What Roles Proxy Advisors Play: Evidence from International Comparison*

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Abstract

We investigate shareholder meeting data of French, Japanese, and UK indexed companies over the period from 2010 to 2015. For French and Japanese companies, a ten percent increase of ownership by foreign well-diversified institutional investors decreases the approval rate by 6 - 8.5 percent when ISS recommends Against for the agenda item. In the UK, the same increase of foreign non-blockholder ownership reduces the approval rate by 5.7 - 6.3 percent. Their reliance on proxy advice is relatively small in the UK probably because a significant portion of these institutions speaks English as mother tongue. In contrast, the sensitivities of approval rate to other institutions' ownership (e.g., ownership by domestic less-diversified institutions) are not large enough to conclude those shareholders generally follow proxy advice. Those results suggest that significant heterogeneity exists in ability to research agenda items among institutional investors, and proxy advice provides useful information to institutional investors for which information collection is costly and less beneficial. Policymakers should create measures enhancing monitoring by institutional investors who might lack incentives to monitor firms.

Key Words: Proxy advice; Ownership structure; Institutional investor; Shareholder meeting

^{*} This research has been financially supported by JSPS KAKENHI Grant Number JP16K13387, The Japan Securities Scholarship Foundation, and the Joint Usage and Research Center Project (Hitotsubashi IER). We thank Tokuo Iwaisako and Naoshi Ikeda for their helpful comments.

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1. Introduction

This paper investigates heterogeneity of institutional investors in reliance on voting recommendations by proxy advisors in an international data setting. The literature has paid growing attention to effects of institutional monitoring (e.g., Fich, Harford, and Tran, 2015; Schmidt and Fahlenbrach, 2017). The right to cast dissent voting in shareholder meetings should make their activism behaviors effective (Iliev, Lins, Miller, and Roth, 2015). Previous US studies suggest that their dissent votes have a certain impact on subsequent corporate behaviors and shareholder wealth (e.g., Del Guercio, Seery, and Woidtke, 2008; Cai, Garner, and Walkling, 2009; Fischer, Gramlich, Miller, and White, 2009).

Meanwhile, it is commonly concerned that most shareholders simply cast votes in favor of management (Cai, Garner, and Walkling, 2009), or simply rely on recommendations by proxy advisors such as Institutional Shareholder (ISS) and Glass Lewis & Co. (GL).¹ Indeed, early studies find a strong correlation between voting outcome and proxy advice (Bethel and Gillan, 2002; Cai, Garner, and Walkling, 2009)), shedding a doubt on the ability of institutional investors to collect firm-specific information to effectively monitor management. Meanwhile, recent studies argue that some institutional shareholders do not mechanically follow proxy advice (e.g., Ertimur, Ferri, and Oesch, 2013). Iliev and Lowry (2014) show evidence that mutual funds vary greatly in their reliance on proxy advisory recommendations; over 25% of mutual funds

¹ For instance, Michael Piwowar, a member of the US Securities and Exchange Commission, said on December 5th, 2013 "investors may be relying too heavily on the voting recommendations of the largest proxy advisory firms like Institutional Shareholder Services and Glass, Lewis & Co." See Reuters

https://www.reuters.com/article/us-sec-proxyadvisory-roundtable/sec-official-warns-of-investor-over -reliance-on-proxy-advisory-firms-idUSBRE9B40T720131205

rely almost entirely on ISS recommendations, but other funds place little weight on them.

We attempt to extend the strand of literature by using an international data setting. Given the growing attention to monitoring by foreign institutional investors (Aggarwal, Erel, Ferreira, and Matos, 2011), it is critical to investigate whether foreign institutional investors, who potentially suffer from information asymmetry, have ability to collect information on local companies by their own.² International proxy advice data allow us to examine whether foreign institutional shareholders can research agenda items by themselves. Institutional investors are also heterogeneous in their investment style, which may affect costs and benefits of agenda item research. Investors are less likely able to research each item of each investee company when they have a well-diversified portfolio. International data are advantageous in examining global portfolio attributes of institutional investors including language differences. We address the issue for variety of institutional investors including banks and insurance companies.

