48,97%
Retail shareholders (shareholders)	1,15%	99,88%	95,48%
Other instit. inv. (shareholders)	10,83%	85,57%	97,95%
NGOs/Stakeholders	5,56%	90,91%	100%

*: not elected

Source: own research based on the minutes of the meetings of TIM

The remuneration policy as well as the remuneration report are critical voting items for TIM. More than likely due to the relatively weak performance of the telecom operator both the remuneration report as well as the remuneration policy was voted down by the majority of the votes of the shareholders in a number of AGMs (Table 4).

The voting policies of the stakeholders are much more aligned with the institutional investors' perspectives regarding remuneration, resulting in an almost identical relative number of stakeholders voting for or against the remuneration item as the relative number of institutional investors. Retail shareholders vote significantly different. For example in 2022, only six of the three thousand retail investors that participated in the meeting supported TIM's remuneration policy, while more than half of the stakeholders voted for the remuneration policy. In 2024 all stakeholders agreed with the remuneration report (and consequently the remuneration packages for the top management) as well as a very large majority of the institutional investors while only one out of five retail investors agreed with the pay packages of the top management.



Table 4: Approval of the Remuneration Related Agenda Items at the AGMs of TIM

	2019	2020	2021	2022	2023	2024
Remuneration policy (votes)	43,76%	94,98%	94,03%	77,24%	40,70%	42,00%
Retail shareholders (shareholders)	1,66%	99,58%	99,77%	0,20%	0,21%	25,53%
Other instit. inv. (shareholders)	22,08%	81,99%	75,55%	52,30%	47,87%	75,46%
NGOs/Stakeholders	22,73%	84,62%	72,73%	58,33%	50,00%	93,33%

	2020	2021	2022	2023	2024
Remuneration report (votes)	94,03%	94,52%	59,78%	29,01%	42,40%
Retail shareholders (shareholders)	99,46%	99,74%	0,20%	0,18%	20,72%
Other instit. inv. (shareholders)	77,61%	79,87%	10,96%	8,14%	87,68%
NGOs/Stakeholders	76,92%	81,82%	16,67%	7,14%	100,00%

Source: own research based on the minutes of the meetings of TIM

These findings are based on seven consecutive AGMs but of only one large stock exchange listed company. Extrapolation should first consider the ownership and the voting behavior of NGOs in other companies. As far as I could ascertain further evidence is not readily available. I studied the participation of shareholders of the 2024 meeting of Prysmian, another large Italian MIB-index company. 35 NGOs participated in that general meeting of Prysmian, together voting 0,222 per cent of the shares. Among those NGOs are 13 foundations, 8 universities, 7 associations, and 7 churches, all foreign shareholders, and more than half of these organisations were or are also shareholders of TIM. This second case of Prysmian shows that NGOs are, in the terms of Freeman, regularly acting as “owners” of companies. It also largely confirms the findings and voting behavior of NGOs in TIM: the stakeholders all approved the slate of the outgoing board of directors whereas almost 13 per cent of all the votes were for another list of directors; 17 per cent of all the votes were cast against the remuneration report of the directors whereas 20 per cent of the votes of the NGOs were cast against this report; and all the NGOs voted for the remuneration policy whilst around 8 per cent of all the shareholders voted against this policy. In short NGOs voted largely in a uniform way and different from the other classes of the shareholders.

My evidence support the finding that NGOs are not only stakeholders of the company, a number of NGOs are also shareholders of the company, actively voting their shares. Their stakes are small to very small, hardly influencing the voting results of the agenda items. However their voting behavior differs from both the retail shareholders as well as from the institutional investors.



4. Use of the Question Right

Article 9 of the Shareholder Rights Directive (SRD)²³ states, “every shareholder shall have the right to ask questions related to items on the agenda of the general meeting. The company shall answer the questions put to it by shareholders.” It is a relevant and low-cost means of shareholder engagement and often the only tool for small shareholders to directly interact with the board of directors.

