



# Investor Action on Health: a review

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## EXECUTIVE SUMMARY

1. **Using a system-level approach, we review the different mechanisms through which investors can contribute to improved population health outcomes.** Specifically, we highlight how these investor action mechanisms – including corporate engagement, environmental, social and governance (ESG) ratings, board oversight, and policy engagement – have been used by institutional investors (i.e., asset owners, asset managers) to advance 15 priority health issues, ranging from food safety and alcohol harm to air pollution and worker health.
2. **We categorize the 15 priority health issues according to their maturity from the perspective of the investment community.** Investors are motivated to use the full spectrum of mechanisms to address mature issues (e.g., human rights, tobacco smoking) and these are actively incorporated into investment decisions and stewardship activities, as there is general consensus about the financial materiality of these issues. Progressing issues (e.g., nutrition, access to medicines) are growing in significance within the investment community and involve a diverse yet underused array of mechanisms. Emerging issues (e.g., digital well-being, access to quality housing) have only recently begun to attract some attention from investors who are beginning to recognize potential financial risks associated with these issues.
3. **We propose that investors need to recognize the maturity of the issue when deciding which mechanisms to use.** By matching the right mechanism to the maturity of the issue, investors are more likely to further advance the relevance of the issue in the broader investment community. Drawing on lessons from other ESG issues, including climate change and diversity, equity and inclusion, we develop a framework that can be applied to investor action on health-related issues. Using this framework allows investors to understand which actions are most likely to be relevant for each issue given its stage of maturity.
4. **The complexities associated with population health and the financial system provide challenges and opportunities for investors.** We detail five different challenges relating to investor action on health:
  1. Issue scope: The meaningful differences between different types of health-related issues means that investor action needs to be designed to fit with the characteristics of each issue.
  2. Defining impact: The goals associated with investor action on health will ideally be measurable and attributable to investors' efforts.
  3. Impact time lags: Many of the desired impacts of investor action on health will take time to be implemented so investors will need to identify realistic timeframes and key milestones for different types of outcomes and impacts.
  4. Demonstrating financial materiality: Existing financial materiality assessment frameworks place varying emphasis on health-related issues so motivated investors may need to play an educational role to raise the profile of less mature issues.
  5. Considering system-level effects: Although the investment system is complex, investors can identify key leverage points in the system to unlock wider support for their efforts.

Despite the barriers posed by these challenges, we highlight that investors have opportunities to carefully design their actions to increase their effectiveness when seeking to positively contribute to population health.



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## INTRODUCTION

In this review, we outline the potential mechanisms through which investor action can influence health and how investors can be incentivized to use those mechanisms. We take a system-level approach to considering how investor action mechanisms – including corporate engagement, environmental, social and governance (ESG) ratings, board oversight, and policy engagement – can influence investment decisions more broadly, and to what extent these mechanisms can be used by institutional investors (i.e., asset owners, asset managers) to prioritize health-related issues. Ultimately, we suggest how investors can be influenced to make investment decisions that support improved population health outcomes and encourage improved health-related business behaviours of their existing investments.<sup>1</sup>

Throughout this review, we focus our analysis on 15 priority health issues categorized by ShareAction<sup>2</sup>, a leading UK-based responsible investment charity, that relate to three impact pillars as summarized in Figure 1: worker, consumer, and community health.

We firstly summarize the findings of an up-to-date systematic literature review to provide an overview of relevant investor action mechanisms, including those that are particularly relevant for health (Section 1). Next, we analyse recent evidence of investor action on health (Section 2) and highlight lessons from investor action on other issues (Section 3). We then outline opportunities and challenges for investor action on health (Section 4), before suggesting how investor action mechanisms can be prioritized by practitioners and policymakers to maximize health-related impacts (Section 5). Throughout the report, we highlight examples from across the globe, although there is a bias to evidence from the UK, US, and Europe as investors in these regions have been more focused on health-related issues to date.

**Figure 1: Priority Health Issues Categorized by ShareAction**

Issues	IMPACT PILLARS		
	1: Worker Health	2: Consumer Health	3: Community Health
Alcohol Harm		■	
Anti-microbial Resistance			■
Digital Well-being: Mental Health		■	
Financial Well-being: Financial Inclusion		■	
Financial Well-being: Over-indebtedness		■	
Food Safety: Chemicals & Pathogens		■	
Optimum Physical & Mental Health of Workers	■		
Healthcare: Access to Medicine & Vaccines			■
Housing: Access to Quality Housing		■	
Nutritious Diets: Infant & Young Child Nutrition		■	
Nutritious Diets: Adult Nutrition		■	
Pollution: Air Pollution	■		■
Pollution: Water Pollution			■
Smoking: Tobacco		■	
Human Rights			■

Source: ShareAction. Shaded areas refer to which of the issues relates to which impact pillar as categorized by ShareAction.

<sup>1</sup> Health outcomes and health-related business behaviours differ by each specific priority health issue.

<sup>2</sup> ShareAction, “Investor Guide on Health: A Resource from the Long-Term Investors in People’s Health Initiative.”

## 1. OVERVIEW OF INVESTOR ACTION MECHANISMS

Investors can take a range of actions to exert influence on companies. Most notable among these actions are participating in shareholder engagement, incorporating ESG ratings into their capital allocation decisions, and by leveraging the oversight role of company boards. Concurrently, investors' actions are influenced by government regulation and investors have also sought to influence policymakers. Importantly, these actions do not occur in a vacuum. Rather, investors' actions occur within a broader system involving a range of other groups including targeted companies, other financial market actors, policymakers, and civil society. This is a complex system where investors' actions involve reactions from other groups that evolve dynamically over time.

For institutional investors' (i.e., those that manage investment capital on behalf of their beneficiaries), the motivations for taking action to influence companies stems from recognizing the financial materiality of these issues.<sup>3</sup> Investment regulations across many jurisdictions require institutional investors to prioritize their fiduciary duty, which is generally interpreted as prioritizing the best financial interests of their beneficiaries.<sup>4</sup> However, other types of investors also become involved in investor action, including non-governmental organizations (NGOs), universities, and religious groups. These other investors typically use investor action to express their moral or ethical concerns about an issue.<sup>5</sup>

Consider a recent example that illustrates the complexity of these activities. In 2022, multiple institutional investors decided to file **shareholder resolutions** targeting pharmaceutical companies, including Moderna and Pfizer, seeking greater transparency on COVID-19 vaccine pricing and improving vaccine access for **developing countries**, in recognition of the potential reputational damage to these companies if vaccines were not made widely available. Importantly, these actions did not only involve the investors and targeted companies. In the latter case, the World Health Organization (WHO) endorsed



the shareholder resolution and NGOs such as the People's Vaccine Alliance and Oxfam were involved. Other shareholders that did not file the resolution were **involved** in deciding how to vote and **proxy advisors**, who make recommendations on how investors should vote, provided **support** for the resolutions. The companies **responded** by eventually agreeing to increase transparency and widen vaccine access, while the WHO is supporting companies by mobilizing healthcare providers to speed up vaccine distribution efforts and ESG data providers have begun including access to vaccines within their **ratings methodologies**. Clearly then, investors' efforts have involved multiple mechanisms that can collectively and iteratively influence companies' health-supporting behaviours. To provide a more comprehensive understanding of investor activism mechanisms and their relevance to health, we conducted a systematic literature review. We used the same methodology outlined in previous research focused on investor action to review 243 published academic articles relating to investor action covering the period 1990 to June 2024 sourced from the Scopus journal database. Of these studies, 33 articles relate to the 15 priority health issues that are of particular interest.

<sup>3</sup> Sikavica, Perrault, and Rehbein, "Who Do They Think They Are?"

<sup>4</sup> Kiernan, "Universal Owners and ESG."

<sup>5</sup> Louche, Arenas, and Van Cranenburgh, "From Preaching to Investing."

<sup>6</sup> Chuah et al., "Shareholder Activism Research: A System-Level View." This study involves a systematic literature review of 216 peer-reviewed academic studies relating to investor action for the period from 1990 to 2021, so our present review extends on this sample and incorporates a specific search for additional studies focused on health-related investor action. Further details are provided in the Appendix.

We summarize the characteristics of the 33 health-related journal articles in Figure 2. In terms of priority health issues, human rights served as the context for 64% of studies, with other issues receiving less attention, such as worker-related health (36%), followed by tobacco, access to healthcare, nutrition, and air pollution.

All studies recognized corporate engagement as a key mechanism, with public and collective approaches the most common. Far fewer studies highlighted the roles of other mechanisms. However, we will discuss the potential for greater use of these approaches, including lessons learned from the 210 articles from outside the health context. We believe it is important to take lessons about investor action mechanisms from other contexts, due to the different stages of maturity for established ESG issues (e.g., climate, board diversity), compared to health-related issues that have yet to receive much investor attention (e.g., digital wellbeing, food safety).

Based on this extended literature review, and building on existing frameworks,<sup>7</sup> we focus on four key mechanisms through which investor action can influence companies' health-supporting behaviours:

- 1) Corporate engagement
- 2) ESG ratings
- 3) Board oversight
- 4) Policy engagement

We also briefly discuss other influence mechanisms including the roles of litigation, partnering with NGOs, and media amplification. We summarize the roles of these mechanisms in Figure 3, where we highlight both the direct and indirect effects related to each mechanism.

As illustrated, among the four main investor action mechanisms (in italics), corporate engagement involves engaged investors directly attempting to influence a targeted company. By contrast, the other three mechanisms involve indirect influence due to the intermediating role of other groups such as ESG ratings providers, companies' board members, and regulatory agencies.<sup>8</sup> We now detail the role played by each of these investor action mechanisms, with a particular focus on health.

**Figure 2: Health-Focused Investor Action Articles Categorized by Issue and Mechanism**

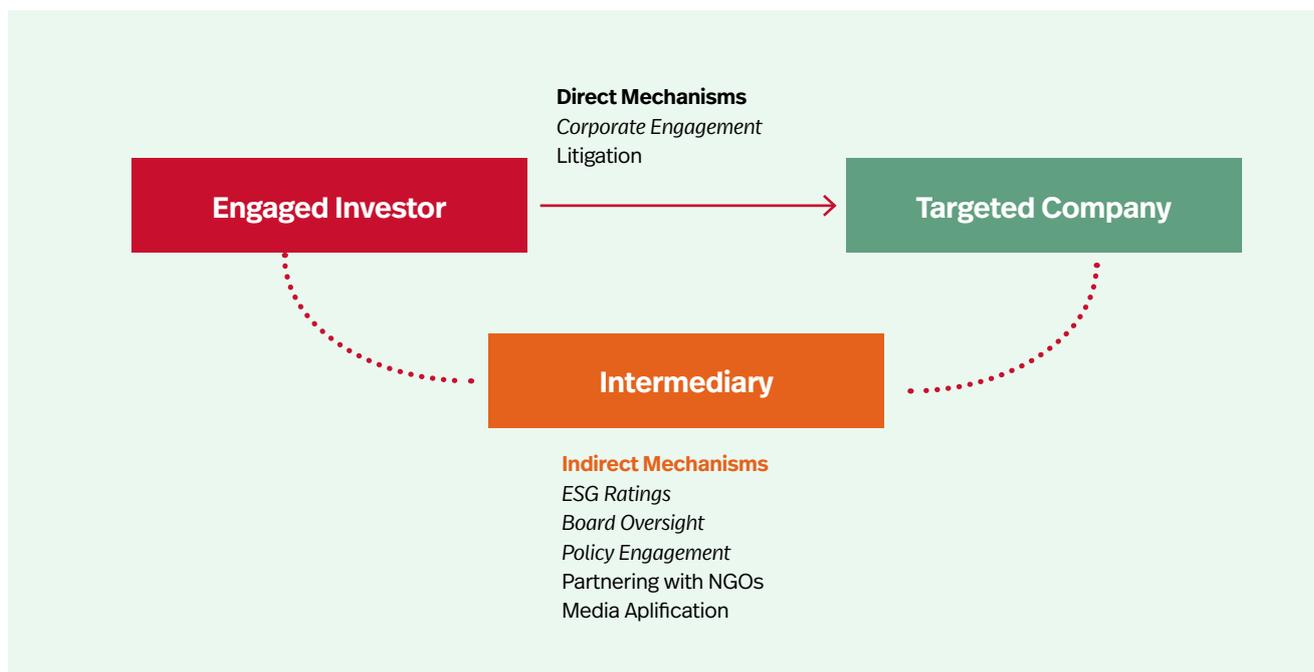
<b>Issue</b>	<b>Number of Articles (%)</b>	<b>Mechanisms</b>	<b>Number of Articles (%)</b>
Human Rights	21 (64%)	Corporate Engagement	33 (100%)
Optimum Physical & Mental Health of Workers	12 (36%)	• Public	32 (97%)
Smoking: Tobacco	7 (21%)	• Private	8 (24%)
Healthcare: Access to Medicine & Vaccines	6 (18%)	• Collective	18 (55%)
Nutritious Diets: Infant & Young Child Nutrition	5 (15%)	ESG Ratings	5 (15%)
Nutritious Diets: Adult Nutrition	5 (15%)	Board Oversight	4 (12%)
Pollution: Air Pollution	5 (15%)	Policy Engagement	7 (21%)
Pollution: Water Pollution	4 (12%)	Litigation	0 (0%)
Financial Well-being: Financial Inclusion	2 (6%)	Partnering with NGOs	11 (33%)
Housing: Access to Quality Housing	1 (3%)	Media Amplification	8 (24%)
Alcohol Harm	0 (0%)		
Anti-microbial Resistance	0 (0%)		
Digital Well-being: Mental Health	0 (0%)		
Financial Well-being: Over-indebtedness	0 (0%)		
Food Safety: Chemicals & Pathogens	0 (0%)		

Note: Figures do not add up to 100% in each column because articles may discuss multiple issues or mechanisms.

<sup>7</sup>Marti et al., "The Impact of Sustainable Investing"; Kölbl et al., "Can Sustainable Investing Save the World?"

<sup>8</sup>Chuah et al., "Shareholder Activism Research: A System-Level View."

Figure 3: Direct and Indirect Investor Action Mechanisms



### 1.1 Corporate Engagement

Corporate engagement involves investors seeking to influence companies’ practices and priorities through direct communication and interactions. These efforts can be broadly categorized into public engagement (e.g., shareholder resolutions), private engagement (e.g., behind-the-scenes dialogue), and collective engagement (e.g., investor coalitions).<sup>9</sup> Notably, corporate engagement can be used by both shareholders and bond investors, although the latter has received relatively limited attention.<sup>10</sup>

Before providing an overview of specific corporate engagement approaches, it is important to recognize that this direct mechanism can also activate other indirect mechanisms. For example, corporate engagements could be reported in the media or result in pressure being exerted by other groups such as NGOs, other investors, and adaptive behaviours by competitor companies.

#### 1.1.1. Public Engagement

Public approaches to corporate engagement involve interactions between investors and companies that are visible to outside parties. These activities typically become visible due to mandatory reporting obligations

(e.g., shareholder resolutions included in a company’s proxy statement) or because one of the parties has chosen to disclose the engagement (e.g., an open investor letter to the company).<sup>11</sup>

Shareholder resolutions are by far the most common approach studied in the literature, which is likely due to the wide availability of the data to researchers, especially in the US context.<sup>12</sup> Under specific conditions, which **differ by jurisdiction**, a company’s shareholders may file a resolution that formally seeks to have an issue put to a vote at the annual shareholder meeting.

