

# SHAREHOLDER ACTIVISM ON CLIMATE ISSUES: THE ROLE OF FRAMING AND STAKEHOLDER SYSTEMS

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## **Abstract**

Shareholder activism is a key driver of corporate change. Although it has become a prominent organisational phenomenon, most research has only looked at the relationships between activists and firms, providing a limited understanding of the overall process and its actors.

This study takes a more comprehensive system-level approach of shareholder activism, examining the connections between shareholder activists, firms, and stakeholders. In the context of European shareholder activism on climate issues, we explore how shareholder activists collaborate with stakeholder systems, including organisational stakeholders, stewardship and climate experts to frame and align their collective actions within coalitions.

We conceptualise shareholder activism as a dynamic process structured around three mutually inclusive frames: disclosure-seeking, financial materiality, and double materiality. The disclosure-seeking frame is motivational, whereas the financial and the double materiality frames are diagnostic and prognostic, respectively. Our findings show that collective actions of shareholder activists produce ripple effects between frames at the systems level. We observe a clear shift towards the financial and double materiality frames, indicating a growing alignment between financial interests and environmental impact.

These results support the need for a broader system-level view of shareholder activism that can be applied to other environmental issues.

**Keywords:** Shareholder Activism; Climate Change; Stakeholder Systems; Framing; Double Materiality; Impact

## Introduction

The Paris Agreement of December 2015 (COP 21) represents a significant milestone in a series of events, commitments, and reports that have brought the issue of climate change to prominence over the past decade (Andersson, Bolton and Samama, 2016). In Europe, most investors have responded to the issue of climate change by making public commitments to net-zero carbon emissions from their investments by 2050. According to a survey conducted by the asset manager Robeco, 37% of European institutional investors have already made a public commitment to be net zero by 2050, while 24% are in the process of doing so (Robeco, 2023).

In addition to providing capital, institutional investors are also shareholders. As owners of the world's largest carbon emitting firms, they have a unique opportunity to drive the net-zero transition of their investment portfolios by engaging with firms on climate issues in the best interests of their stakeholders as part of their fiduciary duties (Andersson, Bolton and Samama, 2016). According to Klettner (2022), they could even play the role of stewards of society. With regard to their net-zero objectives, they have significantly increased their shareholder activism on climate issues. The activism data specialist Insightia points out that they actively engaged with 135 firms worldwide on climate issues in 2022, up from 68 in 2016, while in Europe, the number of targeted firms increased fivefold between 2016 and 2022 (Insightia, 2023).

Shareholder activism refers to the actions-taken by shareholders 'with the explicit intention of influencing corporations' policies and practices' (Goronova and Ryan, 2014, p. 1233). In terms of climate issues, shareholder activism can be carried out individually or collectively, involving a wide range of investors such as asset managers, hedge funds and impact investors (Barko, Cremers and Renneboog, 2022). Due to the time- and resource-intensive nature of shareholder activism, investors often join forces within a coalition to collectively voice their concerns about climate change (Slager *et al.*, 2023).<sup>1</sup> They rely on organisational stakeholders (Roulet and Bothello, 2022) that support their collective actions, such as the Principles for Responsible Investment (PRI) and Climate Action 100+ (CA100+) (Dimson, Karakas and Li, 2021).

To date, research on climate activism has mainly focused on the static analysis of activist–firm dyads. Previous studies have demonstrated that the success of climate activism depends on the expertise of the coalition leader (Dimson, Karakas and Li, 2021), the interaction between investors and firms’ receptivity (Bauer, Derwall and Tissen, 2022) and the type of the climate issue: ‘disclosure seeking’ (Flammer, Toffel and Viswanathan, 2021) or ‘financial materiality’ (Slager *et al.*, 2023). However, no studies have attempted to capture the dynamics of climate activism, as the literature to date has assumed that climate issues and shareholder activists’ responses to those issues are separate issues. The literature has also neglected the interactions between activists and other stakeholders, including nongovernmental organisations (NGOs) and proxy advisors (Chuah *et al.*, 2023). Therefore, in this study, we ask: ‘How do investors build their collective climate activism actions with stakeholders and evolve their framing around different climate issues?’

To answer our research question, we turn to the concept of ‘collective action frames’, borrowed from the social movement literature (Murphy, Denyer and Pettigrew, 2021), to explain how investors frame their collective actions by co-operating with other stakeholders who provide methodological frameworks and expertise. Such framing draws attention to how activists ‘negotiate a shared understanding of some problematic situation they define as in need of change’ and ‘make[s] attributions regarding who or what is to blame, articulate[s] an alternative set of arrangements, and urge[s] others to act in concert to affect change’ (Benford and Snow, 2000, p. 615).

Our analytical approach involves linking framing processes with a system-level perspective of shareholder activism. In doing so, we point to the importance of framing processes mobilising co-operation between investors and stakeholders around a shared (climate) issue. Specifically, we explore how and why framing processes emerge through three mechanisms: *motivational*, *diagnostic*, and *prognostic* (Benford and Snow, 2000). Based on these framing processes, we adopt a system-level approach to provide a more complete understanding of how shareholder

activism processes unfold for climate issues (Chuah *et al.*, 2023). An innovative feature of our study is that we unveil a range of interdependencies between investors and other stakeholders, including organisational stakeholders who help investors' coalitions frame and support collective actions (Roulet and Bothello, 2022), positively changing socio-ecological systems such as the field system of climate change and contributing to the success of their climate activism (Dimson, Karakaş and Li, 2015).

Our qualitative case study is based on 37 interviews and provides new insights into the dynamic processes of shareholder activism related to climate issues in Europe. We identify three frames for climate activism campaigns, namely, 'disclosure seeking', 'financial materiality', and 'double materiality'. The 'disclosure-seeking' frame seeks greater transparency on climate issues and enhances disclosures by firms (Flammer, Toffel and Viswanathan, 2021). The 'financial materiality' frame assesses the impact of climate issues on a firm's financial performance (Slager *et al.*, 2023). We identify an emerging 'double materiality' frame that combines the financial materiality frame with impact materiality, which considers the effects of a firm's activity on its environment, nature and society. Since the association between shareholder activism and impact is unexplored (Marti *et al.*, 2024), our study may be viewed as the first investigation of systemic-impact activism for climate issues (Casasnovas and Jones, 2022), supported by stakeholder systems and framing processes.

## **A System-Level Perspective of Shareholder Activism**

Europe has been the key driver behind sustainable finance since the Paris Agreement, holding 84% of global sustainable funds' assets in 2022, according to the *European Sustainable Investment Funds Study 2022* (Morningstar and Zeb, 2022). Equity remains the prevailing financing instrument, comprising 64% of sustainable fund assets, which allow institutional investors to exert significant influence on the sustainability efforts of firms and contribute to expediting their net-zero transitions (Klettner, 2022). As part of this transformative role,

shareholder activism by institutional investors on sustainability topics has become an increasingly important driver of corporate change over the past decade (Chuah *et al.*, 2023). Investors employ several activism tactics, including *voice tactics* such as ‘behind-the-scenes’ private dialogues, ‘just vote no’ campaigns, proxy contests and voting resolutions (McCahery, Sautner and Starks, 2016), litigation and *exit tactics* (divestment) (Goodman *et al.*, 2014).