We collect ISS proxy advisory reports on indexed companies for the 2010 - 2015 season from France, Japan, and UK. Those three countries speak different languages, and foreign institutional investors in the French and Japanese markets are likely to incur significant costs to research local information. UK companies are advantageous to examine language effects, since they have both foreign native and non-native speakers as shareholders.

Vote outcome on those agenda items are also obtained from ISS and the firms' web-site. By using shareholder information available from the Osiris database, provided

² Baik, Kang, and Kim (2010) show evidence that geographic proximity matters in informational advantages. They find that the level of and change in local institutional ownership predict future stock returns, while such predictive abilities are relatively weak for nonlocal institutional ownership.

by Bureau Van Dijk Electronic Publishing, we construct variety of institutional ownership variables and examine whether the sensitivity of vote outcome to ISS recommendation is associated with the institutional ownership structure. In particular, we create measures of ownership by foreign/domestic institutional investors who have well-diversified portfolios, those who have block equity holdings in the firm, and those who put a large weight on the firm in their global portfolio. Endogeneity concerns are mitigated by using firm-agenda fixed effects model as well as matched sample, which is constructed by director elections with Against and For recommendations in a same shareholder meeting.

Our estimations indicate that a ten percent increase of ownership by foreign institutional investors who have well-diversified portfolios decreases the approval rate by 6 - 8.5 percent when ISS recommends Against in French and Japanese shareholder meetings. In the UK, a ten percent increase of ownership by foreign non-blockholders tends to reduce the approval rate of items with Against recommendation by 5.7 - 6.3 percent. The result suggests that investors subject to high costs and low benefits from item research significantly rely on proxy advice. Foreign well-diversified institutions in the UK rely less on proxy advice than those in France and Japan probably because a significant portion of foreign shareholders of UK companies is native English speaker. Indeed, we find some evidence that non-English speaking shareholders in the UK significantly rely on proxy advisor recommendation.³ In contrast, increases in other institutions' ownership bring a relatively small reduction in the approval rate when ISS recommends Against. For instance, a ten percent increase of domestic less-diversified

³ Another potential reason is that large US institutions such as BlackRock, State Street, and JP Morgan, have stewardship/corporate governance teams in London, and can collect information less costly.

institutions' ownership decreases the approval rate only by 1.5 percent or less. Those results prevent us from concluding that institutional investors generally follow proxy advice in their voting decisions.

Our findings make significant contributions to the literature. By using an international dataset, we examine global portfolio characteristics of institutional investors, which are associated with their monitoring costs and benefits. Recent studies stress heterogeneity of institutional investors in reliance on proxy advisors (Ertimur, Ferri, and Oesch, 2013; Iliev and Lowry, 2015). We extend the research by investigating broad range of institutional investors and showing evidence that foreignness and portfolio diversification jointly cause institutional investors' mechanical reliance on proxy advice. We also present novel evidence that language difference increases information collection costs. Our results support the view that investors rely on proxy advice when item research brings low benefits and incurs high costs (Iliev and Lowry, 2015). Iliev, Lins, Miller, and Roth (2015) examine shareholder voting on non-U.S. companies from 43 countries. We extend their research by introducing proxy advice data as well as detailed corporate ownership structure data.

Our research also provides new insights on the effectiveness of institutional monitoring, on which previous studies have presented mixed evidence. Brav, Jiang, Partnoy, and Thomas (2008) argue that hedge fund activism significantly improves corporate governance of target firms. Meanwhile, early studies suggest that shareholder activism has negligible impacts on share values and earnings, although it can prompt small changes in target companies (Karpoff, 2001). Our findings generally support those conflicting findings by uncovering significant heterogeneity in reliance on proxy advice among various institutional shareholders. Aggarwal, Erel, Ferreira, and Matos (2011)

show evidence that US institutional investors improve corporate governance of non-US companies as they have globally diversified portfolios. However, we argue that well-diversified foreign institutions are less likely to play a significant role in corporate governance.