In general, proponents of shareholder resolutions will view one of two outcomes as being successful. Firstly, a withdrawal agreement occurs when the targeted company sufficiently agrees to the investor’s request, which is accompanied by the resolution being withdrawn from the proxy statement. In this case, resolution proponents have received a commitment from the company to address their concerns, which will of course need to be monitored to ensure adequate implementation. Achieving withdrawn resolutions requires investors to be knowledgeable about the company’s operations and raising realistic demands that are compatible with the company’s business model.<sup>13</sup>

<sup>9</sup> Bauer, Moers, and Viehs, “Who Withdraws Shareholder Proposals and Does It Matter?”; Dimson, Karakas, and Li, “Active Ownership”; Slager et al., “Tailor-to-Target.”

<sup>10</sup> Inderst and Stewart, “Incorporating Environmental, Social and Governance (ESG) Factors into Fixed Income Investment”; Turner, “The Stewardship Mechanisms of Corporate Bond Investors.”

<sup>11</sup> Pawliczek, Skinner, and Wellman, “A New Take on Voice”; Goodman et al., “Social Shareholder Engagement.”

<sup>12</sup> Chuah et al., “Shareholder Activism Research: A System-Level View.”

<sup>13</sup> Ferraro and Beunza, “Creating Common Ground.”

A second type of successful outcome is when voted resolutions receive widespread support from other shareholders. A high level of support (or majority) provides a signal to corporate boards and executives to address the proponent's requested demands. To achieve this, the proponents of shareholder resolutions need to convince other shareholders of the merits of the issue they have raised, which requires networking skills and the support of other powerful actors such as proxy advisors.<sup>14</sup>

Shareholder resolutions have been successful for compelling companies to change their practices across a wide range of issues, including climate change, board gender diversity, and corporate lobbying.<sup>15</sup> These efforts have generally been more successful when the proponents are institutional investors, the demands relate to improved disclosure (rather than changes in corporate strategy), larger companies are targeted, and companies exhibit higher ESG ratings.<sup>16</sup>

In the health domain, shareholder resolutions have been used to raise the visibility of contentious practices, especially with respect to corporate human rights policies, worker safety initiatives, and phasing out of harmful products.<sup>17</sup> Notably, the successful use of health-related resolutions has required investor capacity building and perseverance. For instance, studies have highlighted that resolutions have often been used to raise initial awareness about the relevance of specific health issues, which were only supported by other shareholders and targeted companies after many years of repeatedly filing resolutions.<sup>18</sup> This suggests that investors' expectations of the effectiveness of shareholder resolutions need to be viewed over a realistic timeframe.

### 1.1.2. Private Engagement

Investors privately engage companies through behind-the-scenes dialogue, typically involving initiating contact through emails and letters, before conducting

meetings.<sup>19</sup> Private engagement is mostly used as an avenue for investors to raise concerns with executives and board members, but can also involve learning on both sides about investors' expectations, industry best practice, and corporates' implementation challenges.<sup>20</sup>

There are multiple benefits to private engagement. Firstly, keeping interactions out of the public spotlight allows representatives from investors and companies to work collaboratively to develop mutually-agreed solutions. Although this may reduce the pressure on the company, investors retain the option to use more conflictual approaches if private dialogue does not progress satisfactorily.<sup>21</sup> Secondly, private engagement can be used to communicate confidential information to facilitate more meaningful discussions about a company's operations.<sup>22</sup> Thirdly, private engagements allow trusting relationships to be developed through multiple interactions, which allows different types of challenges to be discussed and resolved over time.<sup>23</sup> However, private engagement is a resource intensive activity that requires investor representatives to have the requisite industry knowledge and engagement skill to effectively communicate with corporate executives.<sup>24</sup>

Although there is a growing number of studies focused on private engagement, the confidential nature of the interactions has led to some data limitations. Accordingly, most private engagement studies examine the activities of a single institutional investment organization or use qualitative evidence to provide insights on investors' processes.<sup>25</sup> For ESG issues, larger companies and those with higher ESG scores have been shown to respond more positively to institutional investors' demands.<sup>26</sup> Furthermore, successful engagements are associated with improved corporate financial performance and lower downside risk, on average.<sup>27</sup> Notably, these financial outcomes are more likely to occur for issues that are financially material.<sup>28</sup>

<sup>14</sup> Sauerwald et al., "Proxy Advisors and Shareholder Dissent."

<sup>15</sup> Baloria, Klassen, and Wiedman, "Shareholder Activism and Voluntary Disclosure Initiation"; Perrault, "Why Does Board Gender Diversity Matter and How Do We Get There?"; Reid and Toffel, "Responding to Public and Private Politics."

<sup>16</sup> Flammer, Toffel, and Viswanathan, "Shareholder Activism and Firms' Voluntary Disclosure of Climate Change Risks"; Michelon, Rodrigue, and Trevisan, "The Marketization of a Social Movement"; Rehbein, Logsdon, and Van Buren, "Corporate Responses to Shareholder Activists."

<sup>17</sup> Byrd and Cooperman, "Let's Talk"; Sikavica, Perrault, and Rehbein, "Who Do They Think They Are?"

<sup>18</sup> Rojas et al., "Bringing about Changes to Corporate Social Policy through Shareholder Activism"; Proffitt and Spicer, "Shaping the Shareholder Activism Agenda."

<sup>19</sup> Logsdon and Van Buren, "Beyond the Proxy Vote."

<sup>20</sup> Slager, Gond, and Sjöström, "Mirroring and Switching Authoritative Personae."

<sup>21</sup> Beccarini et al., "The Contingent Role of Conflict."

<sup>22</sup> Gifford, "Effective Shareholder Engagement."

<sup>23</sup> Ferraro and Beunza, "Creating Common Ground."

<sup>24</sup> Goodman and Arenas, "Engaging Ethically."

<sup>25</sup> Becht et al., "Returns to Shareholder Activism"; Semenova and Hassel, "Private Engagement by Nordic Institutional Investors"; Goodman et al., "Social Shareholder Engagement."

<sup>26</sup> Barko, Cremers, and Renneboog, "Shareholder Engagement on Environmental, Social, and Governance Performance."

<sup>27</sup> Hoepner et al., "ESG Shareholder Engagement and Downside Risk"; Dimson, Karakaş, and Li, "Active Ownership."

<sup>28</sup> Bauer, Derwall, and Tissen, "Private Shareholder Engagements on Material ESG Issues."

The private engagement research focused on health-related issues has almost exclusively been qualitative in nature, with an emphasis on human rights. These studies have highlighted how private engagement is often used in combination with public engagement, depending on the stage of the overall engagement with the company. For instance, engagement may begin by using public approaches to bring attention to human rights abuses, before progressing to private dialogue to develop workable solutions.<sup>29</sup> This suggests that investors need to strategically consider which approaches are most appropriate at each point in time to advance their engagement objectives.

### 1.1.3. Collective Engagement

Investors have increasingly turned to forming coalitions to participate in collective engagement as a way of demonstrating the widespread nature of their concerns. For instance, nearly 1,000 signatories to the Principles for Responsible Investment (PRI) have participated in mostly private **collaborative engagements** involving multiple members engaging companies on ESG issues coordinated by the initiative. Collective engagement can also be public, as exemplified by **initiatives** such as the Interfaith Center on Corporate Responsibility (ICCR) and ShareAction that have coordinated multiple investors co-filing shareholder resolutions.

The literature has highlighted that collective engagement can provide a range of benefits to participating investors. Firstly, collective engagement increases investors' power by increasing combined shareholdings and resources available to each coalition.<sup>30</sup> Secondly, by working collectively, investors can divide their engagements between coalition members, which reduces the workload while simultaneously allowing a larger number of companies to be engaged in aggregate.<sup>31</sup> Thirdly, as collaborating investors work together, they can access a wider spectrum of context-specific knowledge, which is particularly important as engagements involve investors and companies located across the globe.<sup>32</sup>

Despite its advantages, collective engagement also involves challenges. Effective collective engagements require coordination expertise and the ability to assemble coherent groups of investors that can work together as a functioning team, which requires dedicated resourcing and can take time to develop.<sup>33</sup> Nevertheless, by working collectively, investors can learn from each other, align their engagement objectives, and magnify their overall impact. In fact, studies of private engagement have demonstrated that engagements are more effective when involving the participation of coalitions of like-minded investors, compared to when investors engage independently.<sup>34</sup>

The literature on investor action on health indicates that collective engagement is commonly used. In addition to collective public engagements on human rights, studies have investigated collaboration by investors co-filing resolutions on issues such as tobacco harm, the nutrition value of ultra-processed food, and air pollution.<sup>35</sup> Studies have also documented the existence of collective private engagements on health-related issues,<sup>36</sup> although this is relatively under-researched, possibly due to the emerging nature of these issues in investors' awareness.

### 1.2 ESG Ratings

The use of ESG ratings and standards is an indirect mechanism through which investors can influence companies.<sup>37</sup> ESG ratings are usually provided by specialist data providers (e.g., Sustainalytics, MSCI, Refinitiv) who collect and analyse information about corporate practices across a variety of ESG issues. This information is usually combined using a weighting scheme to provide an overall composite score or rating for each company, although the assessments can often diverge meaningfully between data providers due to the different methodologies they use.<sup>38</sup> As a result of these differing views between data providers, some commentators have expressed scepticism about the use of ESG ratings.<sup>39</sup> Despite these shortcomings, investors often use this information as an initial filter that prompts further investigation.<sup>40</sup>

<sup>30</sup> Doidge et al., "Collective Action and Governance Activism."

<sup>31</sup> Goodman et al., "Social Shareholder Engagement."

<sup>32</sup> Slager et al., "Tailor-to-Target."

<sup>33</sup> Gond and Piani, "Enabling Institutional Investors' Collective Action."

<sup>34</sup> Dimson, Karakaş, and Li, "Active Ownership"; Barko, Cremers, and Renneboog, "Shareholder Engagement on Environmental, Social, and Governance Performance."

<sup>35</sup> Cook, "Political Action through Environmental Shareholder Resolution Filing"; Malone, "Shareholder Activism and Health Policies"; Proffitt and Spicer, "Shaping the Shareholder Activism Agenda"; Wood et al., "What Is the Purpose of Ultra-Processed Food?"

<sup>36</sup> Gifford, "Effective Shareholder Engagement"; Sjöström, "Shareholders as Norm Entrepreneurs for Corporate Social Responsibility."

<sup>37</sup> Kölbel et al., "Can Sustainable Investing Save the World?"

<sup>38</sup> Kölbel et al., "Can Sustainable Investing Save the World?"

<sup>39</sup> Chatterji et al., "Do Ratings of Firms Converge?"; Berg, Koelbel, and Rigobon, "Aggregate Confusion."

<sup>40</sup> Kotsantonis and Serafeim, "Four Things No One Will Tell You About ESG Data."

Investors can also use ESG reporting standards that have been developed by other groups, such as government-mandated disclosures and standards setters such as the Global Reporting Initiative (GRI).<sup>41</sup> Despite growing scepticism and politicization of ESG reporting, many investors have expressed a desire for accurate data on companies' societal impacts, particularly as mandatory disclosure requirements have been rolled back, reiterating the importance of voluntary disclosure for investment decision making.

ESG ratings can inform investor action in two main ways. One approach involves investors using ESG ratings as an initial screen for identifying underperforming companies to target through engagement.<sup>42</sup> A second approach is to use ESG ratings as part of portfolio investment decisions, such as excluding or divesting companies that exhibit low ESG ratings, or aligning investments with external ESG indexes comprising companies with high ESG ratings.<sup>43</sup>

The underlying idea of using ESG ratings to inform portfolio decisions is that investors' capital allocations can ultimately affect companies' cost of capital. The available evidence relating to fossil fuels suggests that divestment has a limited impact on financial outcomes and corporate activities, because selling a company's shares simply transfers ownership to other shareholders rather than directly reducing the availability of financial capital to companies.<sup>44</sup> However, there is some evidence to indicate that companies attempt to improve their ESG-related practices when threatened with exclusion from the FTSE4Good index.<sup>45</sup>

Only a small number of studies highlighted the role of ESG ratings for investor action on health. These studies have indicated that ESG standards have been used to divest from companies with poor human rights records or to overweight companies that have stronger worker health practices.<sup>46</sup> Although there is potential for this mechanism to play a greater role in the future, a potential challenge is that the quality of corporate health-related data vary considerably across specific

issues and the financial relevance of this information for profit-seeking investors has yet to be established.

### 1.3 Board Oversight

Although board members fall within the boundaries of the company, their oversight function serves as an intermediate mechanism between investors and corporate operations.<sup>47</sup> By directly influencing board members and board structures (e.g., committees), investors can indirectly shape how executives lead a company. This influence can be in the form of voting to appoint directors at annual shareholder meetings, engaging with directors, or demanding the establishment of board committees.<sup>48</sup>

A meaningful challenge for investors engaging through the board oversight mechanism is the degree of board independence. In many companies, senior executives serve on boards, including where the CEO and Chair position is combined or executives take leadership positions on key committees.<sup>49</sup> Even in cases where boards are relatively independent, investors are still required to monitor directors' actions to ensure that shareholders' interests are represented.<sup>50</sup> However, when boards involve knowledgeable and experienced directors, boards can act as effective monitors for investors.<sup>51</sup> Also, it is important to recognize that in some jurisdictions (e.g., Chile, France, Germany) workers have representation on oversight boards, which allows for participation in decision making on issues such as working conditions and safety practices.

To date, studies have shown supportive evidence of investors effectively using the board oversight mechanism for ESG issues. For example, investors have had some success in encouraging companies to establish sustainability committees that are designed to elevate societal issues to become a board priority.<sup>52</sup> Also, investors have used public and private engagement to improve gender diversity on boards which has been associated with improved corporate performance outcomes.<sup>53</sup>

<sup>41</sup> Robinson et al., "Latest Trends in Investing for Improved Nutrition and Obesity Prevention."

<sup>42</sup> Barko, Cremers, and Renneboog, "Shareholder Engagement on Environmental, Social, and Governance Performance."

<sup>43</sup> Mackenzie, Rees, and Rodionova, "Do Responsible Investment Indices Improve Corporate Social Responsibility?"; Dawkins, "Elevating the Role of Divestment in Socially Responsible Investing."

<sup>44</sup> Davies and Van Wesep, "The Unintended Consequences of Divestment"; Cojoianu et al., "Does the Fossil Fuel Divestment Movement Impact New Oil and Gas Fundraising?"

<sup>45</sup> Slager and Chapple, "Carrot and Stick?"

<sup>46</sup> O'Brien et al., "Political Investorism in Australia"; Heath et al., "Does Socially Responsible Investing Change Firm Behavior?"

<sup>47</sup> Blair and Stout, "A Team Production Theory of Corporate Law."

<sup>48</sup> Aggarwal, Dahiya, and Prabhala, "The Power of Shareholder Votes"; Chizema and Shinozawa, "The 'Company with Committees'"; Cullinan, Mahoney, and Roush, "Are CSR Activities Associated with Shareholder Voting in Director Elections and Say-on-Pay Votes?"