To provide a more holistic picture of shareholder activism on climate issues (Aguilera *et al.*, 2021), we adopt a system(-level) perspective to examine the dynamic and complex interactions between shareholder activists and stakeholders, leading them to engage collectively with firms. In fact, climate issues are recognised as global, long-term and complex (Aguilera *et al.*, 2021) in terms of firms’ decarbonisation, transition and physical risks (Bolton and Kacperczyk, 2023). Since these issues have ramifications for other environmental (e.g., biodiversity) or societal issues (Girard-Guerraud, Goodman and Louche, 2022), they are viewed as systemic.

Given the time- and resource-intensive nature of shareholder activism, most investors outsource dialogue to organisational stakeholders that collectively represent their interests, such as the PRI and CA100+. Table 1 presents the characteristics of the most active organisational stakeholders (Roulet and Botello, 2022), also called intermediary organisations (see Slager *et al.*, 2023), which support investors that engage with firms on climate issues and are part of stakeholder systems. PRI, CA100+ and the French Sustainable Investment Forum (SIF) help investor signatories initiate collective actions with firms by posting their projects on a collaboration platform. The organisational stakeholders then provide investors with an assessment of the firms’ net-zero trajectories using either climate science-based methodology (e.g., Science Based Targets initiative [SBTi]) or their own methodological frameworks (e.g., the Net-Zero Company Benchmark for CA100+). At the same time, they scrutinise firms’ transition plans using their own tools, such as the Accelerate Climate Transition (ACT) assessment developed by the European Sustainable Investment Forum (Eurosif) and the Carbon Tracker Initiative (CTI) alignment assessment promoted by CA100+.

Despite the facilitating role of organisational stakeholders, shareholder activism on climate issues remains a complex, dynamic and adaptive process that continues to evolve according to the interdependencies between firms, activists and other stakeholders (Chua *et al.*, 2023). Two stakeholders have been identified in the literature, namely proxy advisors and NGOs. Proxy advisors provide voting recommendations on resolutions to investors for a relatively low fee, facilitating shareholder activism (Mülbert and Sajnovits, 2022), NGOs, as explained by Gond and Piani (2013), provide investors with valuable information on firms’ climate strategies.

**Table 1**  
**Most Active Organisational Stakeholders that Enable Activism on Climate Issues**

	<b>PRI</b>	<b>CA100+</b>	<b>Eurosif</b>	<b>NZAM</b>
<b>Launch Date</b>	2006	2017	2001	2020
<b>Number of Signatories</b>	5,345 including 4,817 investor signatories (4,081 asset managers and 736 asset owners)	700 including 684 investor signatories (394 asset managers and 290 asset owners)	11 European national SIF (e.g., UK SIF, French SIF) representing 400 investor signatories (mainly asset managers)	315 investor signatories (only asset managers)
<b>Focus</b>	All countries – all sectors + campaign specific to the oil and gas sector	All countries – all sectors + campaign specific to the oil and gas sector	Europe – all sectors	US focus – all sectors
<b>Targeted firms</b> (as at December 31, 2023)	163	170	120	N/A
<b>Platform for ESG Engagement</b>	PRI collaboration platform (since 2008) and PRI resolution database (since 2021)	CA100+ platform (since 2017)	French SIF collaboration platform (since 2021)	None
<b>Methodological Framework</b>	NZIF; SBTi for financial institutions; Net Zero Asset Owner Alliance (NZAOA) transition plan	Net-Zero Company Benchmark	SBTi and ACT	NZIF; SBTi for financial institutions; NZAOA transition plan
<b>Disclosure Framework</b> (Climate Risks)	TCFD	Transition Pathway Initiative (TPI) and Carbon Disclosure Project (CDP)	TCFD and CDP	TCFD
<b>Reporting Framework</b> (Climate Transition Plan)	PRI’s reporting and assessment framework	Carbon Tracker Initiative (CTI) alignment assessment	ACT reporting and assessment framework and CSDDD	PRI’s reporting and assessment framework

*Note:* PRI = Principles of Responsible Investment; CA100+ = Climate Action 100+; Eurosif = European Sustainable Investment Forum; NZAM = Net Zero Asset Managers initiative.

The Net Zero Investment Framework (NZIF), the Science Based Targets Initiative (SBTi), the Accelerate Climate Transition (ACT), and the Net Zero Company Benchmark are the most widely used frameworks for setting corporate net-zero science-based targets in line with the Paris Agreement goal to limit the global temperature increase to 1.5°C.

Corporate Sustainability Due Diligence Directive (CSDDD) defines the reporting requirements of climate transition plans for European companies and is aligned with CSRD requirements.

Consistent with Roulet and Bothello (2022), in this study, we consider the interdependencies between shareholder activists and the above-mentioned stakeholders within a stakeholder system, that is, a network of actors that fulfil roles and functions with the aim of achieving the broader goal of sustainability. Such a system-level view encompasses the dynamic and complex interactions of multiple organisations and stakeholders focused on systemic issues.

## **Framing Processes**

Frame and framing have become a mainstay of research in the management and organisational literature (Cornelissen and Wermer, 2014). Framing has historically emerged as a reaction to the strong emphasis in social-movement research on structural aspects of collective actions. This research has since largely influenced the management and organisational literature, such as this related to strategic frames (Jarratt and Stiles, 2010), time frames (Bakker *et al.*, 2013) and technological frames (Ghobadi and Mathiassen, 2024).

Framing supports collaboration between activists and the delivery of appropriate collective action critical to the achievement of outcomes in system-wide change processes (Murphy, Denyer and Pettigrew, 2021). In particular, framing helps with understanding how stakeholders highlight some aspects of a complex issue and how such a portrayal affects audiences' perceptions of this issue (Entman, 1993). As explained by Benford and Snow (2000), three types of framing processes may be used by stakeholders: (i) *diagnostic framing*, which identifies the problem or causes and highlights the responsibilities of stakeholders while emphasising the urgency of the situation; (ii) *prognostic framing*, which proposes solutions and strategies to solve the problems identified; and (iii) *motivational framing*, which mobilises the stakeholders concerned to become involved and take action.

Few papers have studied the application of these framing processes in the context of collective action on climate change. Wahlström, Wennerhag and Rootes (2013) studied frames developed by climate activists in demonstrations and found that they use 'global justice' or 'system

change' in their *prognostic framing*. Vu *et al.* (2021) found that NGOs using Facebook for their collective action prefer to use *diagnostic framing*.

Adopting a dynamic perspective to framing, we regard frames as dynamic structures that are collectively constructed by shareholder activists and transformed during social interactions. In line with Dewulf *et al.* (2009), we hold that the dynamic conceptualisation of frames implies that these frames are not mutually exclusive and can be identified at a certain point in time. Studying the frames from such a dynamic perspective requires integrating the framing process into a system-level approach, consistent with Murphy *et al.* (2021). This perspective includes investigating new frameworks for assessing climate issues, connections between those issues and the stakeholders involved (Freiberg, Rogers and Serafeim, 2020).