The rest of the paper is organized as follows. Section 2 provides literature review and hypothesis. Section 3 describes our sample selection, data, and methodology. Section 4 presents our main empirical results. Section 5 offers additional analyses. Finally, this paper is concluded in Section 6.

2. Literature Review, Hypotheses, and Variables

Although institutional investors are generally viewed as sophisticated investors that have information advantages (Gillan and Starks, 2000), previous studies find a strong correlation between proxy advice and vote outcome (Bethel and Gillan, 2002; Cai, Garner, and Walkling, 2009), shedding a doubt on the ability of institutional investors to collect information and research agenda items. Meanwhile, recent studies stress heterogeneity of institutional investors. Iliev and Lowry (2014) argue that funds with higher benefits and lower costs of researching agenda, such as large funds being located in metropolitan statistical areas, are less likely to rely on ISS. Ertimur, Ferri, and Oesch (2013) show that increases of non-blockholder institutional ownership make shareholders' "say on pay" (SOP) votes more sensitive to proxy advisors' recommendations than increases of blockholder institutional ownership do. Foreignness will also matter in information collection costs. Schouten (2012) finds that European mutual funds deviate from voting recommendations regarding domestic portfolio firms more often than from recommendations regarding foreign firms.

We extend those studies by using an international data that enable to examine global portfolio attributes of various institutional investors. We obtained ISS proxy advisory reports for indexed companies for the 2010 – 2015 season from France (SBF 250, currently CAC All-Tradable Index), Japan (Nikkei 225), and UK (UK FTFE 250). These three large countries are different in language, and allow us to implement variety of analyses regarding costs and benefits of institutional monitoring. The data include voting recommendation (For or Against) for every agenda in those meetings. The data also records voting results (the numbers of votes casted For, Against, and Abstain) for a part of agendas. We hand-collect voting outcome for agendas from company web-sites when the data are not available from the ISS data. Shareholder-sponsored proposals are removed from our analyses.

We collected financial and shareholder data of those companies from the Osiris database, provided by Bureau Van Dijk Electronic Publishing. Osiris database includes nationality and identity (e.g., banks, insurance companies, hedge funds, and so on) of every large shareholder, which enables us to create various institutional ownership variables. We define as institutional investors banks, insurance companies, hedge funds, mutual and pension funds/nominee/trust/trustee, private equity firms, and venture capital. Our sample includes SBF 250/FTFE 250 companies, which are identified as non-French/UK companies in the Osiris database. Specifically, Belgium, Canadian, Dutch, Finnish, Swiss, and Irish companies are included in the French/UK sample, and the following analyses use the country recorded in the Osiris database to create country-specific variables (e.g., foreign institutional ownership) for those companies. Firms are excluded when necessary data are unavailable. Our entire sample consists of 20,449 agenda items from 341 French companies, 13,476 items from 219 Japanese

companies, and 20,661 items from 335 UK companies. We unify similar agenda items, leaving 42 items in our dataset. Panel A of Table 1 presents agenda distribution by country, suggesting that French companies cast much more items than Japanese firms do (38 versus 16). For instance, French companies frequently host votes regarding special reports on related-party transactions, but no Japanese and UK shareholder meetings host such agendas.

[Insert Table 1 about here]

Panel A of Table 1 also suggests that ISS recommends Against relatively frequently for French agendas (28 percent), while most agendas receive For recommendations in Japanese and UK meetings. This fact might suggest that ISS shows a concern through their recommendation that French companies expropriate minority shareholder wealth. Especially, approval of special reports on related party transactions, director/supervisory board member election, approval of increases in share capital, authorization of equity issue/repurchase, and approval of long-term plan/remuneration report receive Against recommendation frequently. Meanwhile, Panel B suggests that the approval rate declines less in French meetings when ISS recommends Against (from 97 to 87 percent), compared to Japanese and UK meetings. Concentrated ownership structures in French firms may make vote outcome less sensitive to proxy advisor recommendations.