In an empirical study with Lafarre and Slager²⁴ of the minutes of over 400 AGMs of the 50 largest Dutch companies between 2015 and 2023, we identified more than 1500 questions being raised related to sustainability receiving almost 1500 board answers. A very large majority of these questions were raised by NGOs.

Two different types of NGOs can be identified. First there are NGOs that are acting on behalf or with support of institutional investors or retail shareholders.²⁵

The two most important representative organisations are VBDO and VEB. VBDO - *Vereniging van Beleggers voor Duurzame Ontwikkeling*²⁶ - is a multi-stakeholder membership association, comprises diverse members including but not limited to financial institutions, institutional investors, service providers, civil society organizations and NGOs, and individuals.²⁷ VBDO actively exercises the shareholder question right by posing shareholder questions linked to three predefined sustainability themes, each aligned with one of the ESG pillars and changing over time. Its recent themes are biodiversity, labour conditions in the supply chain and lobbying, but in the past also themes of climate adaptation, diversity, living wage and circular economy were focal points. The VEB is an association of securities owners - *Vereniging van Effectenbezitters* - which aims to promote the interests of and provide information to investors and to promote adequate governance of stock exchange listed companies.

The second group of NGOs are unrelated to any other kind of investor and directly put forward their stakeholder claims. These NGOs acquire only one or a few shares ('one-share activism'), which allow them to making use of the AGM stressing their specific stakeholder interest. NGOs, like *Milieudefensie* (Friends of the Earth Netherlands), Greenpeace, Extinction

²³ Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies [2007] OJ L 184/17.

²⁴ Anne Lafarre, Christoph Van der Elst and Rieneke Slager, 'Beyond the Ballot: The Power of Shareholder Sustainability Questions at Dutch AGMs' (2025) *European Business Organization Law Review*, in press.

²⁵ Institutional investors (and others) are members of these NGOs and (financially) support the NGOs via this membership. Those NGOs consult with their (institutional) investors and discuss and engage with companies (for) a variety of items. Often these NGOs also own and hold a small number of shares facilitating the attendance process.

²⁶ Dutch Association of Investors for Sustainable Development.

²⁷ VBDO, AGM Engagement Report 2023 Moving Forward Together: Navigating Legislative and Social Demands for Sustainability (2023) <<https://www.vbdo.nl/wp-content/uploads/2023/06/VBDO25-AGM-Engagement-Report-2023-web.pdf>> accessed 1 February 2025.



Rebellion, and Migrant Justice directly address the board of directors with a number of questions (Table 5).

Table 5: Use of Question Right for Sustainability Related Questions in Dutch Companies

Shareholder types	Number of question passages in sample	%
Institutional investors	155	9,8%
VBDO	1095	69,0%
VEB	55	3,5%
NGOs and unions	73	4,6%
Retail shareholders and others	208	13,1%
Total	1586	

Source: Anne Lafarre, Christoph Van der Elst and Rieneke Slager, 'Beyond the Ballot: The Power of Shareholder Sustainability Questions at Dutch AGMs' (2026) *European Business Organization Law Review*, in press.

Between the Q&A-related practices of the two groups, NGOs that represent a large group of institutional investors as well as retail shareholders on the one side and NGOs that act in own name and own behalf there exists significant differences.

The first group is supported by large shareholders and can have significant voting impact, the second group are very small shareholders, acting in their own name and on their own behalf.

Second, the first group addresses a larger variety of topics related to the investees' behavior, whereas the second group emphasizes one specific issue. During the 2024 AGM meeting of ING the VEB raised questions about the cost/income ratio, segment reporting, energy transition, fee income, and the involvement of the auditor in a Dutch audit exam fraud case. *Milieodefensie* (only) focused on the scope 1, 2 and 3 emission reduction targets and related topics of pay package structure of top executives and the intention to launch a court proceedings for not taking into account the required emission reductions.²⁸

Third, the tone of the questioning differs substantially. The questions of NGOs acting in own name and on own behalf are more of a conflicting nature compared to the questions raised by NGOs representing shareholders, like the VBDO. The latter emphasizes more the positive developments that investees have reached with words like compliment, appreciation and

²⁸ ING, 2024 AGM notarial record of proceedings (2024) <<https://www.ing.com/Investors/Shareholders-meeting/Annual-general-meeting.htm>>, accessed 29 January 2025.



congratulations, which are combined with questions to move forward and reach out for more sustainable behavior.