In addition to the methodological frameworks used to set net-zero trajectories for firms and assess the relevance of their climate transition plans (see Table 1), shareholder activists draw upon two disclosure frameworks, these of Carbon Disclosure Project (CDP) and Task Force on Climate-Related Financial Disclosures (TCFD), to elicit greater transparency on firms' climate risks (Flammer, Toffel and Viswanathan, 2021). Slager *et al.* (2023) identify another 'financial materiality' framework, which focuses on how climate change influences firms' financial performance and investors' risk/return trade-off. This proves that materiality is a dynamic concept, and new ways of assessing and reporting climate impacts are helpful tools for identifying new climate issues (Freiberg, Rogers and Serafeim, 2020). Notably, the concept of impact materiality which is embedded in the European Union's sustainable finance reporting framework for financial firms - the Sustainable Financial Disclosure Regulation (SFDR) - or corporations - the Corporate Sustainability Reporting Directive (CSRD) - may involve new climate issues (Cooper and Michelon, 2022). While financial materiality pertains to how these issues affect firms' financial performance and risk profile, impact materiality reflects firms' external impacts on the planet and society.<sup>2</sup> Given the strong relevance of double materiality ('financial materiality' and 'impact materiality') for shareholders and stakeholders, we expect

that it plays a role in shaping a new frame for shareholder activism consistent with Marti *et al.* (2024), helping firms reduce their negative environmental impacts and generating positive environmental or societal impacts for society (Arjaliès *et al.*, 2022).

To date, the literature on shareholder activism has been silent on how both the different materiality frameworks and *stakeholder systems* discussed above influence the framing processes of investors' climate activism *at the systems level*. Our study aims to fill this gap.

## **Methods**

We studied the framing processes developed by shareholder activists and stakeholders as they unfold in their collective actions on firms' climate issues and their dynamics by conducting a systematic qualitative data analysis.

### **Sources of Data**

*Primary data source.* Given the lack of empirical evidence on specific framing processes for climate issues (i.e., the phenomenon to detect), we adopted a qualitative research design (Eisenhardt and Graebner, 2007; Gond and Piani, 2013). To provide an authentic representation of these processes and the associated *stakeholder systems*, we conducted a series of semi-structured interviews with 37 individuals, which comprise our primary data source, as is common practice in qualitative studies (e.g., Eisenhardt, Graebner and Sonenshein, 2016). Following the logic of theoretical sampling, we aim to capture the entire spectrum of actors that contribute to the field system of climate activism (Yin, 2009). Our access to central field actors was facilitated by the personal ties of one author who was employed as a researcher for a public agency involved in the French sustainable investment markets. She was in contact with members of the Eurosif, which facilitated our access to a wide range of experts. We thus select a representative sample of experts, including managers and analysts who work for institutional investors and experts who work for NGOs, consultancy firms, law firms, proxy advisor firms,

regulators and organisational stakeholders, thereby covering the full scope of stakeholders involved in shareholder activism.

Table 2 provides descriptive information about our 37 interviewees. Almost two thirds of the respondents are institutional investors working in asset management or pension fund firms. Remarkably, 92% (*resp.* 96%) of interviewees belong to organisations that are members of CA100+ (*resp.* PRI), while 60% work in organisations that are members of Eurosif. Interestingly, 40% of interviewees work for major investors whose size and breadth of shareholdings motivate them to behave as universal owners. Twenty percent of our respondents are either climate experts working at specialised NGOs or stewardship experts (i.e., lawyers or proxy advisors). One stewardship expert is also a permanent member of the *Autorité des Marchés Financiers*, the regulator of French financial markets and their actors. Four respondents work in organisational stakeholders, also called intermediary organisations in the literature (Slager *et al.*, 2023).

Interestingly, our respondents are relatively dispersed from a geographical perspective: 48% are located in France, 28% in the UK and 14% in the Benelux countries, while the rest are located in Germany, Italy or Switzerland. Importantly, this relative geographical dispersion suggests that the location of the data set did not influence our findings.

Our informant triangulation ensured that we could collect and validate responses from the four groups of respondents. Before starting the interviews, we explained the purpose of our study to the respondents and ensured them anonymity. Accordingly, our 37 respondents are identified by individual reference codes in order to keep their information confidential (see Table 2). We also ensured the respondents that names, places and other references mentioned during the interviews would not be published. We recorded and transcribed all the interviews, which lasted approximately one hour on average, resulting in 52 hours of recorded audio and 466 pages of single-spaced text.

*Secondary data sources.* We collected secondary data from engagement reports of shareholder activists, resolutions, NGO reports, websites, newspaper articles and academic articles (i.e., case studies of climate activism). To complement our interview data and gain a better understanding of the activism of asset managers interviewed, we collected their publicly available annual engagement reports. From those reports, we learned that, between 2020 and 2023, the asset management firms interviewed (represented by their employees) engaged with 69 European firms on climate issues within coalitions. Of these 69 firms, we identified 59 companies that belong to the list of firms targeted by CA100+.

Furthermore, 23% of coalition-based engagements relate to UK firms, 23% relate to French firms, 20% relate to German firms, 10% relate to firms located in the Benelux and 9% relate to Italian firms (see *Appendix: Table A1*). This distribution confirms that our study on shareholder activism on climate change is fairly dispersed in terms of geography rather than focusing on a specific national context (Klettner, 2022).

The coalition-based engagements are also dispersed across CA100+ targeted sectors: 25% of them relate to firms that belong to the oil and gas sector; 17% relate to electricity utilities; 14% relate to the chemicals or transportation sectors; and 10% are related to the financial or the consumer goods and services sectors (see *Appendix: Table A2*).

Finally, we obtained database of climate resolutions concerning European firms from ShareAction (an NGO) and Ceres (a consultancy firm).

We used all the secondary data to triangulate information about the positioning of institutional investors among the coalitions they belong to and the alignment of their objectives with those of the organisations they belong to.<sup>3</sup>