We start our ownership variable construction with separating foreign institutional shareholders from domestic ones, since foreign investors are generally subject to information asymmetry (Schouten, 2012). For each company, we compute ownership by institutional shareholders who have different (same) nationality in the Osiris data from the firm as foreign (domestic) institutional ownership (hereafter denoted by FIOWN (DIOWN)). The sensitivity of voting results to the proxy advice is predicted to be

positively associated with FIOWN. See Appendix for definition of variable.

Hypothesis 1: The voting outcome becomes sensitive to ISS recommendation as the foreign institutional ownership increases.

We hypothesize that global portfolio attributes of institutional investors are associated with the cost and benefit of information collection. It will be prohibitively costly for investors to research individual firms' agenda items when they have a highly-diversified portfolio. Improvements of individual stocks' returns also bring only a small marginal impact on the diversified portfolio return. Schmidt and Fahlenbrach (2017) find that exogenous increases in passive institutional ownership lead to increases in CEO power and fewer new independent director appointments as well as poor M&A decisions. To measure the degree of global portfolio diversification of each institutional shareholder of sample companies, we count the number of companies in Osiris shareholder database, consisting of 259,033 firm-years involving 59,765 companies from 65 countries, that have the investor as a shareholder (#Invest). Panel A of Table 2 shows that the average institutional shareholder holds shares of 200 - 400 companies, while the median number of investee companies is much smaller (17 – 40).

[Insert Table 2 about here]

As the ownership by well-diversified institutions, we adopt percentage ownership of institutional investors who invest in 500 firms or more (#500IOWN). This variable is expected to increase the sensitivity of vote outcome to proxy advisor recommendation. We also introduce the percentage ownership of institutional investors who invest in less than 500 companies, which is denoted by No#500IOWN.

Hypothesis 2: The voting outcome becomes sensitive to ISS recommendation as the ownership of well-diversified institutional investors increases.

Portfolio investors generally own only a small fraction of individual firms' shares. Their percentage ownership in a specific firm represents the magnitude of benefits which is brought by monitoring activities (Ertimur, Ferri, and Oesch, 2013). To highlight benefits of item research, we compute the percentage ownership by institutional investors who own five percent or more of the firm's shares (BIOWN). We also compute the percentage ownership by institutions who own less than five percent of the firm's shares (NoBIOWN), which is predicted to increase the sensitivity of approval rate to ISS recommendation. The block ownership also captures voting power of the investor, which increases the expected benefit of monitoring. Block shareholders are likely to research agenda items by themselves taking their strong impact on management into consideration.

Hypothesis 3: The voting outcome becomes sensitive to ISS recommendation as the non-block institutional ownership increases.

Percentage ownership does not accurately measure the marginal benefits of monitoring for institutional investors (Fich, Harford, and Tran, 2015). To capture the benefit of information collection to portfolio return, we compute each institution's portfolio weight on the firm. Specifically, the value of an investor's shareholding of a specific firm is computed by the total market value of the firm multiplied by the percentage ownership of the investor. Then, we aggregate the value over all companies in the Osiris shareholder data, of which the institutional investor holds shares (denoted by Wealth). The weight of a company in the institution's portfolio is calculated by dividing the value of shareholdings by Wealth. For each of sample companies, we compute the percentage ownership of institutions who put one percent or more weight on the firm (1pIOWN). We predict that the percentage ownership by institutions who have less than one percent weight (No1pIOWN) is positively associated with the sensitivity of voting outcome to proxy advice.

Hypothesis 4: The voting outcome becomes sensitive to ISS recommendation as the percentage ownership of institutions who put less than one percent portfolio weight on the firm increases.