An illustration of the conflicting tone is to be found in a question of the NGO *Milieudefensie* at the general meeting of Ahold, a large multinational retailer, in 2024:

“[...] to question Ahold Delhaize's climate plan. We have asked independent researchers to calculate the climate damage and check the distribution of Ahold Delhaize's profits. Milieudefensie Young is shocked at the conclusion. I read in SOMO's report that more than one hundred percent (100%) of Ahold's profits go to shareholders. [...] Profundo also found out that in two thousand and twenty-two alone, Ahold was responsible for nine billion eight hundred million euros (EUR 9,800,000,000--) in climate damage. That's just the prevention costs. [...] Instead, Ahold Delhaize is covering up a third (1/3) of its emissions, which are not included in the target for two thousand and thirty. Researchers have calculated that this gives it a reduction target of twenty-six per cent (26%). That is nowhere near the forty-eight per cent (48%) set by the Paris climate accord. I therefore ask for a reason for this, as the urgency of the climate crisis has only increased. Last year, we came here with a final cheer. By now, the time of asking nicely has passed. For three years in a row I have been here in my green shareholder suit [...]. That is why I am not only asking, but demanding here today that Ahold Delhaize reduce its emissions by forty-eight per cent (48%) in two thousand and thirty-three compared to two thousand and nineteen, in absolute terms, throughout the chain, i.e. Scope 1, Scope 2 and Scope 3. So I ask, will Ahold Delhaize comply with this requirement and thus with the Paris climate agreement, or will we see you back in court? My advice? Don't become the next Shell or ING. Thank you.”²⁹

While VBDO also reaches out for more sustainable behavior, it steers towards a more collaborative approach. At the Ahold 2021 general meeting VBDO questioned the board as follows:

“In regards to sustainability, the VBDO asks if Ahold Delhaize is on track to achieve its two thousand and twenty-five (2025) goals for one hundred percent (100%) of its own brand plastic packaging being reusable, recyclable, or compostable, and twenty-five percent (25%) of Ahold Delhaize's own brand plastic being made from post-consumer recycled content. The VBDO also requests an update on Ahold Delhaize's current standing in these two (2) areas. These questions are asked in the light of the fact that Ahold Delhaize is in the process of collecting accurate packaging data for forty percent (40%) of its total business.”³⁰

²⁹ AholdDelhaize, Akte van Proces-Verbaal van de algemene vergadering van Koninklijke Ahold Delhaize N.V. gehouden op 10 april 2024 (2024) <<https://www.aholddelhaize.com/media/buxgioks/agm-ad-2024-minutes.pdf>>, accessed 20 January 2025.

³⁰ AholdDelhaize, Akte van Proces-Verbaal van de algemene vergadering van Koninklijke Ahold Delhaize N.V. gehouden op 14 april 2021 (2021) <https://www.aholddelhaize.com/media/vom15cim/20210713-proces-verbaal-ava-koninklijke-ahold-delhaize.pdf>, accessed 20 January 2025.



Notwithstanding these differences, there is also a similarity in the behavior of the two types of NGOs. Both NGOs acting in their own name as NGOs representing other shareholders develop long-term strategies. VBDO makes use of a cyclical process in which every three to four years (new) themes are established and companies are analysed and approached discussing the themes repeatedly. VBDO also engages with companies in one-on-one meetings before the AGM takes place. During the meeting, the theme specific questions are raised and the responses are assessed. Follow-up is taking place and advancements (or not) of investees are discussed in the consecutive reporting year and its developments are (again) questioned in the next AGM.³¹ Also the other type of NGOs return to the AGM, emphasizing the importance that companies take their requests serious, and take (immediate) action and comply with their requests. The aforementioned statement and question of *Milieodefensie* during the 2024 AGM meeting of Ahold serves as a good illustration.