**Table 2**  
**Profiles and Functions of Interviewees**

<b>Reference</b>	<b>Category</b>	<b>Subcategory</b>	<b>Job Title/Function</b>	<b>Location</b>
<b>II1</b>	Institutional Investor	<i>Asset Manager</i>	Head of Responsible Investment/Portfolio Manager	France
<b>II2</b>	Institutional Investor	<i>Asset Manager</i>	SRI Portfolio Manager and Analyst	France
<b>II3</b>	Institutional Investor	<i>Asset Owner</i>	SRI Senior Advisor of a Pension Fund	France
<b>II4</b>	Institutional Investor	<i>Asset Manager</i>	Governance Analyst	France
<b>II5</b>	Institutional Investor	<i>Asset Manager</i>	SRI Analyst	Germany
<b>II6</b>	Institutional Investor	<i>Asset Manager</i>	SRI Analyst – Oil and Gas and Financial Sector	France
<b>II7</b>	Institutional Investor	<i>Asset Manager</i>	Head of SRI Research	UK
<b>II8</b>	Institutional Investor	<i>Asset Manager</i>	Head of Sustainable and Responsible Finance	France
<b>II9</b>	Institutional Investor	<i>Asset Manager</i>	Head of ESG Research	Italy
<b>II10</b>	Institutional Investor	<i>Asset Manager</i>	CEO/Portfolio and ESG Engagement Manager	Switzerland
<b>II11</b>	Institutional Investor	<i>Asset Manager</i>	SRI and Governance Senior Advisor – Oil and Gas Sector	France
<b>II12</b>	Institutional Investor	<i>Asset Manager</i>	ESG Analyst	Belgium
<b>II13</b>	Institutional Investor	<i>Asset Manager</i>	Head of Sustainable and Responsible Investment/Portfolio Manager	Netherlands
<b>II14</b>	Institutional Investor	<i>Asset Manager</i>	ESG Analyst	France
<b>II15</b>	Institutional Investor	<i>Asset Manager</i>	Managing Partner and Co-Founder/Portfolio Manager	Luxembourg
<b>II16</b>	Institutional Investor	<i>Asset Owner</i>	Head of Unit – Invested Funds	UK
<b>II17</b>	Institutional Investor	<i>Asset Manager</i>	ESG and Engagement Analyst	France
<b>II18</b>	Institutional Investor	<i>Asset Manager</i>	Managing Director/Portfolio Manager	UK
<b>II19</b>	Institutional Investor	<i>Asset Manager</i>	Head of ESG Research and Engagement	France
<b>II20</b>	Institutional Investor	<i>Asset Manager</i>	Head of ESG Engagement and Voting	UK
<b>II21</b>	Institutional Investor	<i>Asset Manager</i>	Senior Engagement Specialist – Active Ownership	Netherlands
<b>II22</b>	Institutional Investor	<i>Asset Manager</i>	Head of SRI Research and Engagement	UK
<b>OS1</b>	Organisation-Stakeholder	<i>Intermediary organisations</i>	General Delegate of a branch of Eurosif	France
<b>OS2</b>	Organisation-Stakeholder	<i>Intermediary organisations</i>	Manager of an ESG Collaboration Platform	France
<b>OS3</b>	Organisation-Stakeholder	<i>Intermediary organisations</i>	Program Manager – Climate Engagement of an intermediary organisation	UK
<b>OS4</b>	Organisation-Stakeholder	<i>Intermediary organisations</i>	President of an investor network dedicated to engagement on ESG issues	Italy
<b>CEA1</b>	Climate Expert and Activist	<i>NGO</i>	ESG Engagement and Research Manager	Netherlands
<b>CEA2</b>	Climate Expert and Activist	<i>Consultancy firm</i>	CEO of an ESG consultancy firm/ESG Expert and Consultant	France
<b>CEA3</b>	Climate Expert and Activist	<i>Consultancy firm</i>	Senior Advisor of a consultancy firm/ESG Expert and Consultant	France
<b>CEA4</b>	Climate Expert and Activist	<i>NGO</i>	Head of ESG Research and Engagement	UK
<b>CEA5</b>	Climate Expert and Activist	<i>NGO</i>	Founder/Executive Director of an NGO focused on climate change	France
<b>SE1</b>	Stewardship Expert	<i>Lawyer</i>	Lawyer and Proxy Solicitor	France
<b>SE2</b>	Stewardship Expert	<i>Lawyer</i>	Lawyer	UK
<b>SE3</b>	Stewardship Expert	<i>Proxy Advisor</i>	ESG Engagement Associate	UK
<b>SE4</b>	Stewardship Expert	<i>Lawyer</i>	Lawyer	France
<b>SE5</b>	Stewardship Expert	<i>Proxy Advisor</i>	Global Head of Stewardship and ESG Engagement	UK
<b>SE6</b>	Stewardship Expert	<i>Supervisor</i>	Member of the French financial market supervisor – investor committee	France

## **Analysis Methodology**

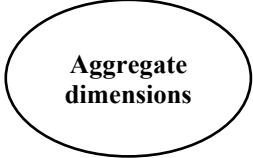

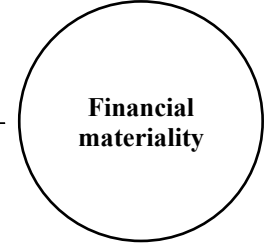
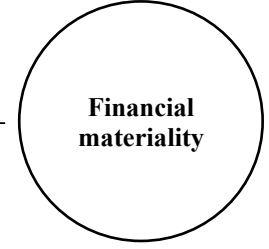
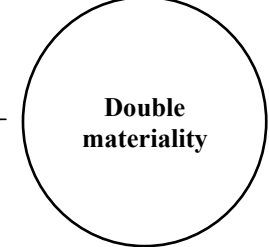
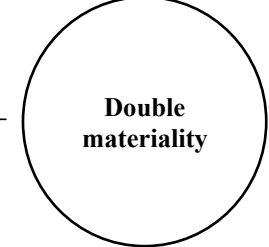
After identifying the framing processes related to climate activism as a central topic of inquiry, our analysis followed the general tenets of inductive qualitative data analysis (Locke, 2001), in line with the Gioia method (Gioia, Corley and Hamilton, 2013).

Figure 1 shows the data analysis methodology we used. We proceeded in three steps. First, we stayed as close as possible to our interviewees' perspectives and used open coding to capture all the facets of their activities and viewpoints. In this way, we generated numerous provisional codes to capture interviewees' viewpoints (e.g., 'As shareholder activists, we push companies to adopt climate transition plans'), the so-called first-order codes. Second, for axial coding (Locke, 2001), we identified recurring patterns in the corpus, extracting second-order themes. For instance, firms' objectives to present climate transition plans and align their decarbonisation paths with the Paris Agreement objectives that were generic in nature (e.g., 'committed to be net zero in 2050') were grouped under the theme labelled 'establishing climate transition plans and decarbonisation targets'. Third, moving back and forth between data and theory, we progressively subsumed distinct themes under theoretical aggregate constructs corresponding to more conceptually informed categories. Our first two aggregate constructs correspond to the 'disclosure seeking' and 'financial materiality' frames documented by Slager *et al.* (2023). We thus broadened our theoretical scope to account for another type of climate issue.

On the one hand, the CSRD obliges firms to manage negative environmental impacts. Based on the literature on impact, we realised that some climate-conscious or impact investors seek 'impact materiality', which 'relates to the severity, scale, scope, likelihood and urgency of an organisation's and its value chain's impact on a sustainability issue' (Cooper and Michelson, 2022). On the other hand, we identified new forms of financial materiality, considering that climate transition plans should offer business opportunities contributing to increasing firms' financial value. We labelled these practices 'double materiality' as they combine 'financial

materiality’ and ‘impact materiality’, thereby requiring a system-level perspective of shareholder activism (UN PRI 2022).