<sup>49</sup> Misangyi and Acharya, "Substitutes or Complements?"

<sup>50</sup> Liu et al., "Monitoring the Monitor."

<sup>51</sup> Kroll, Walters, and Wright, "Board Vigilance, Director Experience, and Corporate Outcomes."

<sup>52</sup> McDonnell, King, and Soule, "A Dynamic Process Model of Private Politics."

<sup>53</sup> Marquardt and Wiedman, "Can Shareholder Activism Improve Gender Diversity on Corporate Boards?"; Gormley et al., "The Big Three and Board Gender Diversity"; Brahma, Nwafor, and Boateng, "Board Gender Diversity and Firm Performance."

Focusing on health, very few studies in our sample highlighted the board oversight mechanism. Two studies highlighted how investors have advocated for appointing directors with worker and human rights experience.<sup>54</sup> Elsewhere, a study highlighted the role of board members' political ideology as a key factor determining employee safety outcomes in the presence of activist hedge fund campaigns.<sup>55</sup> Given the promising outcomes observed for other ESG issues, investor action that uses the board oversight mechanism could be worthy of further consideration.

#### 1.4 Policy Engagement

Investors have begun to engage with policymakers on a wide range of ESG issues. For instance, investors accounted for around 18% of the over 5,000 comments submitted to the US Securities and Exchange Commission (SEC) as part of their [climate disclosure consultation](#). Yet, it is important to recognize that investors have been seeking increased climate disclosure from companies for decades,<sup>56</sup> which suggests that investor action has preceded policymaking by regulators.

Investors can derive several benefits from policy engagement. Disclosure-focused regulation can reduce investors' due diligence costs by making information available on a regular basis using a standard format. Elsewhere, in situations where investors already have a stake in leading companies on a specific issue, regulation can impose compliance costs on laggard companies, which provides a competitive advantage to those leaders within the investor's portfolio.

Meanwhile for universal owners, who hold investments in many companies across the whole economy,<sup>57</sup> policy engagement can be an efficient approach: rather than engaging companies on an individual basis, investors can work with regulators to set sector-wide standards that simultaneously affect multiple companies. Although the standardized nature of much regulation could mean that the mechanism is a relatively blunt tool, effective regulation can provide a baseline set of expectations, particularly when laggard companies have refused to agree to investors' demands.



Research on policy engagement by investors is relatively sparse as much of this activity takes place away from the public eye. However, we do observe some notable examples, including in health-related studies.

In one study, the asset manager Insight Investment partnered with a government agency, the UK Health and Safety Executive, to develop an assessment of companies' performance on workplace health and safety issues.<sup>58</sup> By doing so, the investor was able to learn about the policymakers' views about worker safety and had the opportunity to influence sectoral standards.

Investor action has also been shown to leverage securities regulation. For example, investors concerned about the financial materiality of conflict minerals disclosures referred to the Dodd-Frank Act's reporting requirements when seeking to publicly pressure laggard companies.<sup>59</sup> These examples suggest that investors can use policy engagement as a complementary mechanism to support their use of other mechanisms.

<sup>54</sup> Allen, Letourneau, and Hebb, "Shareholder Engagement in the Extractive Sector"; Anderson et al., "Union Shareholder Activism."

<sup>55</sup> Shi, Xia, and Meyer-Doyle, "Institutional Investor Activism and Employee Safety."

<sup>56</sup> Reid and Toffel, "Responding to Public and Private Politics."

<sup>57</sup> Hawley and Williams, "Universal Owners: Challenges and Opportunities."

<sup>58</sup> Gifford, "Effective Shareholder Engagement."

<sup>59</sup> Kim and Davis, "Challenges for Global Supply Chain Sustainability."

### 1.5 Other Mechanisms

Investors have also used other mechanisms to varying degrees such as litigation, partnering with NGOs, and media amplification. The relatively low prevalence of litigation used by investors suggests that the mechanism is likely to only be used in the most extreme cases, where there is a complete breakdown of communication between investors and companies.<sup>60</sup> The costs associated with litigation and the lengthy time for cases to be settled are likely factors that diminish the use of this approach.

By contrast, there is evidence to suggest that the other two mechanisms, both of which are indirect, are more commonly used. Studies indicate that partnering with NGOs provides investors with domain-specific expertise that may be lacking within the investment organization.<sup>61</sup>

This could be particularly relevant for health-related issues due to the technical nature of many of the issue areas, in addition to the specific nuances that are better understood by affected stakeholder groups, compared to investors' more generalist knowledge.

We also observe evidence of investors using the media to amplify the visibility of their actions, including on health-related issues.<sup>62</sup> By raising issue awareness in the general public through the media, investors can demonstrate broad-based societal support for an issue to the targeted company, which has helped to support past tobacco engagements.<sup>63</sup> In other words, media amplification can be used to complement other investor action mechanisms.

<sup>60</sup> Filatotchev and Dotsenko, "Shareholder Activism in the UK"; Brav et al., "Hedge Fund Activism, Corporate Governance, and Firm Performance."

<sup>61</sup> Gond and Piani, "Enabling Institutional Investors' Collective Action"; Gifford, "Effective Shareholder Engagement"; Guay, Doh, and Sinclair, "Non-Governmental Organizations, Shareholder Activism, and Socially Responsible Investments."

<sup>62</sup> Sudarsanam and Broadhurst, "Corporate Governance Convergence in Germany through Shareholder Activism: Impact of the Deutsche Boerse Bid for London Stock Exchange"; Goodman et al., "Social Shareholder Engagement."

<sup>63</sup> Crosby, "Religious Challenge by Shareholder Actions."



## 2. EXISTING EVIDENCE OF INVESTOR ACTION ON HEALTH

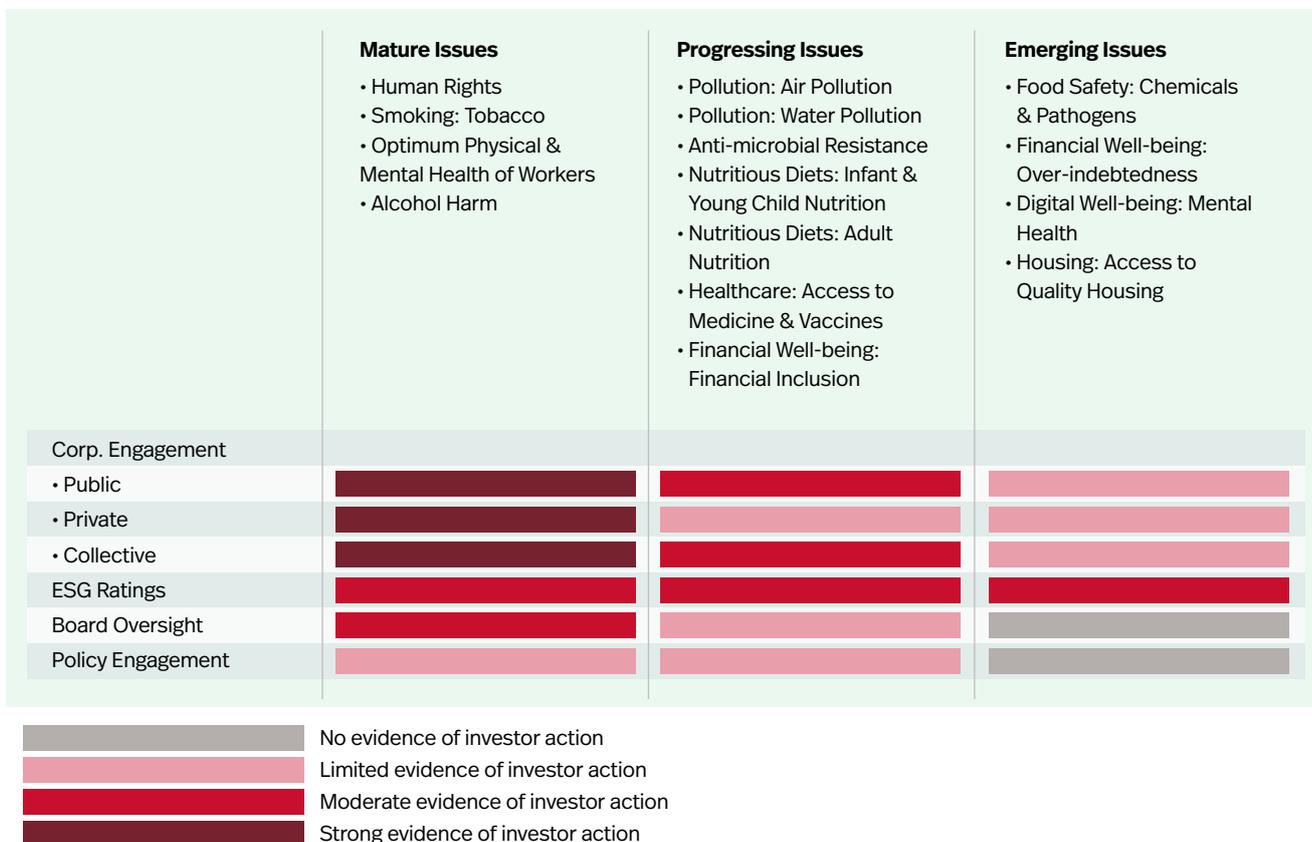
We gathered evidence on the use of different investor mechanisms by reviewing investor action data and practitioner reports related to the 15 priority health issues. Our primary focus was on initiatives specific to the UK, but we also included global or US-based initiatives to supplement our review, particularly where evidence related to UK initiatives was limited.

### 2.1 Issue Maturity Based on Investor Action

An essential factor influencing the choice of investor mechanisms and their effectiveness is the maturity of the health issue from the perspective of the investment community. Although many of these issues are of long-standing concern within society in general, their significance among the investment community varies greatly.

To better address these varying levels of maturity for investors, we categorized the 15 priority health issues into three distinct groups: 1) mature, 2) progressing, and 3) emerging. This categorization helps investors tailor their approaches and allocate resources more effectively by aligning their strategies with the maturity level of each issue to maximize impact. Figure 4 organizes the 15 priority health issues into these three groups and illustrates the existing mechanisms employed for each category.

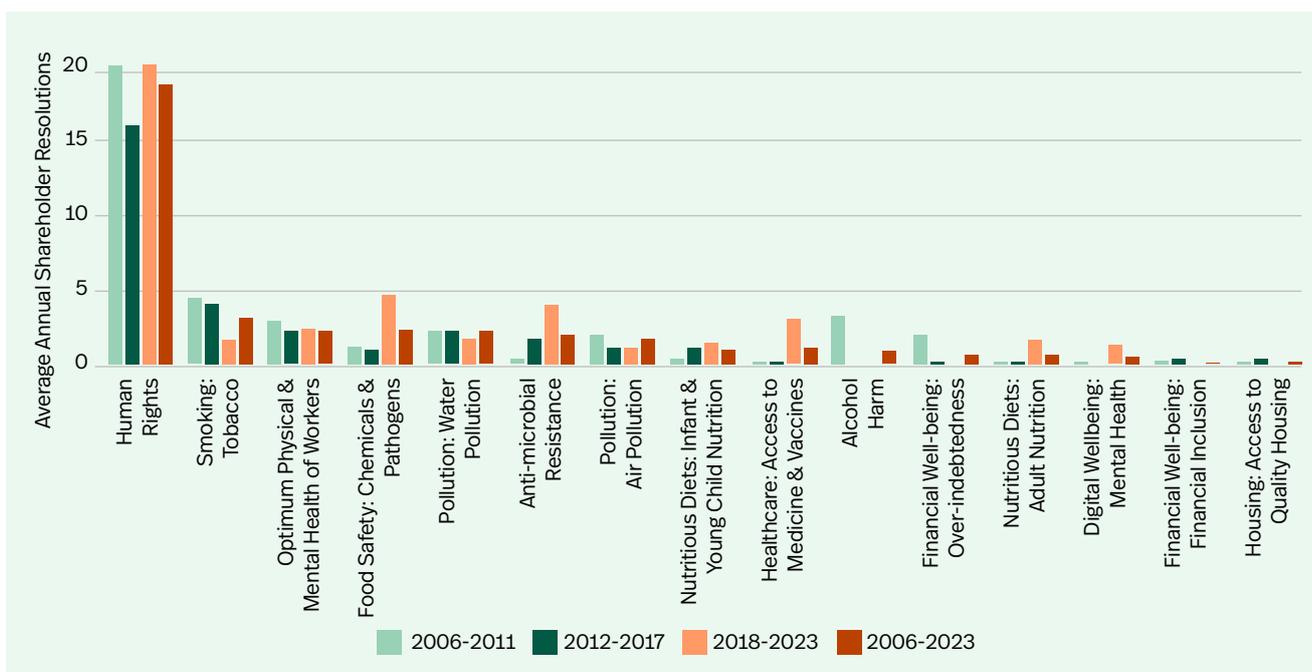
Figure 4: Priority Health Issue Maturity and Existing Investor Action Mechanisms Used



We use two main sources of information to determine this categorization. Firstly, we identified 270 shareholder resolutions filed in the US from 2006-2023 that relate to the priority health issues.<sup>64</sup> In Figure 5, we illustrate the average annual number of resolutions by issue for three sub-periods, as well as for the full period. Secondly, we

examine the grey literature (i.e., public reports that are not subject to the academic peer-review process)<sup>65</sup> to identify recent investor efforts to address these issues. We discuss the observable trends and other notable features by issue maturity category below.

**Figure 5: US Health-Related Shareholder Resolutions by Issue**



## 2.2 Mature Issues

We identified four mature issues: Human Rights, Smoking: Tobacco, Optimum Physical & Mental Health of Workers, and Alcohol Harm. Mature issues are the most established in the investment community as they have been recognized as having a financially material impact on business performance and risks, which aligns with institutional investors’ financial motivations. These issues are also characterized by long-standing efforts by investors that have actively addressed these issues for many years. To drive improvements, investors use the entire range of the key investor action mechanisms. In Figure 6 we summarize a range of investor actions used to address mature issues and their related mechanisms, discussing outcomes where possible. We then provide further detail on a select subset of these actions to demonstrate the nuances involved in these initiatives. In the UK and many other countries, mature issues are supported by a growing body of legislation, both enacted and in development. These regulatory frameworks highlight the importance of these issues across society and provide a solid foundation for investors to advance

progress, especially when the financial materiality of the issues have been recognized. Despite developments to date, there remains a need for continued change and, by refining and expanding current mechanisms, investors can ensure further progress.

Investors are fully aware of the significance of mature issues and they actively incorporate them into their investment decisions and stewardship activities. In addressing these issues, investors engage in public, private and collective efforts, including direct corporate engagement, collaborative initiatives, and the use of shareholder influence to drive change.

Many investors also incorporate ESG ratings to assess company performance and guide their investment choices, as an initial view on whether a company is aligned with societal and ethical standards. We also identified a few instances of using the board oversight mechanism, reflecting a comprehensive approach to integrating mature issues into investment strategies. Furthermore, investors have begun to support legislation and advocating for policies that address these issues demonstrating a commitment to long-term, systemic change.

<sup>64</sup> Data sourced from ISS covering US S&P 1500 Index constituents.

<sup>65</sup> Adams, Smart, and Huff, “Shades of Grey.”