The different approaches affect their impact. The confrontational approach result in significant short term media attention but cannot easily be measured as affecting the strategic policies of the companies. It is often also not well received by other shareholders, lowering the likelihood that companies identify the requests of the shareholders *as a group* and in a number of cases those direct action questions even create resistance among the other shareholders. The representative of the VEB, the NGO that acts in the interest of especially retail shareholders, responded to the direct approach of *Milieodefensie* in the retailer Ahold:

“So far, I have the impression that we are attending the shareholders' meeting of a lignite power plant or something similar. It surprises me that the words spoken at this meeting, as well as the texts in the annual report, are of a very different order to the atmosphere I sense in the room. I ask the supervisory directors and the board whether it is possible that they have set the standards so high, with nice values in the annual report and nice presentations here, that as a result many people are very disappointed about the effective environmental results, seemingly not meeting those standards. Or are you just unlucky to have been singled out for criticism because you are a well-known company and you as supervisory directors and board just have to survive these few hours (of criticism).”³²

The effects of all these questions are considerable. First and most importantly, from the assessment of the answers to these questions it follows that companies provide a considerable number of commitments, although there is yet to be proven that it is a causal relationship between the Q&A session and the commitment. Next, many questions and the confrontational behaviour of some of the NGOs and the companies resulted in considerable media attention.

³¹ VBDO (n 27) 14.

³² Ahold Delhaize (n 29).



5. Use of Shareholder Proposal

SRD provides shareholders of listed companies in European Member States also the right to put an item on the agenda of the general meeting, a powerful tool to bring about change in the company. Contrary to the previous two shareholder rights, which are very low cost rights, the right to put items on the agenda requires significant investments or collaborative actions in many jurisdictions. Article 6 of the SRD only requires its Member States to ensure

“that shareholders, acting individually or collectively:

- (a) have the right to put items on the agenda of the general meeting, provided that each such item is accompanied by a justification or a draft resolution to be adopted in the general meeting; and
- (b) have the right to table draft resolutions for items included or to be included on the agenda of a general meeting.

Where any of the rights specified in paragraph 1 is subject to the condition that the relevant shareholder or shareholders hold a minimum stake in the company, such minimum stake shall not exceed 5 % of the share capital.”

A number of European jurisdictions share with the European Union the threshold of 5% of the share capital, while some introduced (or maintained) lower thresholds like Italy, Denmark and the Netherlands.³³ It is likely that it affects the number of proposals that shareholders yearly launch which number is significantly higher in the US than in European jurisdictions.³⁴

As few shareholder proposals are launched in most European Member States, NGOs do not make frequently use of this right neither. According to the study of Renneboog and Szilagyi, only a few proposals are initiated by NGOs.³⁵

A well-known exception is the shareholder activism of the in the Netherlands registered association *Follow This*, a “grassroots” NGO, an organization which is working to improve the habitat, supported by a large number of (institutional) investors.³⁶ In 2016 *Follow This* launched for the first time a shareholder proposal requiring Shell to transform into a renewable energy company. The proposal received less than 3 per cent support, hence the investors that backed

³³ Anne Lafarre, ‘Shareholder Engagement and Corporate Voting in a Comparative Perspective’, in Harpreet Kaur, Chao Xi, Christoph Van der Elst and Anne Lafarre (eds), *The Cambridge Handbook of Shareholder Engagement and Voting* (Cambridge Law Handbooks, Cambridge University Press) 495.

³⁴ Luc Renneboog and Peter Szilagyi, ‘Shareholder Engagement at European General Meetings’ in Marco Belcredi and Guido Ferrarini (eds), *Boards and Shareholders in European Listed Companies* (Cambridge University Press 2013) 330; Lafarre (n 33).

³⁵ Their study did not specify the NGOs as proposal sponsors but from their identified categories follows that only a few can be initiated by an NGO (Luc Renneboog and Peter Szilagyi (n 34) 333).