**Figure 1  
Data Structure**

First-order codes	Second-order themes	Aggregate dimensions
<ul style="list-style-type: none"> <li>• Firms are required to disclose Scope 3 carbon emissions in order to assess their exposure to climate-related risks.</li> <li>• Shareholder activists assess firms’ exposure to climate-related risks and opportunities through the evolution of Scope 3 carbon emissions.</li> </ul>	<p><b>Transparency on firms’ Scope 3 carbon emissions</b></p>	
<ul style="list-style-type: none"> <li>• Firms are asked to disclose how they manage their climate-related risks and report potential opportunities for their businesses and strategies.</li> <li>• Corporate boards may refuse to vote for shareholder activists’ resolutions related to the disclosure of climate-related risks management because they encroach on their competence to drive firms’ business strategies.</li> </ul>	<p><b>Transparency on firms’ management of climate-related risks</b></p>	
<ul style="list-style-type: none"> <li>• Firms are required to present climate transition plans and intermediate decarbonisation targets for all scopes.</li> <li>• Shareholder activists push companies to adopt climate transition plans since they offer opportunities for informed dialogue on climate (material) issues.</li> </ul>	<p><b>Establishing climate transition plans and decarbonisation targets</b></p>	
<ul style="list-style-type: none"> <li>• Climate-related risks must be actively managed since they have potential negative effects on firms’ financial value.</li> <li>• Shareholder activists engage with firms to better manage climate-related risks with the aim of maintaining their financial value.</li> </ul>	<p><b>Reducing the exposure of firms to climate-related risks to maintain their financial value</b></p>	
<ul style="list-style-type: none"> <li>• Net-zero (climate) transition offers opportunities for firms to create new business opportunities with positive effects on their financial value.</li> <li>• Shareholder activists engage with firms to accelerate their net-zero transition and create new business opportunities with the aim of increasing their financial value.</li> </ul>	<p><b>Accelerating firms’ net-zero transition to increase their financial values</b></p>	
<ul style="list-style-type: none"> <li>• The CSRD requires European firms to identify and disclose the negative and positive environmental impacts (i.e., PAI) of their activities on the climate, related environmental areas (e.g., biodiversity) and the whole society.</li> <li>• Shareholder activists engage with firms to reduce those negative impacts and generate potentially positive impacts on the environment and the whole society in relation to the concept of ‘just net-zero transition’.</li> </ul>	<p><b>Reducing firms’ exposure to negative environmental impacts and potentially generating positive environmental and/or societal impacts</b></p>	

## Findings

The three frames generated by the data revealed differences in shareholder activism strategies on climate issues and provided a context for understanding the role of stakeholder systems in framing these issues. Figure 2 illustrates this shareholder activism framing process.

### The ‘Disclosure-Seeking’ Frame

The first collective actions frame aims to reduce the informational asymmetry between shareholders and managers by improving firms’ transparency regarding their exposure to climate risks. This frame is conventional in the sense that it resembles the disciplinary approach of shareholder activism (Casasnovas and Jones, 2022). It should enable investors to better assess climate risks faced by firms before potentially challenging their climate strategies.

Most interviewees indicated that they rely on the TCFD recommendations as *framing processes* for their collective actions. The objective is to obtain better disclosure of the climate and carbon risks of targeted firms in order to incorporate these risks into their risk management policies.

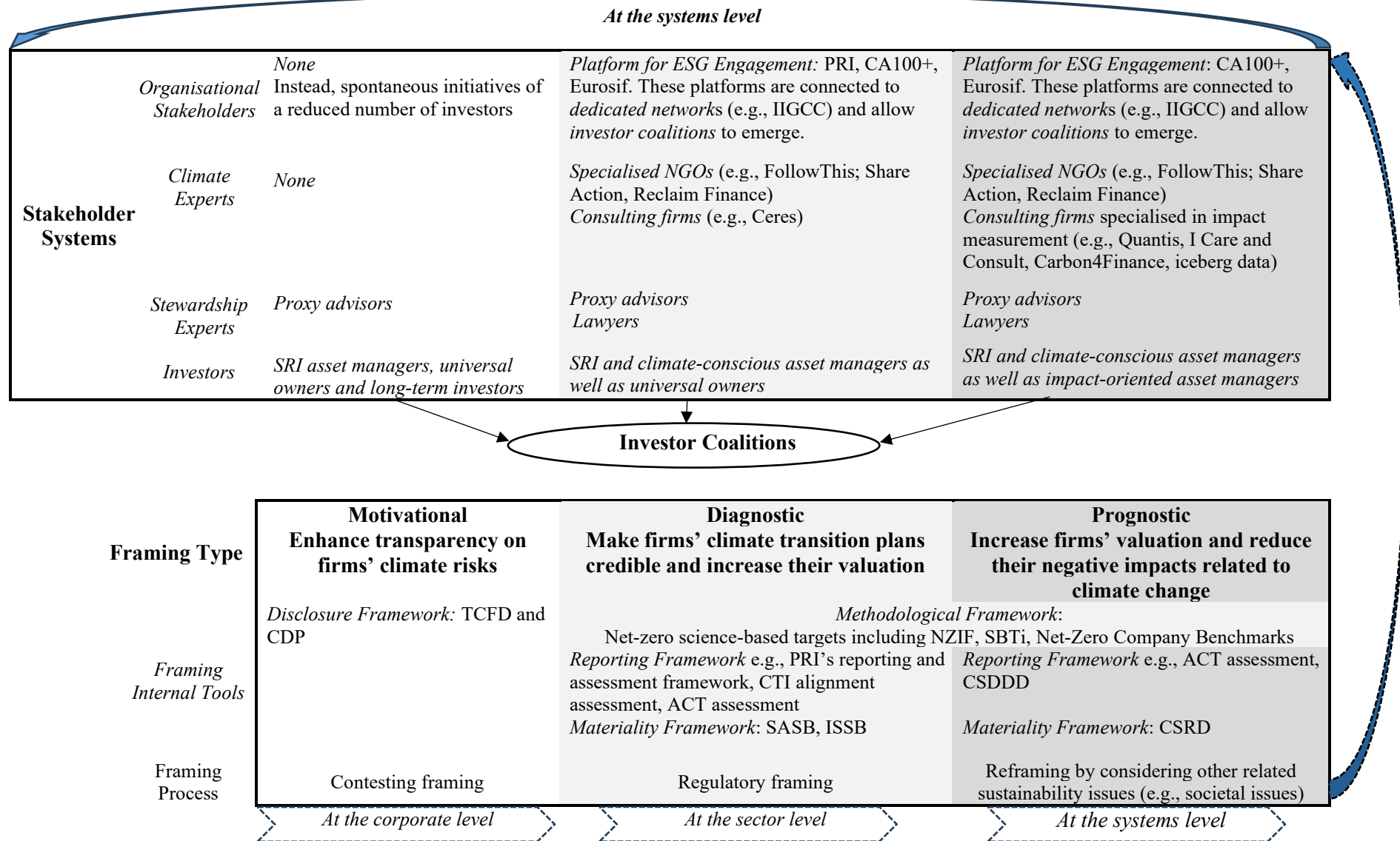
One investor explained the process as follows:

Using the TCFD recommendations as a framework, our assessment looked into how 13 companies had integrated climate-related issues in the organisation’s governance, strategy, risk management, metrics and targets. We engaged with the world’s largest corporate greenhouse gas emitters between 2015 and 2018 to strengthen climate-related financial disclosures. [II21]