Figure 6: Examples of Investor Initiatives and Related Mechanisms for Mature Issues

Issue & Investor Action	Mechanisms	Description
Human Rights: <a href="#">Investor Alliance for Human Rights</a>	Corp. Engage.; ESG Ratings; Policy Engage.	<ul style="list-style-type: none"> <li>Global initiative of <a href="#">ICCR</a> representing a collective action platform for responsible investment; &gt;240 members from 21 countries with ~US\$14 trillion.</li> <li><b>Builds capacity</b> of institutional investors to respect human rights, coordinates corporate engagements, and participates in <b>polycymaking</b> activities.</li> <li><b>Investor statement</b> (2020) signed by 101 investors called for mandatory human rights due diligence requirements from governments.</li> <li>Outcomes: 5th <a href="#">Corporate Human Rights Benchmark</a> (2023) highlights some companies showing transformative change, although overall rate of improvement is still too slow (e.g., from 2018-2023, whereas ~70% of apparel and extractives companies showed some improvement on core UN Guiding Principles on Business and Human Rights (UNGP) indicators, 12 companies improved their score by an outsized &gt;5x the average).</li> </ul>
Worker Health: <a href="#">Workforce Disclosure Initiative</a>	Corp. Engage.; ESG Ratings; Board Oversight	<ul style="list-style-type: none"> <li>Global initiative from Thomson Reuters Foundation; 56 investors with ~US\$9.5 trillion.</li> <li>Aims to increase the quality and quantity of corporate workforce data and enhance investor/company engagement through workshops, convenings, data, and analysis.</li> <li>Outcomes: In <b>2023 report</b>, signatories engaged 299 companies with 25 new companies agreeing to provide disclosure.</li> </ul>
Worker Health: <a href="#">Platform Living Wage Financials</a>	Corp. Engage.; ESG ratings	<ul style="list-style-type: none"> <li>Global investor coalition of 24 financial institutions with &gt;€7 trillion.</li> <li>Engages with and monitors &gt;50 companies from the garment and footwear, agrifood, and food retail sectors to adopt good practices (including living wages) in supply chains.</li> <li>Outcomes: <b>Contributed</b> to developing new data standard for investment-relevant social indicators and raising profile of living wage among corporates and civil society. Over <b>30 garment and footwear companies</b> evaluating the impacts of not paying a living wage; grown from 20 to 24 financial institutions in coalition from 2023-2024.</li> </ul>
Worker Health: <a href="#">Good Work Coalition</a>	Corp. Engage	<ul style="list-style-type: none"> <li>UK initiative from ShareAction; members include Aviva and Columbia Threadneedle.</li> <li>Coalition enables investors to collectively engage companies to promote good work standards through attending annual shareholder meetings, letters, roundtables, and dialogue.</li> <li>Outcomes: Resolution filed at <a href="#">Sainsbury's</a> (17% vote support) followed by company announcing two pay increases in <b>2022</b> and <b>2024</b> (now in line with the "real" living wage).</li> </ul>
Worker Health: <a href="#">Corporate Mental Health Benchmark</a>	Corp. Engage.; ESG Ratings	<ul style="list-style-type: none"> <li>UK-focused benchmark from the <a href="#">CCLA</a> combined with global investor coalition on workplace mental health; 54 investors with a combined \$9.4 trillion.</li> <li><b>2024 benchmark</b> evaluates how 101 UK companies manage workplace mental health and provides relevant information to institutional investors.</li> <li>Investors co-signed letters sent to companies and engaged with companies directly.</li> <li>Outcomes: 93% of companies view mental health as key issue, including 65% of companies detailing business risks/opportunities associated with mental health in the workplace; 24% of companies (~1 million workers) improved to advance to higher rating tier compared to 2023.</li> </ul>
Human Rights: <a href="#">Investor Initiative on Human Rights Data</a>	ESG Ratings	<ul style="list-style-type: none"> <li>UK-focused collaborative data initiative, launched in 2024 by Church Commissioners for England, together with Aviva and Scottish Widows.</li> <li>Aims to improve quality of corporate human rights data available to investors and create screening tools to assess and rank companies' human rights performance.</li> <li>Outcomes: 15 investors already support the initiative and have engaged with &gt;20 data providers in 2023, selecting 8 as initial targets for further engagement and outlining their requirements for corporate human rights data availability, quality, and use.</li> </ul>

Figure 6: Examples of Investor Initiatives and Related Mechanisms for Mature Issues

Tobacco: <b>Tobacco Free Portfolios</b>	ESG Ratings	<ul style="list-style-type: none"> <li>• Global initiative aimed at encouraging financial institutions to divest from the tobacco industry; 210 signatories with &gt;US\$18 trillion.</li> <li>• <b>Pledge</b> aims to reduce financial support for the tobacco industry by implementing tobacco-free finance policies.</li> <li>• Working with data providers/ratings agencies to revise ESG methodology for tobacco companies; hosted <b>webinars</b> to celebrate investors with tobacco-free policies.</li> <li>• Outcomes: <b>Swedish pension</b> fund Alecta announced tobacco-free position and UK's <b>USS</b> committed to divesting from tobacco in 2020.</li> </ul>
Alcohol: <b>Alcohol Screening</b>	ESG Ratings	<ul style="list-style-type: none"> <li>• Negative screening to exclude companies involved in the production or sale of alcohol.</li> <li>• Outcomes: Alcohol screening is applied by over 30% of <b>socially responsible investment funds</b> in Europe.</li> </ul>
Tobacco: <b>Tobacco Free Funds</b>	ESG Ratings	<ul style="list-style-type: none"> <li>• US-focused portfolio screening tool developed by <b>As You Sow</b> focused on tobacco companies and entertainment companies that promote tobacco.</li> </ul>
Worker Health: <b>Investor-First Approach to Human Capital Reporting</b>	ESG Ratings, Policy Engage.	<ul style="list-style-type: none"> <li>• US-focused initiative from the <b>Human Capital Management Coalition</b> (HCMC); 36 institutional investors with &gt;US\$10 trillion.</li> <li>• Encourage companies to improve the disclosure of human capital data and enhance standards of human capital management.</li> <li>• <b>Submitted</b> petitions, comment letters, and statements to regulators including SEC in the US.</li> <li>• Outcomes: SEC Investor Advisory Committee recommend improving human capital reporting, citing HCMC petition (2019) and SEC cited HCMC petition in adopting final rule that recognizes human capital as source of value rather than only as a business cost (2020).</li> </ul>
Human Rights: <b>UK Investor Letter</b>	Policy Engage.	<ul style="list-style-type: none"> <li>• In 2022, 39 investors (&gt;£4.5 trillion) signed letter calling for a “Business, Human Rights and Environment Act” in UK legislation to mandate companies to carry out human rights and environmental due diligence across their own operations and value chains.</li> <li>• Outcomes: A <b>new corporate accountability law</b> currently being developed.</li> </ul>

2.2.1. Human Rights

Investors advance human rights through a variety of mechanisms. They use corporate engagement, such as sign-on statements, shareholder influence, and direct dialogue to drive improvements in company practices. ESG ratings and data initiatives help assess and rank companies on their human rights performance. Investors also leverage collaborative engagement to encourage improved corporate human rights performance, while publicly supporting legislative efforts to enhance corporate accountability and transparency. Investors have typically engaged with human rights issues reactively, often only after public scandals or regulatory changes brought attention to a specific issue. For example, human rights abuses in supply chains, such as forced labour in the apparel and tech industries, only became areas of investor scrutiny after high-profile media coverage and following consumer and regulatory pressures. Moreover, international standards such as the **UN Guiding Principles on Business and Human Rights** (2011) and the **OECD Guidelines for Multinational Enterprises** (2023) have pushed investors to consider human rights not as a peripheral issue but as a financially material risk with potentially substantial financial impacts.

For more than fifty years, members of **ICCR**, a coalition of over 300 investors overseeing more than US\$4 trillion in assets, have demanded better performance on key social issues from world’s leading companies. Launched in 2018, ICCR’s **Investor Alliance for Human Rights** platform promotes responsible business conduct and human rights standards. Its **Investor Toolkit for Human Rights** (2020) and a **variety of multi-stakeholder events** provide guidance and tools for integrating human rights into investment decisions. The alliance regularly publishes letters and **sign-on statements**, and helps investors engage directly with companies. This involves dialogue, **filing shareholder resolutions**, and pressuring companies for transparency regarding their **lobbying** activities and human rights policies.

Moreover, the alliance **engages with policymakers** to develop and enforce human rights due diligence requirements, and released an **investor statement** calling for enhanced regulation. In terms of outcomes, the **Corporate Human Rights Benchmark** (2023) assessed 110 of the world’s largest apparel companies and extractives companies on their corporate human rights performance and found that, after being evaluated five times in the benchmark, most companies (70%) are making progress toward fulfilling their responsibilities to respect human rights.

However, although some global companies such as Amazon, OMV, and Hermes are showing transformative change, the overall rate of improvement continues to be modest, highlighting the limitations of voluntary actions and suggesting that without stronger regulation, progress may remain incremental. High performers in the benchmark were found to designate senior-level roles for human rights and structuring the day-to-day management of those rights, among other measures.

In the UK, a [letter from 39 investors](#), representing over £4.5 trillion in assets, urged the government to pass a “Business, Human Rights, and Environment Act”, highlighting investor support for comprehensive legislation on human rights. The UK government has not yet passed such legislation, however a [new corporate accountability law](#) is in the pipeline, with a [Private Member’s Bill](#) having passed a second reading in Parliament and currently being at the committee stage.

### 2.2.2. Smoking: Tobacco

From an investment perspective, smoking has become a well-established issue due to heightened public awareness of the associated health risks and the presence of anti-smoking regulations in many countries. However, consumption behaviours have been slow to change due to the highly addictive nature of nicotine. For instance, the [prevalence of tobacco smoking worldwide](#) among those aged 15 and older was 23.7% in 2005, declined to 17% in 2020 (i.e., a 28.2% drop) and is projected to reach 15.4% in 2025. However, between 2009 and 2020, the [number of cigarettes](#) consumed globally decreased by only 12%. Meanwhile, the [estimated number of deaths](#) attributable to smoking shrunk by 29% between 2005 and 2021. In the UK, [smoking-related mortality](#) decreased by 9% between 2009 and 2019. This evidence suggests that investor action continues to be required to further reduce the consumption of tobacco and the associated mortality rates.

Investor action for addressing tobacco primarily involves divestment activities and commitments to screen out tobacco companies from portfolios. In addition, investors engage in collective efforts to promote tobacco-free finance policies and revise ESG rating methodologies. Public investor statements and shareholder resolutions further reflect investor engagement, with resolutions demanding transparency on public health costs associated with tobacco. Interestingly, as shown in Figure 5, resolutions have been less frequently used in the US in recent years as more [stringent regulations](#) have been enacted. Meanwhile, smoking rates in the US and UK have traditionally been lower compared to, for instance, Asian countries, due to cultural differences.

This suggests that a more restrictive regulatory environment may lower the prevalence of investor engagement, whereas a more permissive cultural context can magnify the role of investors.

[Tobacco Free Portfolios](#) represents a collective effort among financial leaders (banks, insurers, pension funds, and asset managers) across Europe to exclude tobacco from their portfolios. The initiative has led to a dramatic shift, with the [Tobacco-Free Finance Pledge](#) having 210 signatories from 21 countries who adopted tobacco-free finance policies. The success of the pledge and broader trend among financial organizations to reject investments in tobacco is further exemplified by the Universities Superannuation Scheme (USS), the UK’s largest private pension manager, [committing to divest from tobacco](#).

[Tobacco Free Portfolios](#) are also actively collaborating with data providers and rating agencies to revise ESG rating methodologies and ensure tobacco companies are not awarded high ratings. For example, a “best-in-class” approach to ESG ratings would usually give higher scores to the “least worst” companies without necessarily requiring a baseline level of positive impact. This approach is an interesting alternative to divestment. While divestment simply removes investors’ exposure to the company, collaborating with rating agencies to revise ESG methodologies seeks to rigorously evaluate tobacco companies, potentially leading to lower ratings and greater pressure for meaningful change. This proactive approach could be seen as addressing the root issue more effectively than divestment alone.

In the US, several shareholder resolutions have been filed concerning the negative public health impacts associated with the sale of tobacco products. As an example, a [resolution](#) filed at the Kroger Co. in 2024, requests that the company’s board of directors commission and disclose a report on the public health costs associated with the sale of tobacco products by the company and received 11.37% of votes in favour. In the UK, the government is [advancing legislation](#) to establish the first smoke-free generation, recognizing that there is no safe age to start smoking. A Tobacco and Vapes bill is currently progressing through Parliament and has passed the committee stage. Meanwhile, the government is also considering stricter outdoor smoking regulations that would include a smoking ban in pub gardens and outdoor restaurants. Institutional investors can contribute to this public health initiative by supporting and advocating for such legislation.

### 2.2.3. Optimum Physical & Mental Health of Workers

Investors are consistently focusing on workers' health and safety and address this priority health issue through a range of mechanisms, including collaborative engagement, filing shareholder resolutions, and legal actions. They also utilize ESG ratings and benchmarks to guide improvements in workplace practices, enforce effective health and safety measures through board oversight, and actively advocate for public policy changes. These actions could be viewed as being driven by moral considerations but investors are increasingly perceiving issues such as the living wage and workplace mental health as financially material business concerns, especially in light of increased media scrutiny.

**The Workforce Disclosure Initiative** (WDI), led by the Thomson Reuters Foundation, represents a coalition involving 56 investors that collectively manage US\$9.5 trillion in assets working to improve corporate transparency on workforce issues. The ongoing dialogue between institutional investors and companies facilitated by the **WDI** annual survey has been instrumental in promoting transparency and accountability on workforce practices since, the longer companies take part in the WDI survey, the more data they provide. In **2023**, WDI signatories engaged with 299 companies which resulted in 166 companies responding, the same number as in 2022, while 25 new companies started reporting through the initiative.

### 2.2.4. Alcohol Harm

We have found limited recent evidence of investor engagement with the alcohol harm issue. However, the issue was the third most common for shareholder resolutions in the US in the 2006-2011 period, before no longer being a focal issue for investors in the following years (see Figure 5). Why have investors seemingly given less attention to this issue since 2012?

There have been two major developments. Directly relating to the lower prevalence of shareholder resolutions, industry self-regulation of marketing, especially exposure to underage audiences, gained adherence from around 2011 as noted by the **US Federal Trade Commission**, who oversee and enforce advertising standards. Meanwhile, the **Responsible Marketing Pact**, a commitment by large alcohol producers, was launched in 2012 and was implemented across the EU from 2014. Nevertheless, **regulatory requirements** vary meaningfully across countries, suggesting that concerns about alcohol harm may continue to be worthy of investor action.

A second development has been the widespread use of ESG ratings to exclude alcohol companies from investors' portfolios. For example, alcohol screening is applied by over 30% of **socially responsible investment funds** in Europe and has become increasingly common among **mainstream investment funds** in both the US and Europe. This suggests that although corporate engagement has been declining, investors are viewing the combination of past corporate engagement efforts, the use of ESG ratings, and policy mechanisms as being effective.