³⁶ Its website mentions it has over 10.000 members. Some of the members must be large shareholders too, willing to provide support(ive shares) in submitting the shareholder proposals in a number of oil companies.



the proposal to be tabled were probably the only shareholders that voted for the proposal. However, over the years the proposal became more elaborated (see Table 6) and specific and in 2022 at several general meetings of oil companies in which the proposal was tabled, the shareholders had to vote the following proposal:

“Shareholders support the company to set and publish targets that are consistent with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

These quantitative targets should cover the short-, medium-, and long-term greenhouse gas (GHG) emissions of the company’s operations and the use of its energy products (Scope 1, 2, and 3). Shareholders request that the company report on the strategy and underlying policies for reaching these targets and on the progress made, at least on an annual basis, at reasonable cost and omitting proprietary information.”³⁷

This proposal convinced an increasing group of shareholders and by 2021 thirty per cent of all the participating shareholders voted for the proposal. Nevertheless, at the same time, the board of Shell launched its own energy transition strategy and plan and from 2022 onwards the proposal of *Follow This* received a lower number of votes for this shareholder proposal (Table 6).

Table 6: Shareholder Proposal and Management Proposal on Sustainability at AGMs of Shell

Year	Type	Proposal	Result
2024	Follow This proposal	Shareholders support the Company to align its existing 2030 reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C. The strategy for how to achieve this target is entirely up to the Board.	18,62%
2024	board proposal	Shell's Energy Transition Strategy 2024 resolution	78,03%
2023	Follow This proposal	See the proposal cited for 2024..	20,19%
2023	board proposal	Shell's Energy Transition resolution	80,01%

³⁷ The proposal launched at the 2022 AGM of Equinor, <https://cdn.equinor.com/files/h61q9gi9/global/7056bb3e26382f2c3477c13200a38e8fd6535841.pdf?notice-of-annual-general-meeting-in-equinor-asa-11-may-2022-equinor.pdf>, <consulted 2 February 2025>.



2022	Follow This proposal	Shareholders support the company to set and publish targets that are consistent with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C. These quantitative targets should cover the short-, medium-, and long-term greenhouse gas (GHG) emissions of the company's operations and the use of its energy products (Scope 1, 2, and 3). Shareholders request that the company report on the strategy and underlying policies for reaching these targets and on the progress made, at least on an annual basis, at reasonable cost and omitting proprietary information.	20,29%
2022	board proposal	Shell's Energy Transition resolution	79,91%
2021	Follow This proposal	See first sentence cited up to 'levels' of proposal 2022 . These targets need to cover the greenhouse gas (GHG) emissions of the company's operations and the use of its energy products (Scope 1, 2 and 3), to be short-, medium-, and long-term, and to be reviewed regularly in accordance with best available science. We request that the company base these targets on quantitative metrics such as GHG intensity metrics (GHG emissions per unit of energy) or other quantitative metrics that the company deems suitable to align their targets with a well-below -2°C pathway. Shareholders request that annual reporting include information about plans and progress to achieve these targets (at reasonable cost and omitting proprietary information).	30,47%
2021	board proposal	Shell's Energy Transition Strategy	88,74%
2020	Follow This proposal	See the proposal cited for 2021.	14,39%
2019		resolution withdrawn	
2018	Follow This proposal	Shareholders support Shell to take leadership in the energy transition to a net-zero-emission energy system. Therefore, shareholders request Shell to set and publish targets that are aligned with the goal of the Paris Climate Agreement to limit global warming to well below 2°C. These targets need to cover the greenhouse gas (GHG) emissions of Shell's operations and the use of its energy products (*), they need to include long-term (2050) and intermediate objectives, to be quantitative, and to be reviewed regularly. We request that the company base these targets on tangible metrics such as GHG intensity metrics (GHG emissions per unit of energy produced) or to use other metrics that the company finds suitable to align its targets with a well-below-2°C pathway. Shareholders request that annual reporting include information about plans and progress to achieve these targets.	5,58%
2017	Follow This proposal	See first sentence of proposal 2018. Therefore, shareholders request Shell to set and publish targets for reducing greenhouse gas (GHG) emissions that are aligned with the goal of the Paris Climate Agreement to limit global warming to well below 2°C. These GHG emission reduction targets need to cover Shell's operations as well as the usage of its products (scope 1, 2, and 3), they need to include medium-term (2030) and long-term (2050) deadlines, and they need to be company-wide, quantitative, and reviewed regularly. Shareholders request that annual reporting include further information about plans and progress to achieve these targets.	6,34%
2016	Follow This proposal	Shell will become a renewable energy company by investing the profits from fossil fuels in renewable energy; we support Shell to take the lead in creating a world without fossil fuels and expect a new strategy within one year.	2,78%