Apart from those ownership variables, we capture two alternative characteristics of institutional investors. The literature suggests that business ties with investee companies affect institutional monitoring. Brickley, Lease, and Smith (1988) argue that "grey" institutional investors, such as insurance companies and banks through their trust departments, are less likely to say against incumbent management to protect existing or potential business relationships with investee firms, while "independent" institutions such as investment companies, independent investment advisors, and public pension funds do not seek business relationships. Chen, Harford, and Li (2007) and Ferreira and Matos (2008) show evidence that firms owned more by independent institutions perform better. Using a dataset of mutual funds' proxy voting during 2003 to 2011, Cvijanovic, Dasgupta, and Zachariadis (2016) show evidence that business ties,

represented by transactions of 401(k) retirement plan, significantly influence pro-management voting on shareholder-sponsored agenda items.

Following Chen, Harford, and Li (2007), we identify banks and insurance companies as grey institutions. Since banks and insurance companies tend to have business connection with investee companies, those institutional investors are less likely to actively monitor management. All other institutional investors, such as hedge funds and mutual/pension funds, are labeled as independent institutional investors. Independent institutional investors are more likely to engage in shareholder activism to achieve financial returns than grey institutional investors do. We compute the percentage ownership of independent (grey) institutional investors, denoted by IIOWN (GIOWN). IIOWN is predicted to decrease the sensitivity of approval rate to the ISS recommendation. Meanwhile, it is challenging to offer a specific prediction on GIOWN. GIOWN may increase the sensitivity of approval rate to the ISS recommendation because grey institutions do not research items by themselves, while GIOWN may decrease the sensitivity since these institutions mechanically vote For regardless of the recommendation. It should be noted that the Osiris database classifies funds under management of banks (insurance companies) as banks (insurance companies). Accordingly, those funds are categorized as grey institutions in this research.

Panel B of Table 2 indicates that the portfolio size highly depends on the type of institutions. The average bank invests in more than 500 companies (median is also more than 100), while the median hedge fund holds shares of less than 10 companies in France and UK.

Iliev and Lowry (2014) postulate that large funds (or fund families) can research agenda items less costly, and find that large funds are more likely to divert from ISS recommendation. We use Wealth to represent institution's size. Meanwhile, Table 2 suggests that banks and insurance companies have larger wealth as well as well-diversified portfolios. Our data includes variety of institutional investors, while lliev and Lowry (2014) focus on mutual funds. In this research, investor size may have both positive and negative effects on information collection costs. The average institutional shareholder in France and UK holds shares of 11 – 14 million USD all around the world, while the average institution in Japan has 24 million USD (note that institutional shareholders in Japan include non-Japanese institutional investors (e.g. US institutions) holding shares of Japanese companies). We define large institutions as those that have total wealth greater than one billion USD. The percentage ownership of large (small) institutions, denoted by LIOWN (SIOWN), is included in our analysis.

Panel C of Table 2 indicates Wealth by firm and institution's country. Domestic institutions account for the highest portion of institutional shareholders in the country, whereas they are smallest in Wealth. Put differently, large institutional investors tend to hold shares of foreign companies. US takes the 2nd rank in the number of institutional shareholders in all the three countries. Panel C suggests that significant heterogeneity exists in the degree of information asymmetry to which foreign institutional shareholders are subject. Canadian and US institutions will not suffer from language problems in the UK, whereas it is costly for all foreign institutions in Japan to collect information in the local language. Common language may allow more than 1,000 US institutions, including relatively small ones, to hold shares of UK companies. In contrast, Japanese companies receive investments by a small number of large institutional investors from France, UK, Canada, and US.

3. Methodology and Data

To test aforementioned hypotheses, we regress the approval rate against ISS recommendation dummy (RecFor, which takes a value of one for agendas to which the ISS recommends For and zero for those with Against recommendation). We use the approval rate recorded in the ISS data or the company web-site, while we computed the rate as the number of votes casted For over the number of votes casted For and Against when the rate is not available from the data sources. Tables 1 and 2 indicate that significant differences exist across the three countries in the agenda item structure, the frequency of Against recommendations, the approval rate for agendas with Against recommendation, and proportion of non-native speakers of the local language over the foreign institutional shareholders. Accordingly, most of the following estimations are implemented by country.