Meanwhile, since 2005 there has been a **gradual decline in alcohol consumption** in the UK, with fewer people reporting regular drinking and those who do drink consuming less. This trend is especially noticeable among younger age groups. While overall alcohol consumption fell, alcohol-related health issues persisted over the period. Hospital admissions and alcohol-specific deaths increased in some regions, particularly during the COVID-19 pandemic in 2020, when **alcohol-specific deaths** rose by 18.6% across the UK. Between 2010 and 2019, the **global rate** of alcohol-attributable deaths per 100,000 people declined by 20.2%, reflecting an overall positive trend.

Although this evidence suggests that alcohol harm is widely acknowledged (hence its categorization as a mature issue), more proactive approaches could be used by investors, especially in regions where regulations are lagging. As an example, investors should take note of the formation of the **Global Standards Coalition** by the **International Alliance for Responsible Drinking**. This coalition, comprising 80 organizations including retailers and business groups, aims to reduce alcohol harm globally. This indicates that the role of investors has evolved from a past focus on alcohol marketing to a greater emphasis on promoting responsible consumption practices. Through targeted corporate engagement and by publicly supporting such initiatives, investors can leverage existing public and industry momentum to become more forceful advocates of alcohol harm reduction.

## 2.3 Progressing Issues

The seven progressing issues we identified are as follows: Pollution: Air Pollution, Pollution: Water Pollution, Anti-microbial Resistance (AMR), Nutritious Diets: Infant & Young Child Nutrition, Nutritious Diets: Adult Nutrition, Healthcare: Access to Medicines & Vaccines, Financial Well-being: Financial Inclusion. Figure 7 provides examples of investor initiatives and associated mechanisms for these issues, including outcomes where available. We also spotlight some key initiatives in the following text.

Progressing issues are characterized by a diverse yet underused array of mechanisms, reflecting the growing recognition of the potential risks and opportunities by the investment community. The evidence shows that all key investor mechanisms are being used for progressing issues, with their frequency and impact varying depending on the specific issue being addressed:

- Public and collective engagement are widely utilized, with initiatives uniting investors to bring about corporate accountability and improvements related to air pollution and water management practices.
- Private engagement with companies is exemplified by efforts on AMR and access to medicine and vaccines.
- ESG ratings and benchmarks provide frameworks for evaluating corporate performance on nature-related risks.
- Board oversight has proven effective, although is less commonly used, with shareholder resolutions pressuring boards to address these issues at the governance level.
- Public policy engagement, while impactful, is also less frequently used compared to other investor mechanisms.

These mechanisms demonstrate a structured approach to tackling progressing issues but are less established for investors compared to mature issues. Given that most of these mechanisms are part of very recent initiatives, it is often very difficult to assess their effectiveness as it takes longer for impacts to be evident.

### 2.3.1. Air and Water Pollution

Investors are increasingly recognizing air and water pollution as critical ESG issues, although these were traditionally addressed as part of broader environmental initiatives. Investors rely on mechanisms such as public and collaborative engagement to advocate for enhanced corporate accountability, as evidenced by a consistent number of resolutions in the US over time. Private engagement and ESG ratings are also gaining traction. Regarding air pollution, investors are capitalizing on previous efforts from NGOs, civil society, and businesses. For instance, the **Clean Air Fund**, founded in 2018, is a philanthropic organization that works with various stakeholders, including governments and businesses, to promote clean air. Its efforts include public advocacy and raising awareness about air quality issues. Meanwhile, the **Alliance for Clean Air**, launched at COP26, unites business leaders to reduce value chain air pollution and collaborate with policymakers on that issue. These initiatives have created momentum that investors can leverage, allowing them to advocate for stronger corporate accountability and integrate air quality metrics into their investment criteria.

In terms of corporate engagement, the **Valuing Water Finance Initiative** (VWFI) represents a global investor-led effort led by Ceres, involving 100 investors with a total of \$17.6 trillion in assets, to encourage **large companies from four water intensive industries** to treat water as a financial risk and address their broad water impacts. Ceres partnered on this effort with the Government of the Netherlands, that leads the global **Valuing Water Initiative**. Investors engage with 72 global companies in line with six **Corporate Expectations** for valuing water, the fifth being board oversight. Meanwhile, the Valuing Water Finance Initiative **Benchmark** launched in 2023 assesses company performance on those expectations.

Figure 7: Examples of Investor Initiatives and Related Mechanisms for Progressing Issues

Issue & Investor Action	Mechanisms	Description
Air and Water: <b>Nature Action 100</b>	Corp. Engage.; ESG Ratings	<ul style="list-style-type: none"> <li>Global investor-led engagement initiative launched in 2023 to address nature and biodiversity loss around the world, including a focus on air and water pollution; <b>220 investors</b> with ~US\$30 trillion engaging 100 market-leading companies.</li> <li><b>Investor expectations letter</b> sent to companies; corporate progress tracked progress against <b>key benchmark</b> indicators.</li> </ul>
AMR: <b>Investor Action on Antimicrobial Resistance</b>	Corp. Engage.; ESG Ratings	<ul style="list-style-type: none"> <li>Coalition launched in 2020 by <b>Access to Medicine Foundation</b>, <b>FAIRR</b> Initiative, and UK Government Department of Health and Social Care to address AMR globally.</li> <li>Produced investor education <b>guide</b>, hold annual investor meetings, published <b>investor statement</b> (2024), and released <b>AMR Benchmark</b> (2018, 2020, and 2021).</li> <li>Outcomes: <b>20 major companies</b> in UK and US casual dining and fast-food sector to adopt or announce policies addressing antibiotic resistance.</li> </ul>
Nutrition: <b>Network on Children’s Rights and Nutrition in the Food Retail Sector</b>	Corp. Engage.; Board Oversight	<ul style="list-style-type: none"> <li>Collaboration between Norges Bank Investment Management and UNICEF with <b>initiative</b> launched in 2021 to bring together companies in food retail sector to discuss children’s rights and nutrition.</li> <li>Published <b>guidance document</b> and developed workshops for companies.</li> <li>Outcomes: Collaborating companies promoting healthier diets for children.</li> </ul>
Water: <b>Valuing Water Finance Initiative</b>	Corp. Engage.; ESG Ratings; Board Oversight	<ul style="list-style-type: none"> <li>Global initiative launched in 2022 by Ceres; &gt;100 investors with US\$17 trillion engaging companies on how to address water impacts.</li> <li><b>Benchmark</b> launched in 2023 rating corporate progress (noting gaps in board oversight); 72 companies engaged through the initiative to date.</li> </ul>
Nutrition: <b>Investor Expectations on Nutrition, Diets &amp; Health</b>	Corp. Engage.; ESG Ratings; Policy Engage.	<ul style="list-style-type: none"> <li>Investor pledge led by <b>Access to Nutrition Initiative</b> (ATNI) at <b>Tokyo Nutrition for Growth Summit</b> (2021) asking governments and companies to accelerate shift to promoting healthier food and beverages; 53 investors with US\$12.4 trillion.</li> <li>Dialogue and letters sent to 19 out of 20 companies in <b>ATNI Global Index 2021</b>.</li> <li>Outcomes: By 2023, over half of targeted companies improved nutrition practices.</li> </ul>
Nutrition: <b>Investor Coalition on UK Food Policy</b>	Corp. Engage., Policy Engage.	<ul style="list-style-type: none"> <li>UK-focused investor coalition led by Food Foundation; &gt;30 investors with &gt;£6 trillion.</li> <li>Organize regular <b>investor meetings</b> and <b>events</b> with businesses; <b>support</b> policymaking by generating data and building relationships with decision makers.</li> </ul>
Air and Water: <b>Chemical Footprint Project</b>	Corp. Engage., ESG Ratings	<ul style="list-style-type: none"> <li>Initiative organized by <b>Investor Environmental Health Network</b>, an investor collaboration promoting safer chemicals management; involves <b>investors</b> with ~US\$3 trillion and companies that represent ~US\$800 billion in purchasing power.</li> <li>Outcomes: In 2021, <b>companies</b> with &gt;US\$1 trillion in annual revenue collectively achieved a chemical footprint reduction of 37.8 million kilograms.</li> </ul>
Nutrition: <b>Healthy Markets Initiative</b>	Corp. Engage.	<ul style="list-style-type: none"> <li>Investor coalition launched in 2019 by ShareAction; 45 investors with US\$7.5 trillion.</li> <li>Coalition members engage companies through letters, roundtables, and dialogue.</li> <li>Outcomes: ShareAction coordinated resolutions at <b>Tesco</b> and <b>Unilever</b> (both achieving withdrawal agreements), and <b>Nestle</b> (11% voting support); In 2022 <b>progress update</b>, six out of 11 UK retailers reporting healthy food sales (previously two).</li> </ul>
Healthcare: <b>ICCR Global Health Principles</b>	Corp. Engage.	<ul style="list-style-type: none"> <li>Investor initiative launched in 2014 on global health principles led by ICCR.</li> <li>ICCR members <b>filed shareholder resolutions</b> at pharmaceutical companies and published a <b>Pharmaceutical Equity Expectations</b> statement</li> <li>Outcomes: In <b>2023</b>, two withdrawn resolutions, other resolutions received 9-31% vote support.</li> </ul>
Financial Inclusion: <b>SOC Investment Group Racial Equity Audits</b>	Corp. Engage.	<ul style="list-style-type: none"> <li>US-focused initiative established in 2020 led by the <b>SOC Investment Group</b>.</li> <li>Filed resolutions and wrote <b>letters</b> to banks asking for racial equity audits; organized community stakeholder engagement <b>webinar</b>.</li> <li>Outcomes: One <b>withdrawn resolution</b> and modest vote support elsewhere, but shareholder pressure led banks to conduct audits of varying quality (e.g., JPMorgan’s <b>audit criticized</b>).</li> </ul>
Financial Inclusion: <b>SHARE Racial Equity Audits</b>	Corp. Engage.	<ul style="list-style-type: none"> <li>SHARE is a Canadian network of investors with &gt;C\$90 billion; announced intention to file resolutions at Royal Bank of Canada and Bank of Montreal in 2024.</li> <li>Outcomes: <b>Both banks</b> reacted to announcement by agreeing to racial equity audits.</li> </ul>
Air and Water: <b>WBA Nature Benchmark</b>	ESG Ratings	<ul style="list-style-type: none"> <li><b>World Benchmarking Alliance</b> (WBA) Nature Benchmark measures companies impacts on nature, including air and water pollution.</li> <li>Inaugural index (2022-24) ranked 816 companies across more than 20 industries.</li> </ul>
Healthcare: <b>Access to Medicine Index</b>	ESG Ratings	<ul style="list-style-type: none"> <li>Global initiative of <b>Access to Medicine Foundation</b> to assess and rank companies’ progress on access to medicines, especially in low- and middle-income countries.</li> <li>Outcomes: <b>2022 Index</b> shows that for the first time, all 20 ranked companies reported an access to medicine strategy.</li> </ul>
Financial Inclusion: <b>Racial Equity Scorecard Project</b>	ESG Ratings	<ul style="list-style-type: none"> <li>UK initiative of the <b>EIRIS Foundation</b> launched in 2023.</li> <li>Aims to provide <b>tool</b> to asset owners and asset managers showing how their investments can contribute to racial equity in the UK.</li> </ul>

### 2.3.2. Anti-microbial Resistance

Investor action on AMR has grown in prominence in recent years across a range of mechanisms and is becoming increasingly efficient. Investor interest in AMR has largely been driven by growing awareness of its economic implications, public health risks, and potential impacts on long-term corporate profitability. For instance, WHO's **No Time to Wait** report from 2019 highlighted AMR as a critical global issue associated with substantial economic costs and productivity losses, while in 2021, **G7 Finance Ministers** acknowledged the global health threat and committed to enhancing collaborative initiatives aimed at addressing AMR.

Notable among investor efforts is the Investor **Action on Antimicrobial Resistance** coalition, launched in 2020, involving the **Access to Medicine Foundation**, the **FAIRR Initiative**, and the **UK Government Department of Health and Social Care**. The coalition facilitates collective investor action and collaboration to address AMR through annual investor **meetings**, events, and public statements, such as **one from 2024** urging both companies and policymakers to take action on AMR. Aligned with these efforts, the **2021 Antimicrobial Resistance Benchmark** from the Access to Medicine Foundation evaluated how 17 leading pharmaceutical companies are addressing AMR. The 2022 **progress report** highlighted the success of collaborative engagements and shareholder resolutions to date. For instance, from 2016 to 2019, FAIRR led investor engagement in the UK and US casual dining and fast-food sectors, resulting in 19 additional companies adopting antibiotic policies. Several investors featured in the progress report, such as Amundi Asset Management and Aviva Investors, recognize the financial materiality of AMR and are actively working to raise awareness of its significance for the investment community by hosting investor roundtables and coordinating public statements.

Taking a more targeted approach, in 2022 FAIRR launched a **collaborative investor engagement** aimed at enhancing transparency on how companies in the animal pharmaceuticals sector address AMR throughout their value chains. The **May 2023 progress report** provided an initial assessment of seven animal pharmaceutical companies and highlighted significant transparency gaps, making it difficult for investors to evaluate AMR-related risks and opportunities. Although a few targeted companies have shown some willingness to improve, substantial room for progress remains, including greater board-level engagement and expertise on these issues. Most recently, an **investor guide** on AMR was published in 2024 to help enable stewardship activities.

### 2.3.3. Nutritious Diets: Infant & Young Child Nutrition and Adult Nutrition

Institutional investors are increasingly recognizing the global nutrition crisis as a financially material issue that contributes to significant health problems and economic costs that can negatively impact their portfolios and asset values over time. The focus on nutrition has emerged from growing public concern over health issues associated with poor diets, but also from the realization that looming regulation, such as the **proposed ban** on junk food television advertisements before 9pm in the UK, can financially impact companies and investors.

Although a range of mechanisms have been used by investors focusing on nutrition, the issue is yet to become a mainstream concern across the finance industry. Nevertheless, we identified solid evidence that this is beginning to change, particularly as investors have partnered with NGOs to address these issues.

The most concerted effort has involved the **Access to Nutrition Initiative** (ATNI) that launched in 2013. At the **Tokyo Nutrition for Growth Summit** in 2021, a coalition of investors managing \$12.4tn in assets led by ATNI **made a unified call for action** to address the global nutrition crisis. This collective urged both governments and companies to accelerate their efforts in promoting healthier food options, and pledged to engage with the 20 companies listed in the **ATNI Global Index 2021**. ATNI facilitated these engagements and, over a 20-month period, investors participated in 34 meetings and made 351 requests related to product healthiness, transparency, and lobbying practices. The **2021–2023 progress report** shows that the corporate engagement led to a significant increase in companies' commitments to improve their health-related practices, such as defining healthy products, disclosing healthiness of portfolios, and setting targets to reduce negative nutrients.

The **Healthy Markets Initiative**, launched by ShareAction in 2019, brings together investors with US\$5.8 trillion in assets to drive improvements in company practices related to consumer health and nutrition. The coalition wrote joint letters to companies, organized roundtables, and engaged companies at annual general meetings. ShareAction also coordinated the filing of shareholder resolutions targeting the corporate nutrition strategies of **Tesco** (2021), **Unilever** (2022), and **Nestlé** (2024). The Tesco resolution led the company **to commit** to increasing its healthy food sales, while **Unilever agreed** to annual public reporting of product healthiness and setting new sales targets for healthier products.