Source: own research based on the minutes and the notices of the meetings of Shell

After a number of years *Follow This* could expand its operations and launch shareholders proposals at general meetings of other major oil companies, both in Europe as well as in the



US. A summary of some of the voting results of the shareholder proposal of *Follow This* can be found in Table 7. In 2021 the shareholders of Chevron supported the *Follow This* shareholder proposal with a significant majority of the votes, and similar proposals also received the majority shareholder support at meetings of Phillips66 and ConocoPhillips (not in table 7).

Table 7: Overview of Voting Support of *Follow This* Shareholder Proposals at Major Oil Companies

	2021	2022	2023	2024
BP	20,65%	14,86%	16,75%	-
OXY	-	16,51%	-	-
Equinor	3,22%	3,57%	-	-
Valero	-	42,40%	31,83%	-
Chevron	60,70%	32,60%	9,60%	-

Source: own research of the voting results of these companies' AGMs

Also at those companies, like in Shell, the shareholders were less supportive at subsequent general meetings. From 2023 the number of proposals issued by *Follow This* dropped. However, other NGOs took over. At Equinor, WWF and Greenpeace issued a similar proposal during the AGMs of 2023 and 2024. Support for these proposals was modest, between 3 and 4 per cent. Also at Chevron the National Center for Public Policy Research, an US NGO that markets itself as an independent conservative think tank³⁸ took over the shareholder proposal similar to the *Follow This* proposal.

Further, some envisaged companies were taking action and developed transition plans and strategies addressing the major concerns expressed in these shareholder proposals. Table 6 provides an example for Shell but also the shareholders attending the general meeting of Total were offered since 2021 a vote on the company's 'Sustainability & Climate – Progress Report' receiving similar supportive votes as Shell's Energy Transition Strategy.

Third, the right to make use of shareholder proposals is also considered as a valuable tool for other NGOs in other industries. At Danske Bank *ActionAid Denmark*, an NGO that strives for a just and sustainable world and active in more than forty countries, launched a shareholder proposal for amending the Bank's Climate Action Plan towards lending to fossil fuel companies. It repeated its proposal in the Bank's AGM of 2024 but without any success.³⁹

³⁸ National Center for Public Policy Research, About, <<https://nationalcenter.org/about/>> accessed 2 February 2025.

³⁹ Note that it is common that Danske Bank receives many shareholder proposals (Hanne S. Birkmose and Karsten Engsig Sørensen, 'Shareholder Democracy in Denmark: Contrasting Law on the Books



The repeated actions and attention for the negative climate effects of the oil industry, affected the investment policies of major shareholders, including NGOs. Some institutional investors, especially many Dutch pension funds, decided to exit the oil industry after pressuring those companies for transitioning towards other energy resources.⁴⁰ Also the Church of England, one of the major NGO- investors exited the major oil companies like Shell, BP and Total for failing to put sufficient effort to halt global warming.⁴¹ It was a major change for many of those investors as even in 2018 the Archbishop of Canterbury reflected: "I am pleased that the Church of England Pensions Board has worked in collaboration with other investors Robeco, APG, the Environment Agency Pension Fund and USS, and with the management of Shell. Together they have demonstrated to the world what is possible when we focus our combined energy and creativity in dealing with one of the most pressing issues facing humanity today."⁴² In 2023 it turned into: "the church will follow not just the science but our faith – both of which call us to work for climate justice" with an exit of those oil producing companies.