It is important to note that both ISS and all types of shareholders (including individual investors) access public information. Assuming that only institutional investors access to proxy advice, our regression analyses adopt institutional ownership variables and their interaction terms with RecFor (Ertimur, Ferri, and Oesch, 2013). In this estimation, the coefficient of RecFor indicates the correlation between ISS recommendation and approval rate when there are no institutional shareholders. The coefficient is likely to capture the effect of public information which non-institutional shareholders and proxy advisor share, and not an appropriate measure to estimate the effect of proxy advice. We focus on coefficients of institutional ownership variables and their interaction terms with RecFor. The standalone variable of institutional ownership captures how the approval rate changes as the institutional ownership increases when proxy advisor recommends Against. The coefficient serves as an estimate of the

proportion of institutional shareholders following the Against recommendation. We similarly focus on the interaction term, which indicates how the difference in the approval rate between agendas with For and Against recommendations is affected by institutional ownership. The coefficient estimates the proportion of institutional shareholders who follow proxy advice when the proxy advisor changes recommendation from Against to For.

Table 3 shows mean and median of institutional ownership variables (one-year lagged data are used). Both domestic and foreign institutional ownerships (FIOWN and DIOWN) are high in the UK, while domestic institutional shareholders show much larger presence in Japan than foreign institutions. Although Table 2 indicates that only a small subset of institutional investors hold shares of more than 500 companies in the dataset, percentage ownership of those investors (#500IOWN) is as large as ownership by less diversified investors (No#500IOWN) in Japan and UK. We also create various ownership variables by combining foreign/domestic and other characteristic of institutions (the 'F' and 'D' at the top of the variable name indicates foreign and domestic, respectively). Percentage ownership by foreign well-diversified institutions (F#500IOWN) is high in the UK, while well-diversified institutions' ownership is mainly from domestic investors in Japan. Ownership by domestic well-diversified investors is very small in France.

[Insert Table 3 about here]

French and Japanese companies show relatively low blockholder ownership (BIOWN). Meanwhile, there is no large difference between French and UK companies in the ownership by institutions who put more than one percent weight on the firm (1pIOWN). This is probably because French institutional shareholders are relatively small, as indicated by the ownership of large institutions (LIOWN). As for institutions' type, grey institutional investors show significant presence in UK firms' ownership structure (GIOWN). Japanese companies have relatively high grey institutions' ownership, which is mainly attributable to domestic grey institutions (DGIOWN). Meanwhile, independent institutions show greater percentage ownership in France than grey institutions.

Various factors potentially affect voting outcome. Controlling shareholders may generally vote in favor of management, and we include the percentage ownership of largest shareholder (LOWN). Large companies are subject to strict social scrutiny and thus information asymmetry is less serious for them than it is for small companies. Ertimur, Ferri, and Oesch (2013) find a positive relation between firm size and the percentage of vote casts in favor of management. We employ the natural logarithm of firm's assets (LnAsset) to proxy for company size. Firms' operating performance is one of salient measures for director performance. Ertimur, Ferri, and Oesch (2013) find a negative relation between ROA and the percentage of vote casts in favor of management. We adopt return on assets (ROA), which is calculated by earnings before tax divided by assets to test the view that firm performance is positively associated with the approval rate. Under the presumption that large cash holdings are associated with free cash flow problem, we compute cash and equivalents divided by assets (CASH). Leverage is viewed as a corporate governance device since firms with high leverage are forced to disgorge free cash flow, whereas highly-leveraged firms may be depreciated from shareholders due to bankruptcy costs. We adopt LEVERAGE (total liabilities over assets) to examine the relation between leverage and approval rates. A conventional view is that firms with rich growth options are subject to information asymmetry, given

that decisions on new investment projects are more difficult than those on existing assets. We compute the market-to-book ratio (MtBr) to address the story. It is noteworthy that MtBr also represents a stock market-based performance measure of the company. One-year lagged data are used for all the independent variables. Firms are excluded from the sample when these data are unavailable.