These cases illustrate how strategic investor actions, amplified by the media, can drive substantial corporate policy changes that have the potential to improve nutritional outcomes. However, the Nestlé resolution **only received 11% voting support**, partly due to the requirement in Switzerland, where the company is headquartered, for shareholder resolutions to involve amendments to companies' articles of association that discouraged many from voting in favour.

#### 2.3.4. Healthcare: Access to Medicine & Vaccines

Investors employ a range of mechanisms to address access to medicine and vaccines, including collaborative engagements, direct corporate interactions, and performance evaluation tools.

The **Access to Medicine Foundation's** investor-led **collaborative engagement** is a prime example of collective action, uniting investors to influence pharmaceutical companies' practices on access to medicine in low- and middle-income countries (LMICs). The foundation provides practical support and advice to investors for managing sector-specific risks and opportunities and aims to drive improvements and track progress towards SDG3 by 2030. By pooling resources and efforts, investors enhance their impact and bring about system-wide change.

The foundation also plays a crucial role in ESG ratings by publishing the **Access to Medicine Index** (ATMI), which has been a key tool for evaluating how 20 of the world's largest pharmaceutical companies' improve access to medicine in LMICs. ATMI ranks companies' progress on enhancing access to medicine and is a trusted tool for over 100 investors with over US\$22 trillion in assets. This corporate engagement has been successful, with the **2022 Index** finding that more pharmaceutical companies have made some of their products more widely accessible in LMICs, including some companies that were previously less likely to do so. All 20 companies now report having an access-to-medicine strategy, with 19 integrating it into their corporate strategies. Additionally, three more companies have engaged in voluntary licensing agreements. However, progress to date is uneven and there are still laggards.

As another example, **ICCR** members have recently **filed resolutions related to patent protection** and access to COVID-19 medicines and published a **Pharmaceutical Equity Expectations** statement, demonstrating a robust approach to promoting global health and corporate accountability. However, **most of the resolutions filed** received limited voting support, although two were withdrawn. Moreover, ICCR contributes to public engagement through its **2014 Principles and Recommended Corporate Practices to Promote Global Health**.

#### 2.3.5. Financial Well-being: Financial Inclusion

Corporate engagement and ESG ratings, such as the **Racial Equity Scorecard Project** from the EIRIS Foundation, have been the primary mechanisms for investor action on financial inclusion. As with other health issues, investor interest in financial inclusion has emerged from a growing awareness of the issue. For instance, financial inclusion is recognized as a **key factor** in achieving seven of the 17 SDGs, and the issue has been subject to rising **regulatory and consumer pressure**.

In the US, the **SOC Investment Group** has played a significant role in public engagement on racial equity issues. The group collaborates with union-affiliated pension funds and uses its influence to push for systemic changes in the financial sector. This collaborative approach enhances the effectiveness of investor influence by pooling resources and amplifying voices. In 2020, the SOC Investment Group sent letters and filed resolutions at major banks **calling for racial equity audits**. Shareholder pressure led some banks, such as JPMorgan, to conduct audits, but that **audit was later criticized**. In other instances, **resolutions** only received limited shareholder support.

### 2.4 Emerging Issues

We identified four emerging health issues: Food safety: Chemicals and Pathogens, Financial Well-being: Over-indebtedness, Digital Well-being: Mental Health, and Housing: Access to Quality Housing. Emerging issues are those that have only recently begun to attract some attention from investors who are concerned about the potential financial risks and opportunities associated with these issues.

Recent investor mechanisms for addressing these issues involve a mix of public, private, and collective engagements, alongside the use of ESG ratings and benchmarks. However, these mechanisms are used inconsistently and substantial development of these approaches is still needed. Despite limited investor engagement, these issues may already be garnering interest from NGOs and companies, and investors can play a crucial role in catalysing change. Figure 8 below provides examples of mechanisms used for emerging issues and emphasizes related outcomes. Still, it is often difficult to robustly assess the effectiveness of these investor initiatives due to their recent emergence.

**Figure 8: Examples of Investor Initiatives and Related Mechanisms for Emerging Issues**

Issue & Investor Action	Mechanisms	Description
Digital Well-being: <a href="#">JANA Partners and CalSTRS Open Letter</a>	Corp. Engage.	<ul style="list-style-type: none"> <li>In 2018, JANA Partners and California State Teachers' Retirement System collectively owned ~US\$2bn shares of Apple.</li> <li>Shareholder letter asking Apple to provide more parental controls and tools to help manage children's use of Apple devices.</li> <li>Outcomes: Apple responded by developing <a href="#">more robust parental controls</a>.</li> </ul>
Digital Well-being: <a href="#">Collaborative Engagement on Tech, Mental Health &amp; Wellbeing</a>	Corp. Engage.	<ul style="list-style-type: none"> <li>Global initiative led by Sycomore AM &amp; AXA IM; 33 investors with &gt;US\$2.6 trillion beginning in 2023.</li> <li>Collaborative engagement and investor statement asking companies in media, internet, and gaming sectors to monitor impact and share best practices.</li> </ul>
Food Safety: <a href="#">WBA Food and Agriculture Benchmark</a>	ESG Ratings	<ul style="list-style-type: none"> <li>WBA's Food and Agriculture <a href="#">Benchmark</a> ranks sustainability performance of 350 most influential food companies worldwide; includes food safety (but not main focus).</li> <li>Outcomes: 2023 version of <a href="#">benchmark</a> finds poor performance among companies regarding food safety standards.</li> </ul>
Food Safety: <a href="#">Coller FAIRR Protein Producer Index</a>	ESG Ratings	<ul style="list-style-type: none"> <li>FAIRR is global collaborative investor network raising awareness of ESG risks and opportunities in the global food sector; &gt;400 investors with &gt;US\$70 trillion.</li> <li>Index assesses 60 of largest global meat, dairy, and aquaculture companies on 10 ESG themes aligned with the SDGs (including food safety).</li> <li>Outcomes: Food safety performance of rated companies improved by 2% in 2023.</li> </ul>
Housing: <a href="#">ESG Social Housing Working Group</a>	ESG Ratings	<ul style="list-style-type: none"> <li>Developed Standard covering 48 criteria across ESG considerations including housing affordability.</li> <li><a href="#">Lloyds, NatWest, LGIM, and M&amp;G</a> among more than 25 investors and lenders already committed to the Standard.</li> <li>Outcomes: &gt;60 organizations (34 housing associations and 27 lenders and investors) committed to becoming early adopters of the Standard.</li> </ul>
Housing: <a href="#">NextGeneration Benchmark</a>	ESG Ratings	<ul style="list-style-type: none"> <li>Annual sustainability benchmark for UK's 25 largest homebuilders; uses 69 criteria (including affordable housing) and covers full ESG spectrum.</li> <li>Outcomes: <a href="#">2023 benchmark</a> finds average proportion of affordable homes delivered dropped to 31%, with only the top five builders exceeding 40%.</li> </ul>

**2.4.1. Food Safety: Chemicals & Pathogens**

Investors participate in collaborative engagements through multi-stakeholder platforms and use specialized benchmarks to address food safety. However, although food safety is a recognized ESG concern, the specific issue of chemicals and pathogens is not a key focus in investment decisions related to food.

WBA is one example of a multi-stakeholder platform that includes an assessment of corporate food safety, through its [Food and Agriculture Benchmark](#) (2023). Institutional investors such as Aviva and Federated Hermes act as allies of WBA. The [benchmark](#) indicates that progress is still needed, since only six companies ensure all suppliers are certified to food safety standards, and only three make efforts to help suppliers comply.

A further example is the [Coller FAIRR Protein Producer Index](#) (2023), which provides ESG ratings and assessments of the animal protein sector, including food safety performance. The [6th iteration](#) of the index found the food safety performance of indexed companies improved by an average of 2% in 2023.

**2.4.2. Financial Well-being: Over-indebtedness**

Over-indebtedness occurs when individuals are unable to meet their loan repayment obligations, with predatory lending practices contributing to consumers' inability to meet financial obligations. Individuals facing this situation have been found to have more severe [negative consequences](#) both in terms of mental and physical health.

We are not aware of any specific investor initiatives addressing over-indebtedness at this time. However, investors can start to tackle this issue by using existing benchmarking tools to assess ESG policies of financial institutions and guide investment decisions. Institutional investors can leverage the existing work of NGOs, such as the [Fair Finance Guide Methodology](#) from [Fair Finance International](#) that helps investors evaluate how well financial institutions manage ESG risks and opportunities, including those related to consumer protection. Moreover, to promote responsible lending and investment practices, investors can support country-level [Fair Finance Coalitions](#), which work collectively to influence the policies and practices of financial institutions.

### 2.4.3. Digital Well-being: Mental Health

Investor mechanisms for addressing digital well-being and mental health are very recent and include collaborative coalitions advocating for tech companies to adopt mental health measures, private engagements to influence policies and board oversight, and public statements urging better corporate practices. For instance, JANA Partners, an activist hedge fund, and the California State Teachers' Retirement System sent an [open letter to Apple's board](#) in 2018 urging the company to research the potential negative effects of iPhone use on children and to provide more parental controls. With the two shareholders controlling around US\$2 billion in Apple stock, their collaboration was notable not just for its financial weight but for its focus on social responsibility, rather than traditional corporate issues. [Apple responded](#) to the letter and committed to enhancing iOS parental controls in future updates, emphasizing the company's dedication to protecting children.

More recently in 2023, [Sycomore Asset Management and AXA Investment Managers](#) formed a [PRI-coordinated collaborative engagement effort](#) among 33 global institutional investors that aims to collectively engage with tech companies to raise awareness and implement measures to mitigate the negative impacts of technology on mental health and well-being. These efforts are ongoing and have begun to escalate by emphasizing the relevance of the board oversight mechanism.

### 2.4.4. Housing: Access to Quality Housing

In the UK, the issue of access to quality housing has primarily been raised by a combination of NGOs and housing associations. Charities such as [Shelter](#) and [Crisis](#) are focused on housing and homelessness issues, working to advocate for better housing policies and offer support to those in need. Housing associations, such as the [National Housing Federation](#), concentrate on providing affordable, quality housing options.



Investor engagement on access to quality housing is currently limited. One emerging initiative in the UK is the [ESG Social Housing Working Group](#) (2020) that was supported from the very beginning by over 60 banks, investors, and housing associations who committed to becoming early adopters of the standard. This industry-led initiative established a voluntary standardized reporting framework for ESG performance in social housing, enabling better alignment of investor expectations with social outcomes.

Similarly, the [NextGeneration Benchmark](#) report assesses the sustainability performance of the UK's largest homebuilders across various ESG criteria, although access and affordability only form part of this assessment. Clearly, this issue is still at the margins of investors' considerations. Unfortunately, the 2023 iteration of the benchmark found that focus on affordable housing varies significantly among homebuilders and that the average percentage of affordable homes delivered dropped by 1pp to 31%, with only the top five builders exceeding 40%.

## 2.5 Looking Ahead: Tailoring Investor Action to Issue Maturity

Our review of investor action data and practitioner reports on the 15 priority health issues revealed much variation in investor attention. Emerging issues are in their infancy, attracting initial attention and require foundational investor action. Progressing issues, while gaining traction, still need substantial investment and coordination among different mechanisms to drive meaningful change. By contrast, mature issues have established frameworks and significant investor engagement, allowing for more refined and effective interventions.

Going forward, investors can strategically select mechanisms based on the maturity of the health issue at hand. For emerging issues, this means focusing on building visibility through public and collective engagement. For progressing issues, investors can prioritize enhancing and diversifying existing mechanisms to deepen impact. For mature issues, leveraging well-established coalitions and advocating for policy advancements can drive ongoing progress. By aligning their approaches with the maturity level of each issue, investors can optimize their efforts and contribute to more impactful outcomes. We provide further suggestions for investors and other actors seeking to influence investors' behaviours to advance these issues in Sections 4 and 5.



## 3. LESSONS FROM INVESTOR ACTION ON OTHER ISSUES

In broad terms, investors' concerns about ESG issues have now entered the mainstream. For example, PRI's membership base has grown to include over 4,000 signatories collectively overseeing US\$100 trillion in assets. However, the focus of investor action has varied quite meaningfully across issues and by mechanism. For instance, the [Proxy Preview 2024 report](#) highlighted that 33% of ESG-related shareholder resolutions filed in the US related to climate and environmental issues, which dominated other issues such as corporate political influence (17%), human rights (14%), and equality, diversity, and inclusion (EDI)<sup>66</sup> (8%). The level of attention to these issues has also varied over time, suggesting that some issues have become part of the mainstream for investors to consider, whereas others have yet to become established.

To understand the role of different investor action mechanisms, we can observe how investors have evolved their approaches as issues mature over their life cycle. In other words, investors use different mechanisms depending on the stage of maturity of the particular issue. To illustrate this dynamic, we will focus on the evolution of investor action relating to climate change and EDI, given that both issues have become deeply embedded into investors' consciousness. We suggest a framework, based on the lessons from these and other examples, that can be applied to the health arena.

### 3.1 The Evolution of Investor Action on Climate Change and EDI

#### 3.1.1. Climate Change

Investors began raising concerns about corporate environmental impacts in the 1970s which ramped up in the aftermath of the Exxon Valdez oil spill in 1989.<sup>67</sup> As evidence of the corporate impacts on climate change became more evident in the 1990s and 2000s, investors increased their use of shareholder resolutions to target major fossil fuel companies, automakers, and related industries to seek increased disclosure and corporate action to address these concerns, although initial voting

support typically averaged in the 10-20% range.<sup>68</sup> These resolutions involved both investors publicly engaging on their own and also in coalition with others, seeking improvements in climate disclosure, establishing board sustainability committees, and setting emissions reduction targets.<sup>69</sup>

Although environmental considerations had been included in ratings of corporate responsibility since the early 1990s,<sup>70</sup> climate change became a more established part of the ratings landscape following the founding of CDP (formerly the Carbon Disclosure Project) in 2000.<sup>71</sup> Over time, investors also began to participate in private engagement on climate change, such as the institutional investor coalitions coordinated by PRI from 2008.<sup>72</sup> Elsewhere, a global fossil fuels divestment investment movement gained traction following the establishment of the Go Fossil Free campaign in 2012.<sup>73</sup>

Momentum continued to build in the investment industry, but a key juncture was the signing of the Paris Climate Agreement in 2016. Around this time, a group of 407 institutional investors representing US\$24 trillion called on policymakers to take more decisive climate action. In the following year, Climate Action 100+ (CA100+), a coalition of over 700 institutional investors, was formed to mobilize investors to more forcefully engage companies to set ambitious targets and implement changes to their operations.

Since then, investors have continued to exert policy influence. For example, investors were involved in the G20 government-led Task Force on Climate-Related Financial Disclosures (TCFD), which was formed in 2017 to encourage improved corporate transparency designed to facilitate investment decisions. Most recently, institutional investors were prominent among the thousands of comment letters sent to the US SEC in relation to their climate disclosure ruling that was finalized in March 2024.<sup>74</sup>

<sup>66</sup> Also referred to as diversity, equity, and inclusion (DEI) in the US.

<sup>67</sup> Hoffman, "A Strategic Response to Investor Activism."