However, opposite and negative reactions co-exist with other initiatives and supportive effects. At the AGM 2023 of Chevron an individual shareholder launched the proposal "to rescind the 2021 'reduce scope 3 emissions' stockholder proposal" of *Follow This*. 1,30 per cent of the votes supported that proposal. When *Follow This* launched its shareholder proposal for the 2024 AGM general meeting of Exxon, the company filed a court case against *Follow This* and its ally in the proposal, *Arjuna Capital* for repeatedly submitting proposals that are overwhelmingly rejected by the other shareholders and is to be considered as misuse of the right of proposal. Exxon turned to the court arguing that the SEC "was allowing too many frivolous shareholder petitions"⁴³. *Follow This* withdrew the proposal, but Exxon continued the case, fighting the legality of the proposal.⁴⁴ The Texas District Court dismissed the case arguing that also *Arjuna Capital* is bound by its commitment not to submit similar proposals to Exxon in the future and defusing the controversial issue. Therefore, it remains to be seen whether Exxon's claim can have its virtue and rephrase this part of the US accountability structure.

and Law in Practice', in Harpreet Kaur, Chao Xi, Christoph Van der Elst and Anne Lafarre (eds), *The Cambridge Handbook of Shareholder Engagement and Voting* (Cambridge Law Handbooks, Cambridge University Press) 276.

⁴⁰ Chris Flood and Josephine Cumbo, 'Dutch pension giant ABP to dump €15bn in fossiel fuel holdings' (21 October 2021) Financial Times; Pieter Couwenbergh and Maaike Noordhuis, 'Pensioenfonds voor de Zorg stapt uit Shell en BP' (8 February 2024) Financieel Dagblad;

⁴¹ Attracta Mooney and Tom Wilson, 'Church of England dumps oil majors over climate concerns' (23 June 2023) Financial Times.

⁴² The Church of England, 'Church of England Pensions Board response to announcement of Shell's climate targets' (3 December 2018) <<https://www.churchofengland.org/media/press-releases/church-england-pensions-board-response-announcement-shells-climate-targets>> accessed 18 January 2025.

⁴³ Temple-West, Patrick and McCormick, Myles, 'Judge dismisses Exxon suit against asset manager over climate activism', Financial Times (19 June 2024), 9.

⁴⁴ Cooley PubCo, 'Exxon court challenge to Arjuna shareholder proposal survives dismissal [update]', <<https://cooleypubco.com/2024/05/29/exxon-challenge-arjunaproposal-survives/>> accessed 2 February 2025.



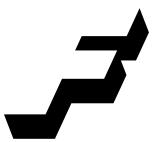
Measuring the effects of these shareholder proposals is challenging.⁴⁵ While it seems that shareholder proposals have seldomly received majority support and hence investees do not have to take those proposed agenda items into account, it triggered many reactions. Companies changed strategy (although mostly less far-reaching than what the shareholders requested) or even challenged this shareholder voice, while other shareholders amongst which a number of NGOs copied the behavior of the active NGOs and also launched shareholder proposals, and some shareholders used the exit-mechanism showing their discontentment vis-à-vis the insufficient responses of companies.