Table 4 shows summary statistics of those variables. LOWN is highest for France, suggesting that French companies have highly concentrated ownership structure. French companies also have low operating performance and high cash holdings, while Japanese firms have lowest MtBr. Japanese firms are largest in asset size.

[Insert Table 4 about here]

4. Empirical Results

4.1 Baseline results

This section implements regressions of VoteFor to test our hypotheses. The key independent variables are institutional ownership variables and their interaction terms with RecFor. Table 5 presents results of OLS estimation with year, industry, and agenda dummies. Panels A, B, and C show results for French, Japanese, and UK companies, respectively. Most estimations provide a positive and significant coefficient to RecFor, suggesting that vote results tend to favor management when ISS recommends For. We argue that the estimated marginal effects (2 – 11 percent), which are smaller than the equivalent values in previous studies (Choi, Fisch, and Kahan, 2008; Cai, Garner, and Walkling, 2009), mainly capture the effect of public information which all shareholders commonly have.

[Insert Table 5 about here]

Each model adopts two institutional ownership variables (AOwn and BOwn), and Model (1) examines voting behaviors of foreign and domestic institutions. Model (1) of Panel A carries a negative and significant coefficient (-0.33) on FIOWN, suggesting that a ten percent increase in foreign institutional shareholders decreases the approval rate by 3.3 percent in French shareholder meetings when the proxy advice is Against. In contrast, DIOWN has an insignificant coefficient, indicating that the reduction of approval rates for agenda items with Against recommendation is not affected by domestic institutional ownership. F-statistics for the coefficient difference test are presented in the middle of the table, and Panel A shows the coefficients of FIOWN and DIOWN are significantly different. Similar results are obtained for the interaction terms (RecFor*FIOWN and RecFor*DIOWN); RecFor*FINOWN has a positive and significant coefficient, which is significantly larger than the coefficient of RecFor*DIOWN. The result suggests that the difference in approval rate between agendas with Against and For recommendations is significantly related to the ownership of foreign institutional investors.

Panels B (Japan) and C (UK) also engender a significant coefficient on FIOWN and RecFor*FIOWN. Those results are consistent with Hypothesis 1 as well as the Schouten's (2012) finding. However, the estimated coefficients are not large enough (0.27 - 0.41) to conclude that foreign institutional investors generally follow proxy advice (the estimation implies that less than half of the institutions follow proxy advice). It should be also noted that no significant difference exists in coefficients of FIOWN and DIOWN for UK companies (Panel C).

Model (2) classifies institutional investors upon the number of investee companies. For French firms, #500IOWN and RecFOR*#500IOWN have a large and statistically significant coefficient, suggesting that a ten percent increase in ownership of well-diversified institutions decreases the approval rate by 7.4 percent. Meanwhile, Panels B and C offer relatively low coefficients for those variables (-0.24 and -0.44). Although #500IOWN (RecFor*#500IOWN) has a significantly larger coefficient than No#500OWN (RecFor*#No500IOWN), the small coefficients do not allow us to conclude that well-diversified institutions generally follow proxy advice. A potential reason for Japan is that domestic investors, who suffer less from information asymmetry, occupy a significant portion of well-diversified institutions (Table 3).

The other models present similar results. The reduction in approval rate for agenda items with Against recommendation from ISS is significantly related to ownerships of non-blockholders (NoBIOWN in Model (3)), institutions with small portfolio weight on the firm (No1pIOWN in Model (4)), and grey institutional shareholders (GIOWN in Model (5)). However, the coefficients are not large enough to argue that the majority of those institutions mechanically follow proxy advice (for Japanese firms, the coefficients are not significantly different from those of the counterpart variables). We argue that none of nationality, portfolio attributes, and the type of institutional investors solely lead to mechanical reliance on proxy advice.