<sup>68</sup> O'Rourke, "A New Politics of Engagement"; Reid and Toffel, "Responding to Public and Private Politics."

<sup>69</sup> Ioannou, Li, and Serafeim, "The Effect of Target Difficulty on Target Completion"; McDonnell, King, and Soule, "A Dynamic Process Model of Private Politics."

<sup>70</sup> Graves and Waddock, "Institutional Owners and Corporate Social Performance."

<sup>71</sup> Waddock, "Building a New Institutional Infrastructure for Corporate Responsibility."

<sup>72</sup> Slager et al., "Tailor-to-Target."

<sup>73</sup> Schifeling and Hoffman, "Bill McKibben's Influence on U.S. Climate Change Discourse."

<sup>74</sup> CCLI, "Review of Second Round of Public Comments to U.S. Securities and Exchange Commission Regarding Proposed Climate Change Disclosures."

In sum, these developments suggest that climate change considerations have become integrated into mainstream investor decision making. Although the effects of corporate induced climate change are far from being resolved, investor action on climate change has moved from the fringes of the investment industry to become embedded as a core issue.

### 3.1.2. EDI

Investor action on EDI has also been longstanding with studies documenting the use of shareholder resolutions focused on board diversity in the US from the 1990s.<sup>75</sup> Since then, and similar to climate change, investors have used a broad range of mechanisms to influence EDI outcomes. In terms of public engagement, resolutions continue to be widely used,<sup>76</sup> while investors have also written **open letters** to pressure companies. Meanwhile, other investors have used private engagement, both individually and collectively, to encourage companies to improve representation among their leadership.<sup>77</sup>

In terms of other mechanisms, board oversight has clearly been prioritized given investors' emphasis on diversity at that level of companies. Investors have played an important role in supporting initiatives such as the **30% Club** and the **Diversity Project**, that seek to enable diverse and inclusive workplaces at leading companies and financial institutions. These efforts have built on previous regulation to encourage the adoption of board gender quotas in many countries.<sup>78</sup> Separately, diversity metrics have been incorporated into ESG ratings for many years.<sup>79</sup> At the leadership level of companies, these metrics are relatively easy to track due to the visibility of these individuals, thereby enabling the development of investment products, including a gender-focused exchange-traded fund.<sup>80</sup>

Yet, a limitation of ESG ratings is that they have tended to focus on easy-to-access data, including the gender and ethnicity of board members and C-suite executives, rather than EDI across the whole organization. To address EDI at the company level, governments in the US and UK, among others, have sought to implement more granular pay disclosure data that provides a more detailed analysis of pay differences at different levels of the organization.

Notably, investors have been involved in these policy discussions. As an example, amendments were made to equal opportunity **reporting requirements** in the US to include pay and hours worked information starting

in 2017 (previously only the demographic breakdown of the employee base by job category was required). As part of the development of these new regulations, investors concerned about EDI, including **Arjuna Capital**, **Boston Common Asset Management**, and **Trillium Asset Management** submitted letters to the Equal Employment Opportunity Commission advocating for improved disclosure on these issues. This can be viewed as quite an efficient form of investor action. Rather than engaging on a company-by-company basis, policy engagement can enable broader changes across many companies that are held within investors' portfolios.

Like climate change, issues relating to EDI are far from resolved. However, investors have shifted from recognizing the importance of gender equity at the upper echelons of companies to now seeking improvements across the workforce and along multiple dimensions, including race, sexual orientation, and socioeconomic status. These efforts are informed by the evolving societal and policy landscape, meaning that investors' actions are maturing alongside changes in the wider operating environment.

### 3.2 Investor Action at Different Stages of Issue Maturity

Clearly then, the climate change and EDI examples illustrate that investors can employ the full gamut of investor action mechanisms to promote a specific issue. Importantly, however, investors' objectives and the related use of different mechanisms has varied greatly as these issues have evolved from emergence to maturity from the perspective of investors.

Abstracting from these and other examples we have reviewed, we propose the framework depicted in Figure 9. This framework serves as a high-level guide to match different investor action mechanisms to the stage of maturity for a particular issue for the investment community. Of course, this framework provides an oversimplified description of these processes that does not incorporate all the nuances of every type of ESG issue. For different types of issues, investors' objectives may develop at different times, so the order of which investor action mechanisms are relevant may also vary. Despite this, we argue that the overall pattern we suggest is broadly reflected in the literature and cases we have reviewed when the full range of ESG issues have been considered.

<sup>75</sup> Marquardt and Wiedman, "Can Shareholder Activism Improve Gender Diversity on Corporate Boards?"; Rojas et al., "Bringing about Changes to Corporate Social Policy through Shareholder Activism."

<sup>76</sup> Perrault, "Why Does Board Gender Diversity Matter and How Do We Get There?"

<sup>77</sup> Dimson, Karakaş, and Li, "Coordinated Engagements"; Gormley et al., "The Big Three and Board Gender Diversity."

<sup>78</sup> Terjesen, Aguilera, and Lorenz, "Legislating a Woman's Seat on the Board."

<sup>79</sup> Chatterji et al., "Do Ratings of Firms Converge?"

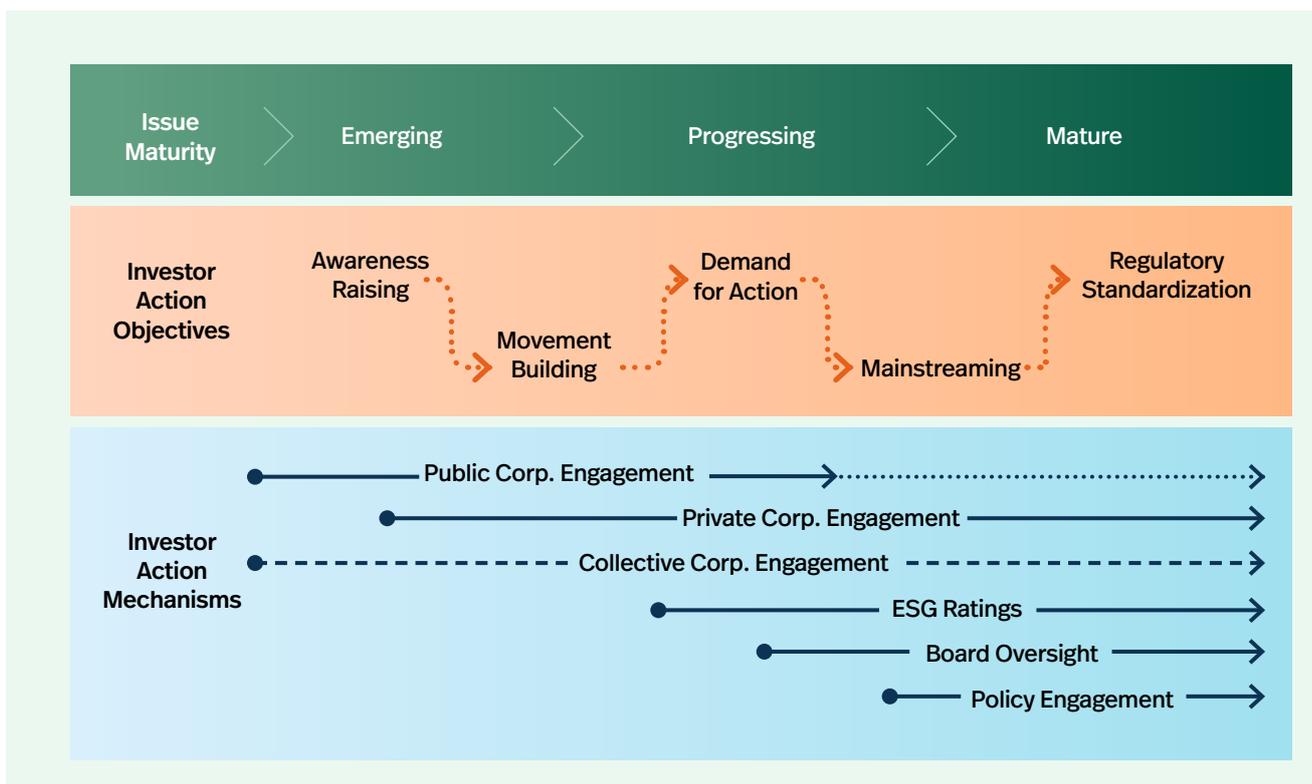
<sup>80</sup> Infante, del Rio, and Gil-Alana, "Measuring Persistence in the US Equity Gender Diversity Index."

The top two panels of Figure 9 illustrate the stage of an issue’s maturity and the related objectives that investors have for advancing the particular issue. In the lower panel, we suggest which investor action mechanisms are more likely to be relevant for achieving investors’ objectives. In other words, investors need to use the most appropriate mechanisms depending on the stage of the issue life cycle.<sup>81</sup>

In the early stages of the life cycle, issues are only beginning to emerge as being relevant for investors. Investors that recognize the importance of these issues at an early stage can be viewed as “pioneers” or “entrepreneurs” who are focused on awareness raising of the issue for other investors and the business community in general.<sup>82</sup> Due to the relatively low amount of information available at this stage, many investors will seek improved corporate transparency and disclosure about the issue, so that investors can better understand the financial implications for their portfolios.<sup>83</sup>

At these emerging stages, using mechanisms that provide visibility to other investors is likely to be helpful. Accordingly, public corporate engagement (e.g., shareholder resolutions, writing open letters) has been used to promote emerging issues, often collectively with other investors.<sup>84</sup> Importantly, investor actions might not immediately be successful in terms of changes in corporate behaviour or support from other investors. For instance, shareholder resolutions might initially only receive a relatively low vote share. Yet, the publicity related to the resolution means that the issue has entered the general discourse, which sets the stage for other mechanisms to play their part.

**Figure 9: Investor Action Mechanisms and Issue Maturity Framework**



<sup>81</sup> Litrico and David, “The Evolution of Issue Interpretation within Organizational Fields.”

<sup>82</sup> Sjöström, “Shareholders as Norm Entrepreneurs for Corporate Social Responsibility.”

<sup>83</sup> Reid and Toffel, “Responding to Public and Private Politics”; Flammer, Toffel, and Viswanathan, “Shareholder Activism and Firms’ Voluntary Disclosure of Climate Change Risks.”

<sup>84</sup> Proffitt and Spicer, “Shaping the Shareholder Activism Agenda.”

As emerging issues begin to gain traction, movement building through developing investor coalitions can be useful for demonstrating wider concern about an issue. Private corporate engagements, by way of behind-the-scenes meetings between investors and executives, may also be useful to provide further detail to companies about how the issues raised can be best addressed by targeted companies. In combination, investors that collaboratively use private engagement can leverage each other's expertise, align their messaging, and share engagement resources.<sup>85</sup> These joint efforts can also serve as an important signal to targeted companies that the magnitude of investor concern is growing.

When issues move into the progressing stage of maturity, a core constituency of investors has recognized the issue as being financially material. At this stage, investors may shift from seeking disclosure to become more ambitious in their demands for action by companies to implement more substantive changes, such as setting time-bound targets, adapting corporate strategy, or aligning executive compensation with improvements on the issue. Often, these types of demands will be raised in private engagement, which can also involve board members.<sup>86</sup> Meanwhile, ESG ratings can provide an element of competitive pressure, as companies can be compared to peers in terms of how well they are addressing investors' demands. Notably, public corporate engagement may begin to be less relevant in this stage as the landscape evolves towards collaborative efforts to enable corporate implementation, rather than contentious approaches that can lead to conflict.<sup>87</sup> Nonetheless, public approaches can still be used selectively as part of the escalation toolkit to keep issues in the public eye.

Over time, issues become more established, which is aided by efforts at mainstreaming the issue for investors. In this stage, the financial materiality of the issue becomes clearer for many investors, especially as other investors start pricing in the issue as part of investment valuations.<sup>88</sup> If the financial materiality of the issue can be demonstrated, the role of board oversight becomes even more significant as the fiduciary duty of directors will require higher-level consideration of the potential impacts of the issue on the company.<sup>89</sup>

Furthermore, ESG ratings can be used by investors to initially screen their portfolios to trigger engagement or reduce (or eliminate) exposure to companies that are lagging on the issue.

Finally, as issues reach full maturity, investors may push for regulatory standardization, either in terms of government policy or well-maintained industry self-regulation. A key benefit for investors of broad-based regulation of an issue is that minimum standards of corporate behaviour can be defined and enforced. Especially for diversified institutional investors, raising minimum standards across a range of companies within a portfolio can serve to mitigate downside risks. Also, in the case of regulations focused on standardized disclosure, investors benefit from having more comparable information available to aid their decision making. Moreover, although investors' corporate engagement efforts may have had some meaningful impacts, laggard companies may continue to be resistant to change, so shifts in policy are likely to compel those companies to improve their practices.

The process we have described is far from straightforward and is likely to be fraught with frustrating setbacks. For instance, as issues are in the emerging stage of maturity, companies might be more willing to push back against investors' demands as the issue has yet to reach a critical mass. Yet, we would argue that early unsuccessful investor actions may be necessary to raise awareness and mobilize other investors that eventually help the issue to become more mature from the perspective of the wider investment community. In other words, public "failure" early in the issue life cycle may be a necessary growing pain to enable future "success" and progress on the issue at hand.

<sup>85</sup> Slager et al., "Tailor-to-Target"; Doidge et al., "Collective Action and Governance Activism."

<sup>86</sup> Dimson, Karakaş, and Li, "Active Ownership."

<sup>87</sup> Beccarini et al., "The Contingent Role of Conflict."

<sup>88</sup> Khan, Serafeim, and Yoon, "Corporate Sustainability."

<sup>89</sup> Schanzenbach and Sitkoff, "Reconciling Fiduciary Duty and Social Conscience."

The climate change and EDI examples also serve to highlight the length of time that may be required for issues to reach maturity among the investment community. In both cases, mainstreaming and regulatory standardization occurred decades after investors' initial efforts, usually supported by shifts in societal and policymaker sentiment. Put simply, investors seeking to raise the profile of an emerging issue will need to commit for the long haul.

Next, in Section 4, we outline the challenges and opportunities relating to investor action on health, that require nuanced attention, especially compared to other issues such as climate change and EDI. Despite these challenges, we suggest that investors can somewhat curtail the length of this process by careful use of different investor action mechanisms. We outline in Section 5 how using the appropriate investor action mechanism at the right time (including deprioritizing some mechanisms) can help investors move health-related issues up the maturity curve.



## 4. CHALLENGES AND OPPORTUNITIES FOR INVESTOR ACTION ON HEALTH

We highlight five challenges relating to investor action on health: 1) issue scope, 2) defining impact, 3) impact time lags, 4) demonstrating financial materiality, and 5) considering system-level effects. Although each of the challenges is meaningful, there are opportunities for investors to carefully design their actions to increase their effectiveness.

### 4.1 Challenge 1: Issue Scope

There is much variation among the 15 priority health issues we have discussed. Issues like human rights and worker health have a broad scope and are relevant for most companies across the globe. By contrast, access to medicines, digital well-being, and nutrition have a narrow scope, as they relate to specific industries or regions where issues are particularly salient.