For some companies, direct and in-depth dialogue with firm managers and/or boards is sufficient to acquire more information on firms’ climate and carbon risks, leading to subsequent disclosures. This in-depth dialogue with firms may be with individuals, but may also involve a group of long-term investors who have the same demands:

An investor can ask a firm to meet its management and/or people in charge of ESG issues. This dialogue can be conducted either individually or collectively. [II9]

**Figure 2**  
**Framing of Shareholder Activism Regarding Climate Change**



Despite this in-depth dialogue, investors sometimes find it difficult to accurately assess financial information related to the climate risks provided by firms. This is primarily due to poor transparency on Scope 3 carbon emissions, sources (upstream/downstream) and the assessment method employed especially in the oil and gas sector. Often, investors obtain data on carbon emissions that are unverifiable and on which there is no consensus:

The major problem we have with climate is the lack of reliable data. We saw this in the study of Greenpeace on Total Energies. Following this study, we can measure four times more CO<sub>2</sub> emissions than Total Energies reported at the end. [II6]

As mentioned before, this first frame relates to the spontaneous initiatives of a group of investors, supported by a stakeholder system, to conduct in-depth dialogue with firm managers and/or the board. *At the corporate level*, firms often contest this framing. When this dialogue is ineffective, investors escalate their activism by submitting resolutions which may not be supported by other investors or the firms. Firms may indeed argue that these resolutions encroach on the board's competence to drive strategies:

We requested in 2020 that the audit committee chair improve the consideration of climate-related risk in the company's accounts. In 2022, we met the board chair to communicate our concerns about the lack of progress on climate risk disclosures and recommended a vote against the re-election of the audit committee chair due to the lack of significant progress on the issue. [II7]

The fact that shareholder resolutions may not be voted on at annual general meetings when the board is not receptive explains why long-term investors craft *interactive* framing, which involves repetitive tactics of submitting similar resolutions every year. The rationale for using this framing is that long-term investors expect increasing awareness by board members and expertise on climate so that they may gain more independence to deliberate on related issues:

We pay close attention to age, background of board members, their roles and their independence. We see greater climate awareness when all these rules are respected. [II8]

Interestingly, the prevalence of these repetitive *voice tactics* is ignored by the sequential (or escalation) activism model of Gantchev (2013), which could be costly in the case of climate activism, if applied. In fact, long-term investors are unlikely to use *exit tactics* as a last resort, as predicted by Gantchev's model (2013), preferring *voice tactics* (dialogue and resolutions), which they view as more constructive and efficient (Krueger, Sautners and Starks, 2020).

### **The 'Financial Materiality' Frame**

Another frame we identified is based on a narrative around 'financial materiality' (climate) issues. It aims to strengthen firms' climate engagement towards a net-zero commitment and augment their market value (Flammer, Toffel and Viswanathan, 2021):

We sent letters to other companies where we co-led the CA100+ engagements, such as those of Repsol and Mercedes-Benz, emphasising the importance of addressing our expectations and properly recognising the financial materiality of climate risks. [II23]

This collective action frame is systemic-impact and long-term oriented (Casanovas & Jones, 2022) because long-term investors recognise that the issue of climate change is complex and systemic (UN PRI, 2022). Organisational stakeholders such as PRI, CA100+ and Eurosif facilitate the design of this frame. They can initiate exchanges between investors during conferences, meetings and webinars when they focus on specific companies. These coalitions comprise long-term investors with a strong socially responsible investment (SRI) background:

The coalitions of investors have a militant, historical SRI background [...]. I see them on the platform of engagement in French Eurosif, Climate Action 100+ and others. [SE3]

Mobilising organisational stakeholders that are part of stakeholder systems presents two main advantages for shareholder activists: they enhance the quality of dialogue with firms and increase the overall investor impact on firms, given the number of activist investors involved

in coalitions. Unlike the first frame, this frame seeks to change the system *at the sector level*. Organisational stakeholders offer investors the possibility to participate in different climate activism programmes adjusted by sectors such as the oil and gas sector, the chemical sector and the financial sector while offering direct comparability with the decarbonisation path of firms which belong to the same sector:

We belong to Climate Action 100+. Our aim is to acquire a more global perspective of engagement and to be part of an international body that will not target a single firm. [II7]

In this way, organisational stakeholders offer a *diagnostic framing* to investor coalitions. They aggregate sectoral climate science-based net-zero targets (e.g., SBTi, NZIF) to set the decarbonisation path that firms must follow to be net-zero by 2050. Then, they develop methodological frameworks (e.g., the Net Zero Company Benchmark of CA100+, ACT of Eurosif) that evaluate the relevance of firms' climate transition plans by assessing whether operating and capital expenditures (i.e., Opex and Capex) are aligned with the decarbonisation path set earlier:

The objective of the Climate Action 100+ coalition is to ensure that companies align with the Net Zero Investment Framework. [...] The company's transition plan must include a commitment to be net zero by 2050 at the latest for Scopes 1, 2 and 3 emissions, for short-, medium- and long-term targets, and for Opex and Capex alignment. [III9]

This second 'financial materiality' frame requires a higher level of expertise than the first frame. At the *system level*, this requirement for greater expertise reinforces the importance and relevance of stakeholder systems. Asset managers track and use the information provided by climate experts to develop their *voice* and *exit tactics*. Among these climate experts, NGOs specialised in climate topics (e.g., FollowThis, Reclaim Finance) and consultancy firms such as CERES enhance or even design framing tools for investors, which allows them to better follow controversies and to update their list of companies to *exit*. In addition, they frequently

ask carbon-intensive firms questions about their carbon emissions data and climate strategies. Based on this research, they produce their own research reports on targeted companies that provide real added value to institutional investors compared to internal environmental, social and governance (ESG) or external metrics. Finally, and more importantly, investors may directly collaborate with climate experts by asking them to challenge the relevance of information gathered from private dialogue with companies. In this way, investors may justify more challenging shareholder activism through climate resolutions or a 'say on climate' by improving their analyses of companies' climate plans:

We intend to partner with experts to analyse the completeness of a co-filed say on climate and its consistency with the company's strategy to go one step further. [II12]

In other words, a real co-construction process of shareholder activism between investors and climate experts, also including NGOs and consulting firms, characterises this *diagnostic* framing:

We work with NGOs. They challenge our collective engagement strategies regarding climate to see if we are in the right direction and if there are holes in the racket. We confront our ideas with theirs for improvement. [...] They send us precise questions. They are well-educated people with high profiles recruited from top schools. [II5]

Shareholder activists also solicit the expertise of proxy advisors as stewardship experts on two levels. First, proxy advisors provide voting recommendations and research reports on firms. Second, they help enhance the relevance of shareholder resolutions related to climate issues:

We use Glass Lewis & Co as voting agent. We obtain reports and research papers from them. Our team continuously works together with proxy voting advisors to improve our customised voting advice, which differs from off-the-shelf voting setups. [II21]

*Diagnostic* framing relies on the ‘financial materiality’ narrative frame, which helps companies formalise and enhance their net-zero transition plans by setting consistent short- and medium-term decarbonisation targets. Initially, shareholder activists using this frame focused on carbon-intensive companies in the oil and gas, steel/mining, and transportation sectors. More recently, they have targeted financial institutions, as these are committed to a net-zero transition and can influence their clients' decarbonisation strategies through lending and insurance policies:

Our engagement programme initially focuses on smooth decarbonisation journeys for the four key emitting industries: oil and gas, electric utilities, steel and cement [...]. Our engagement approach will be based on the Climate Action 100+ Initiative’s Net-Zero Company Benchmark framework released in 2020. [...] Our engagement programme also has the financial industry in scope. In 2021, we started engaging with 10 banks, expecting them all to commit to net-zero by 2050. To do so, many banks need to set short-term decarbonisation targets for sectors like power and energy. [I21]

Diagnostic framing encompasses both *voice* and *exit* tactics:

We focus our engagement on high carbon-emitting companies [...]. We continue to invest and engage if they are able to decarbonise. The first divestment decisions came after two years of engagement due to serious concerns. We saw the potential that they have a negative impact on the share price and on profitability. [I22]

*Voice tactics* are impactful when supported by investor coalitions that attract greater support from firms and shareholders because of their legitimacy and size. Specifically, shareholder resolutions may lead to noticeable advances from the company even if they are withdrawn, consistent with Bauer, Derwall and Tissen (2023):

Once the company received our demands, we had a meeting with their teams. [...] They refused to state how their transition plan was aligned within a specific scenario. However, they agreed to publish all the other indicators we needed to evaluate Capex and Opex

alignment. For this reason, one of our partners within the coalition decided to withdraw, and we were unable to file the resolution. [II3]

If their *voice tactics* fail to produce significant improvements, institutional investors may use *exit tactics*, depending on the importance of the firm ‘financial materiality’ (climate) issue:

Divestment occurs in the absence of progress after a maximum commitment period of three years, depending on the financial materiality of the climate issue. [II7]

### **The ‘Double Materiality’ Frame**

We identified a third frame, the ‘double materiality’ frame, which combines the financial materiality frame with impact materiality considerations. Hence, investors expect not only an increase in a firm’s financial value (Flammer, Toffel and Viswanathan, 2021), but also an increase (decrease) in the firm’s positive (negative) impact through their collective actions (Marti *et al.*, 2024):

Impact investing should lead to sacrifice a part of returns. That is what we often hear. However, we believe that you can have an extra-financial impact and create financial value at the same time. We therefore think that financial materiality and impact materiality as required by the CSRD are complementary. [II16]

As in the case of the framing process related to ‘financial materiality’, investors act collectively within coalitions supported by organisational stakeholders. Accordingly, they mobilise the *diagnostic framing* identified, including methodological frameworks for assessing the decarbonisation paths of firms and their climate transition plans (e.g., CTI, ACT). However, this framing becomes more *prognostic*, with the aim of proposing recommendations:

We collectively engaged with Fnac Darty, which has achieved significant progress in reducing its carbon footprint and negative impacts, with targets validated by SBTi for Scopes 1, 2 and 3. [...] Fnac Darty seeks to respond to the CSRD requirements and regularly discuss with them on climate impact. [II5]

This prognostic framing is consistently applied across sectors, despite the oil and gas sector companies being the first to face pressure from shareholder activists, as previously discussed.

At BP and Rio Tinto, we supported the boards in recognition of the progress made, while continuing to engage for improvements. We have also sent letters to other companies where we co-lead the CA100+ engagement, such as Repsol and Mercedes-Benz, emphasising the importance of addressing our expectations and properly recognising the financial and impact materiality of climate risk. [II13]

*At the systems level*, investor coalitions rely on the same integrated stakeholder system composed of climate experts (e.g., NGOs) and stewardship experts (e.g., proxy advisors) described above. They may also call for additional external expertise from specialised consulting companies to improve the internal impact ratings of firms they engage with.

We consider both positive and negative environmental impacts. Our internal assessment is based on the net environmental contribution. [...] We call on external expertise on a case-by-case basis: our environmental impact metric, the net environmental contribution, was developed with the expertise of specialised consultants. [CEA3]

*Diagnostic* and *prognostic* framing based on ‘double materiality’ is recent and emerging. Because it concerns the most advanced and receptive firms, shareholder activists prefer to use repetitive dialogue and *voice tactics*. They may co-file challenging shareholder resolutions that aim to reduce firms’ negative environmental impacts, thereby mitigating the principal adverse impacts (PAIs) of their fund portfolios:<sup>2</sup>

When we measured the impact of our SRI portfolios, we found that between 7% and 17% had a negative impact by the end of 2020. This is too much! As sustainable impact investors, it is our role to alert the companies concerned and push them to improve their practices to minimise negative impacts and sustainability risks. [II19]

Finally, our results indicate that some impact-oriented investors develop the third frame by seeking additional impact, that is, by having a positive impact on society by reducing negative environmental impacts *at the systems level* (Casasnovas and Jones, 2022). With regard to these types of shareholder activists, we observe a shift in the *prognostic frame*, which considers societal impact related to firms' climate transition plans in addition to climate impact:

While limiting climate and other environmental impacts is key, doing so should not come at a cost to vulnerable workers, local communities or other stakeholders. Socially adverse impacts of companies' climate actions, such as jobs lost due to the downscaling of polluting activities, need to be taken into account. [...] From Q3 2023, we engaged with companies in the mining and energy sector, about their just climate transition strategies.

[II22]

## **Discussion**

This study contributes to a better understanding of shareholder activism related to climate issues. Echoing the recommendations of Chuah *et al.* (2023), we adopt a system-level perspective of shareholder activism to examine how shareholder activists form coalitions, collaborate with stakeholder systems and firms, moving beyond previous research that focused solely on the activist-firm dyad. Our approach expands on Murphy, Denyer, and Pettigrew's (2021) work on systems-wide change, which links framing and collective action literature by exploring the interdependencies between activists and stakeholder systems (Roulet and Bothello, 2022). Drawing on this novel system-level approach to shareholder activism, our study makes several contributions to the extant literature.

First, we show that a stakeholder system helps shareholder activists converge their collective actions within coalitions. They provide expertise to coalitions by designing methodological frameworks to assess climate transition plans and metrics to evaluate climate impacts.

Second, by introducing the concept of framing, we identify three narrative frames that shape the collective actions of shareholder activists. We verify the existence of two frames that have previously been identified: ‘disclosure seeking’ (Flammer, Toffel and Viswanathan, 2021) and ‘financial materiality’ (Slager *et al.*, 2023). We identify a third frame that leads activists to formulate a *prognostic framing* oriented towards ‘double materiality’. Our findings fill a gap in the literature on shareholder activism by showing that the degree to which shareholders are interested in ‘double materiality’ shapes their collective actions on climate (Marti *et al.*, 2024).