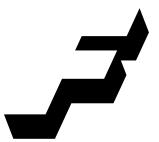
6. Conclusion

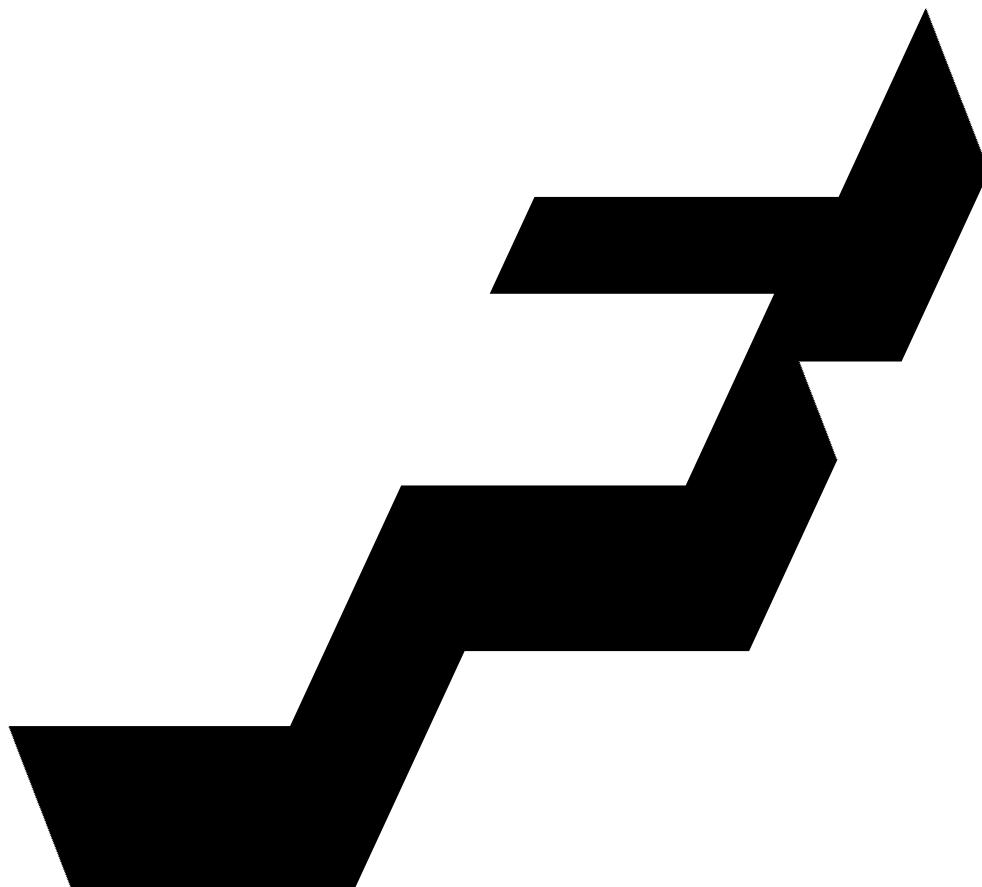
This case based study shows that NGOs and other types of stakeholders are also often shareholders of companies and make active use of their voting rights. Their holdings are usually relatively small and therefore their voting influence is relatively modest. The case study of the Italian Telecom Operator TIM and supported with evidence from Prysmian, a large electrical cable producer, illustrates that NGOs develop independent voting policies, which differ from other shareholder classes like institutional investors and retail shareholders. Second, some NGOs, representing a large number of shareholders in AGMs, make abundant use of the right to ask questions. Those NGOs build long-term relationships with the investees and revisit the AGMs pointing at ESG improvements that companies can make and obtain commitments of companies to take account of their requests. Other NGOs focus more on confrontation with the companies in their questioning, resulting in significant media attention, which can affect the reputation of the company, which is not always appreciated by the other shareholders. Some NGOs, which are also supported by major investors, initiate shareholder proposals. Obtaining the majority of the votes in an AGM, thus convincing a very large group of shareholders is mostly too high a threshold to reach for as most of the proposals cannot persuade a sufficient number of other shareholders that the proposal is in their interest. Nevertheless, the proposals are obviously having other effects like changes in the behaviour of companies in line with the shareholder proposal but less far-reaching than the shareholder proposal requested.

The case based evidence shows that next to shareholder activism of hedge funds and related parties, NGOs as a shareholder class and their shareholder activism is not to be underestimated.

⁴⁵ Note that even if shareholder proposals are withdrawn, they can also have an effect, Rob Bauer, Frank Moers and Michael Viehs, 'Who Withdraws Shareholder Proposals and Does It Matter? An Analysis of Sponsor Identity and Pay Practices' (2015) *Corporate Governance: An International Review*, 23 (6) 472-488.







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