These issue dissimilarities mean that investor action on health needs to be designed to fit with the scope characteristics of each specific issue. For example, efforts to address broad scope issues can leverage the lessons of other similarly broad ESG issues such as climate change and EDI, by seeking wide-ranging support as a greater number of investors is likely to be exposed to these issues. This is consistent with the existing widespread support of initiatives such as the Investor Alliance for Human Rights and WDI as we have discussed. Meanwhile, for narrow scope issues, initiatives may need a more focused group of investors for whom the issues are particularly relevant. These narrower working groups, such as Investor Action on AMR and the Valuing Water Finance Initiative, are likely to be more motivated to address the issue and investors can develop issue-specific expertise that is more credible for engagements with companies and policymakers.

Given this variation, a health-focused version of CA100+ would not be advisable. Rather, different initiatives that are tailored based on the scope of the issue are more likely to be effective. These initiatives could be coordinated by groups such as PRI, ICCR, and ShareAction who have already demonstrated their ability to convene investors across a range of different issues. Crucially however, coordinators of, and participants involved in, this action will need to be flexible to ensure they are using the relevant mechanism depending on the stage of maturity of the issue life cycle.

### 4.2 Challenge 2: Defining Impact

A follow-on challenge relating to variation in issue scope is that the relevant outcome and impact measures differ greatly. Simultaneously, defining a reasonable end point to mark the successful conclusion of investor action can also be challenging. Yet, the goals set by investors need to be realistic and attributable to their actions, where possible.

Consider the case of nutrition as an example. An investor initiative might target companies that source a large proportion of their revenue from high-sugar foods that are known to cause diabetes and obesity. Possible steps in the logical chain of outcomes could involve:

- 1) Companies disclosing their sales from high-sugar foods.
- 2) Product reformulations to reduce sugar content.
- 3) Evidence of reduced sales of high-sugar products.
- 4) Lower diabetes and obesity rates among the target company's customers.
- 5) Lower diabetes and obesity rates among the general population.

Arguably, steps 1) to 3) could be directly attributed to investor action as the link between investors' demands and targeted companies' behaviours can be easily established. However, steps 4) and 5) involve many complexities such as the quality of community healthcare, advertising standards, and the ability to accurately source relevant data.

Aligning with existing frameworks where such information is available would be an obvious first step. ESG ratings already include the prevalence of worker safety incidents and human rights violations as these types of information are relatively straightforward to source from media reports and mandatory disclosures. For other issues where quality data is more difficult to identify on a consistent basis, investors could partner with NGOs, academics, and policymakers to establish realistic and relevant impact measures.

### 4.3 Challenge 3: Impact Time Lags

If impact measures can be adequately defined, a further related challenge is the time between an investor action and evidence of the impact occurring. In some cases, this is viewed as being straightforward (e.g., when a company explicitly changes a behaviour in response to an investor request). However, even in the simple case, companies may take time to formulate a response plan, the views of other stakeholders might need to be incorporated, and changes in the company's operating procedures need to be implemented. The speed at which these changes are possible will naturally differ by the specifics of the issue raised.

Returning to the lessons associated with climate change, it is important to recognize that CA100+ did not develop overnight.

Rather, the initiative built on the coordination and engagement experience embedded within its five investor networks (Asia Investor Group on Climate Change, Ceres, Investor Group on Climate Change, Institutional Investor Group on Climate Change, PRI). CA100+ organized its engagements by region to leverage the context-specific nature of investor members' expertise and access to targeted companies. Furthermore, it is important to recognize that despite the expertise of the constituent investor networks, it was nearly two years before the initial progress was reported (September 2019) and the benchmark of key indicators of corporate climate progress was released a year later (September 2020). This [timeline](#) highlights that even for a relatively focused set of issues (i.e., climate action), establishing and building an impactful initiative requires significant investment of resources and time.

These challenges become even more daunting when the impact measure becomes more distant from the investor action itself. The lag between investor action and a company reformulating its products might be reasonably short. On the other hand, evidence of lower diabetes rates at the population level may take much longer to become evident. Therefore, identifying realistic expected timeframes and key milestones for different types of outcomes and impacts will be useful to guide investor action.

### 4.4 Challenge 4: Demonstrating Financial Materiality

Although we have documented growing investor interest across a range of health-related issues, a key consideration for most mainstream investors is whether these issues are relevant for financial performance. Investors who are primarily financially motivated might not be willing to participate in investor action until the clear impact on corporate bottom lines has been demonstrated. These effects have been shown for ESG issues more broadly and for some specific issues such as climate change and EDI, but less directly for health-related issues.<sup>90</sup>

Elsewhere, some health-related issues have been classified as financially material as part of the Sustainability Accounting Standards Board (SASB) [Standards](#), although this differs by issue and industry. This can provide useful guidance for investors that integrate health concerns due to their potential financial impact on companies' business risks and opportunities. As an example, for food retailers and distributors, SASB classifies labour-related human rights and product safety as financially material, but worker health is not considered to be financially material. A challenge with using this financially-oriented lens for enabling investor action is that some issues may be societally relevant, but have yet to be recognized as impacting corporate financial performance.

The counterargument to these concerns is that bringing issues into the mainstream investor discourse requires speaking the language of mainstream investors (i.e., financial performance). As such, if motivated investors and other groups can demonstrate the financial materiality of a health issue to the broader investor universe, then there is the opportunity to move issues up the maturity curve.

<sup>90</sup> Friede, Busch, and Bassen, "ESG and Financial Performance"; Hoepner et al., "ESG Shareholder Engagement and Downside Risk"; Brahma, Nwafor, and Boateng, "Board Gender Diversity and Firm Performance."

<sup>91</sup> Azar et al., "The Big Three and Corporate Carbon Emissions Around the World"; Gormley et al., "The Big Three and Board Gender Diversity."

#### 4.5 Challenge 5: Considering System-Level Effects

It is tempting to overattribute impacts to effects that we can observe. For example, studies have highlighted the effects of corporate engagement by investors on corporate outcomes.<sup>91</sup> Yet, it is important to recognize that investor actions occur within a broader system of actors, including policymakers, the media, NGOs, communities, and the actions of other investors.

Furthermore, combinations of different mechanisms or past investor actions may have also contributed to more recent changes in corporate behaviour. As an example, past “failed” attempts to publicly engage companies may have initiated pressure, that subsequent private engagement may have reinforced, after which companies agree to adopt changes. Would the outcome have occurred without the use of both mechanisms at different points in time? Put differently, truly isolating the effectiveness of any individual actor or action is likely

to be illusory. Instead, investors’ actions are likely to require supportive efforts from other actors within the system.

Despite these challenges, investors have the opportunity to identify key leverage points in the system that can help unlock widespread support. For access to medicines and vaccines, this could involve mobilizing the WHO and governments of affected countries. For digital wellbeing, this could involve encouraging a leading company to further raise their standards, in order to place pressure on other competitors to follow suit. The effectiveness of these efforts is likely to involve experimentation through trial-and-error. In other words, investors will need to tolerate and learn from unsuccessful interventions, so that longer lasting and more widespread system-level solutions can be identified.

<sup>91</sup> Azar et al., “The Big Three and Corporate Carbon Emissions Around the World”; Gormley et al., “The Big Three and Board Gender Diversity.”



## 5. PRIORITIZING INVESTOR ACTION MECHANISMS ON HEALTH

We conclude this report by suggesting a path forward so that more effective investor action can be taken on health-related issues. To do so, we return to our classification of priority health issues based on their stage of maturity as outlined in Figure 4 and the framework provided in Figure 9. The aim here is to propose potential actions that investors can take to enable further issue maturation, whereby issues are able to further develop along their life cycle. We summarize our suggestions in Figure 10.

### 5.1 Mature Issues

The four mature issues we have outlined are already quite established from the perspective of the investment industry. Accordingly, the actions that investors take should focus on re-enforcing existing demands to ensure that implementation by companies remains on track. Possible investor action mechanisms to deploy include continued private engagement (including collectively) and more stringent voting criteria for director re-elections (e.g., voting against directors or seeking replacements if companies are not making enough progress).

**Figure 10: Investor Action to Enable Issue Maturation**

Issue Category	Potential Action
Mature Issues	<ol style="list-style-type: none"> <li>1. Continued re-enforcement and increased ambition of demands</li> <li>2. Issue integration into board and executive objectives</li> <li>3. Advocate for strong regulations to lift the laggards</li> </ol>
Progressing Issues	<ol style="list-style-type: none"> <li>1. Issue integration for investment decisions</li> <li>2. Increasing ambition through private engagement</li> <li>3. Escalate awareness among directors and policymakers</li> </ol>
Emerging Issues	<ol style="list-style-type: none"> <li>1. Investor education about issue relevance to portfolios</li> <li>2. Raising awareness through public engagement</li> <li>3. Develop broader support through collective engagement</li> </ol>



We also suggest investors advocate for stronger and more uniform regulations, as this will ensure higher minimum standards for laggard companies, while continuing to support the efforts of leading companies. Improved minimum standards have already proven to be effective with the enactment of modern slavery regulations across many countries,<sup>92</sup> which has helped to reduce some investment risk related to human rights and health. Likewise, tobacco and alcohol continue to be highly regulated in many countries,<sup>93</sup> although there is still some variation in practices that investors can advocate to standardize so that companies are less able to continue with unhealthy practices in lower-regulation countries.

With each of the relevant mechanisms, investors are likely to be able to point to leaders and laggards for a particular issue. For instance, investors can engage companies that rank low on the Human Rights Campaign Foundation’s Corporate Equality Index and investors can vote against directors of companies that have unsatisfactory worker safety records. Elsewhere, investors can suggest further action by policymakers to highlight the differences between the product portfolios of leading and lagging alcohol producers (e.g., those developing zero-alcohol products compared to those without). In other words, the maturity of these issues means that investors can use existing evidence of best practice as part of their actions.

<sup>92</sup> Islam and Van Staden, “Modern Slavery Disclosure Regulation and Global Supply Chains”; Kim and Davis, “Challenges for Global Supply Chain Sustainability.”

<sup>93</sup> DeCicca, Kenkel, and Lovenheim, “The Economics of Tobacco Regulation”; Esser and Jernigan, “Policy Approaches for Regulating Alcohol Marketing in a Global Context.”

## 5.2 Progressing Issues

For the seven progressing health issues, the priority for investor action is to enable these issues to enter the mainstream investor discourse. Although a meaningful number of investors have taken action on these issues, further collective effort to increase their legitimacy will facilitate wider concern among the investment community. For example, leading investors can demonstrate to others how they are integrating these issues into their investment decisions. This could involve encouraging other investors to use higher discount rates in investment valuations for companies exposed to potential litigation due to water pollution, or screening out companies that are over reliant on ultra-high processed foods within their product portfolios.

Investors may also seek to increase the ambition of their demands. Examples include having companies agreeing to set more ambitious targets, integrating issues into the objectives of senior leadership (e.g., as part of executive remuneration), and encouraging companies to facilitate industry-wide adoption of best practices. For many of these progressing issues, companies will have already provided some form of disclosure in response to earlier investor demands. As such, investors will be able to use the disclosed information to understand which companies are the most suitable targets, such as those vaccine manufacturers that have a greater reliance on developing country market share, or whose revenue streams would be most impacted by the overuse of antibiotics and increased AMR.

Progressing issues are also ripe for initiating the use of board oversight and policy engagement. At this stage, investors can educate board members about these issues and possibly seek the appointment of directors with relevant experience on the issue of concern. Likewise, investors can highlight their concerns to policymakers and provide evidence of the types of challenges they have faced based on their previous corporate engagement efforts. Of course, any of these actions will need to be tailored depending on the issue scope, with some issues being relevant across many industries (e.g., air pollution), whereas others will be more narrowly defined (e.g., financial inclusion).

## 5.3 Emerging Issues

The priority for advancing the four emerging issues is to raise further awareness and develop wider support among investors. For many investors, these issues have yet to be viewed as relevant for investment valuations and portfolio considerations. This suggests that investor education will need to be prioritized, which can be done in partnership with NGOs or other organizers of investor collaboration. Ideally, investors will be alerted to the reasons for concern, the companies that are most exposed, and the types of information that investors seek to better understand the related risks and opportunities.

When potential target companies have been identified, awareness can be raised through public engagement, such as public investor letters seeking further information. Following some initial private engagement, investors may choose to file disclosure-seeking shareholder resolutions when there is a relatively well-defined group of targeted companies. Garnering media attention for these resolutions, especially in the financial press, will serve to increase visibility and raise the profile of the issue.

All these efforts can be complemented by collective action. By demonstrating the beginnings of a developing movement, groups of investors can exhibit leadership on the issue, which can send powerful signals to both relevant companies and other investors. Other mechanisms could be helpful at this stage (e.g., development of ESG ratings if sufficient data is available), but investors will not want to spread their efforts too thinly before the issue has gained more meaningful traction.

## 5.4 Conclusion

The questions related to improving population health are clearly a systems-level challenge that will require contributions from across society. As key actors within society, investors have the ability to act to enable and encourage the development of solutions to a range of health-related issues. In doing so, investors can leverage the work of others, including policymakers, NGOs, and the companies in which they invest, to promote a healthier society, which can in turn lead to financially healthier investment portfolios.

As we have outlined, specific health-related issues are at different stages of maturity in terms of investors' willingness to take action. We suggest that investors need to be cognisant of the maturity of the issue when deciding which mechanisms they seek to deploy. By matching the right mechanism to the maturity of the issue, investors are more likely to further advance the relevance of the issue in the broader investment community.

Investor action on health also faces important challenges. There is meaningful variation in the scope of specific health-related issues, from broad issues like human rights to narrow issues such as AMR, and demonstrating impact can be challenging and time consuming. Despite this, investors can learn important lessons from the life cycles of other ESG issues that have become embedded within mainstream investor discourse. Through persistence and careful design of their actions, investors can collectively play a meaningful part in contributing to improved societal health outcomes.



## APPENDIX: SYSTEMATIC LITERATURE REVIEW PROCESS

The systematic literature review followed the same approach as outlined in a recently published review on shareholder activism by Kevin Chuah, Mark DesJardine, Maria Goranova, and Witold Henisz.<sup>94</sup> The process involved a search of academic articles in the Scopus journal database covering 1990 to June 2024 focused on key terms in the titles, keywords, and abstracts of articles. Specifically, the key terms were “activist investor”, “activist shareholder”, “activist stakeholder”, “ESG activism”, “ESG engagement”, “investor activism”, “proxy proposal”, “proxy resolution”, “shareholder activism”, “shareholder engagement”, “shareholder proposal”, “shareholder resolution”, and “stakeholder activism”.

The sample was restricted to empirical articles appearing in 4 and 4\* journals, as rated by the Chartered Association of Business Schools in their most recent 2021 Academic Journal Guide. Articles were manually checked for relevance and other relevant articles were added back to the sample based on researchers’ familiarity with the subject matter, consistent with review best practices.<sup>95</sup> To specifically capture health-related articles, we used the same process, but did not restrict the journal list. This allowed the inclusion of articles from outside the business domain, which is appropriate given that many articles relating to investor action on health have been published in health-focused journals.

Overall, our final sample comprised 243 published academic articles, of which 33 specifically relate to the 15 priority health areas. We carefully read these articles to identify findings related to investor action mechanisms and health issues, where relevant.

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<sup>94</sup> Chuah et al., “Shareholder Activism Research: A System-Level View.”

<sup>95</sup> Kipping and Üsdiken, “History in Organization and Management Theory.”

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