A broader contribution of our study is that it reveals a dynamic model of shareholder activism based on mutually inclusive frames in contrast to previous escalation models (Gantchev, 2013; Goodman *et al.*, 2014). We show that shareholder activists change and adapt their framing processes to make their climate activism dynamic. The first framing type implies interactions between shareholder activists and firms, which could elicit strong opposition from firms in the form of legal action. In fact, shareholders may face strong opposition from firms that are reluctant to provide reliable data on their Scope 3 emissions and disclose climate-related risks. Given that this framing has vanished in Europe, our results point to a shift towards the *diagnostic* and *prognostic* framings, concomitantly with the advent of the CSRD in Europe. Unlike the first framing, the latter two framings draw on expertise available in stakeholder systems, with which investors co-construct more advanced climate impact indicators with stakeholders. In this respect, our study contrasts with prior research, which considers that only organisational stakeholders enable the formation of investor coalitions (e.g., Slager *et al.*, 2023), which contribute to increasing the success of their ESG activism campaigns (Dimson, Karakas and Li, 2015, 2021; Barko, Cremers and Renneboog, 2022). Moreover, previous research assumes these campaigns independent each other, while the three framings in our dynamic model are fully intertwined.

Our model also provides new insights on the arbitrage of voice versus exit tactics. We confirm that *voice tactics* are more effective when supported by investor coalitions because of their legitimacy and size (Dimson, Karakas and Li, 2021; Slager *et al.*, 2023). We add to the literature by showing that if *voice tactics* related to the financial materiality frame fail to produce significant improvements, shareholder activists may turn to *exit tactics*, depending on the importance of a firm's climate issues in terms of financial materiality, which varies across sectors. Besides, we show that shareholder activists use repetitive *voice tactics* when engaging with firms under the 'double materiality' frame.

Importantly, this dynamic model makes it possible to identify ripple effects. Until now, these effects have been studied empirically at the corporate level (e.g., Bauer, Derwall and Tissen, 2022). For instance, the more frequently a shareholder resolution is submitted, the higher the likelihood that the firm will consider it (Dimson, Karakas and Li, 2015), as a strategic move to improve its ESG performance. In contrast, we identified ripple effects between the three frames at the systems level. When shareholder activists collaborate within coalitions, they create frictions between these frames, which then produce ripple effects that differ from those between firms (Bauer, Derwall and Tissen, 2022). Notably, we see an expansion of prognostic framing towards related systemic environmental issues, such as biodiversity.

Our findings have important policy and practical implications. First, our results highlight the need for shareholder activists to work with a stakeholder system and firms to develop a shared narrative framing based on their climate transition plans. The challenge for activists is no longer about forcing or pressuring firms, but rather thinking prospectively about their climate transition plans (Girard-Guerraud *et al.*, 2022). Under the CSRD, these plans are mandatory, which are scrutinised by shareholder activists through key indicators to assess the credibility of the measures taken by firms to meet their net-zero commitments. Second, from a regulatory perspective, introducing binding votes on firms' climate transition plans through generalised say on climate could overlap with CSRD requirements and even be counterproductive,

potentially discouraging companies from adopting a long-term, impact-focused approach to climate issues and reducing constructive dialogue between investors and firms. Finally, from a practical perspective, we find that the ‘disclosure seeking’ and ‘financial materiality’ frames have broader support among institutional investors, whereas the ‘double materiality’ frame is mainly backed by climate-conscious institutional investors focused on impact (Gosling, 2024a).

## **Conclusion and Future Research**

Our study sheds light on the crucial role of shareholder activists in tackling climate issues, with significant implications for management and organisational scholars, as well as practitioners.

We offer a fresh perspective on shareholder activism, which acknowledges the challenge of finding a dominant frame to address complex systemic issues (Savaget, Roulet and Ventresca, 2024). For example, when shareholder activists pressure a company to abandon a profitable but polluting investment opportunity, another company that is less challenged on climate may take advantage of it. Instead of seeking a permanent solution, they may therefore experiment with ‘small wins’ by diagnosing the symptoms (‘financial materiality’) of these complex issues and prognosticating solutions (‘double materiality’). This approach could move towards other environmental issues such as biodiversity and circular economy. In-depth case studies focusing on companies targeted by climate activism strategies could identify these ‘small wins’.

Our findings clearly indicate that power dynamics exist between frames, especially between the ‘financial materiality’ and ‘double materiality’ frames. However, more research is needed to determine which is the winning frame at the end. Although the ‘double materiality’ frame seems to prevail in Europe, aligning fully with CSRD requirements, it may also be the most disputed among shareholder activists. On the one hand, this frame offers less flexibility for companies in their net zero transition, which could drive institutional investors away from their financial interests. On the other hand, it may encourage them to acknowledge the limitations of shareholder activism focused on environmental issues with the greatest system-wide impact

(Gosling, 2024b). In contrast, the ‘financial materiality’ frame provides more flexibility for universal owners, allowing them to act as stewards while balancing the diverse interests of their clients and investees without alienating stakeholders. A closer look at the winning frame could provide new insights into why some universal owners have recently left organisational stakeholder initiatives.

Our study is not without its limitations. Our dynamic model of shareholder activism could be enriched by incorporating the power dynamics operating between NGOs and institutional investors. NGOs bring climate expertise to investor coalitions, but they can also have a counterproductive effect, as noted by Brendel, Chen, Keusch, and Sautner (2024). These authors found that activist NGOs or those seen as radical in ESG activism campaigns can polarise shareholders, leading to a breakdown in dialogue with companies that view their demands as unrealistic. Further analysis on the chains of influence between not just asset managers and asset owners (Marti, Chuah, and Gond, 2025), but also between these institutional investors and NGOs could help identify successful shareholder activism strategies and its related (i.e., winning) frame more effectively.

## Notes

- [1] We use the term ‘shareholder activism’ in this paper, because activism on climate issues may be either confrontational or collaborative, depending on the issue and the type of shareholder activist. The current literature assumes that collaborative shareholder engagement on climate issues is a nonconfrontational form of shareholder activism because it relies on ‘behind-the-scenes’ dialogue and collaboration among investor coalitions (Slager *et al.*, 2023). Moreover, shareholder activism encompasses not only shareholder activism by investor coalitions but also active ownership (or engagement) by universal owners, who differ in motivation (Dimson, Karakas and Li, 2021). Indeed, universal owners have long-term fiduciary responsibilities to their clients, which explains their focus on broader stakeholder interests (Chuah *et al.*, 2024).
- [2] The SFDR introduces two concepts related to impact: *i*) Sustainability risks that could have a material adverse impact on the value of an investment; and *ii*) principal adverse impacts on sustainability factors (PAIs), which are negative impacts of investment decisions. Among the 14 mandatory PAI indicators to be disclosed, nine are environmentally based, including carbon emissions, footprint or intensity and non-renewable energy consumption intensity per high impact climate sector. In addition, at least one environmental PAI indicator and one social PAI indicator have to be reported.
- [3] We sought to improve the trustworthiness of our data in two respects. First, the interviewees were asked for examples and illustrations of their collective actions on climate issues to ensure reliable and nuanced interpretations (Korstjens and Moser, 2018). This information was complemented with secondary data, including shareholder engagement reports, to ensure an appropriate understanding of the framing processes they develop. Second, investigator triangulation was obtained by having the data analysis performed by two authors. All interview transcriptions were read separately by the authors, who then discussed and analysed them together. At the very final stage, we discussed our findings with other scholars and practitioners. This also improved the credibility of the data and verified our understanding.

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