Iliev and Lowry (2014) argue that large mutual funds are more likely to divert from ISS recommendation. However, Model (6) presents a conflicting result that the approval rate declines more when ISS recommends Against as ownership by large institutions increases. In our dataset, large institutions such as banks and insurance companies have well-diversified portfolios and incur significant costs if they research agenda items of individual companies. The following analyses drop the LIOWN and NoLIOWN due to their ambiguity.

With respect to control variables, all models engender a positive and significant coefficient on LOWN, suggesting that existence of controlling shareholders allow management to receive many approvals in general meetings. Ln(Asset) receives a negative and significant coefficient for Japanese and UK companies. Firm performance (ROA) and cash holdings (CASH) are significantly related to voting results in Japan, while we do not find a significant coefficient on those variables for France and UK. Armstrong, Gow, and Larcker (2013) also show mixed evidence on the relation between ROA and the vote outcome.⁴ We do not find a significant impact of LEVERAGE and MtBr on voting results.

4.2 Detailed classification of institutional investors

Table 5 suggests that only 27 - 41 percent of foreign institutional shareholders follow proxy advice. The result potentially indicates that heterogeneity exists within foreign institutions regarding reliance on proxy advice. For instance, foreign hedge funds may target relatively small number of companies, and intensively research agenda items of those firms. We further classify foreign and domestic institutions by one of other institutions' characteristics.

Table 6 presents regression results when we use those detailed institutional ownership variables. Each model adopts four institutional ownership variables: ownership by foreign well-diversified institutions (F-WD); foreign less-diversified institutions (F-LD); domestic well-diversified institutions (D-WD); and domestic less-diversified institutions (D-LD). Remarkably, Model (1) of Table 6 suggests that a ten percent increase of ownership by foreign well-diversified institutions decreases the approval

⁴ McGinty and Green (2017) find an insignificant relation between ROA and vote results on director pay proposals by Japanese companies.

rate in French shareholder meetings by 8.5 percent when ISS recommends Against. The coefficient of RecFor*F#500IOWN is also large in absolute value, suggesting that foreign well-diversified institutions generally follow ISS recommendations in France. Although Model (1) also suggests that the ownership by domestic well-diversified institutions (D#500IOWN) is significantly related to the reduction of approval rate for the agenda items with Against recommendations, the coefficient (-0.41) is not large enough to argue that domestic well-diversified institutions commonly follow proxy advice. Importantly, Model (1) finds a significant difference in the coefficients of F#500IOWN and D#500IOWN (F = 4.38). Coefficients of ownership of less-diversified institutions (FNo#500IOWN and DNo#500IOWN) are very small, and statistically insignificant. Since the coefficient of F#500IOWN is significantly and portfolio diversification matter in reliance on proxy advice.

[Insert Table 6 about here]

Similar results are obtained for Japanese companies. Model (5) suggests that a ten percent increase in foreign well-diversified institutions decreases the approval rate by 7.9 percent in Japanese shareholder meetings when ISS recommends Against. The coefficient of F#500IOWN is significantly larger in absolute value than those of FNo#500IOWN and D#500IOWN. The results suggest that foreign well-diversified institutions generally follow proxy advice in French and Japanese meetings. Meanwhile, the coefficient of F#500IOWN is not large enough for UK companies (Model (9)). Instead, Model (10) carries a relatively large coefficient (-0.64) on FNoBIOWN, which is significantly different from those of FBIOWN and DNoBIOWN. Foreign institutional shareholders in the UK tend to follow ISS recommendations when their equity stakes

are relatively small.

French and Japanese companies also carry a large coefficient on FNoBIOWN (-0.66 in Model (2) and -0.56 in Model (6)). The ownership by foreign institutions who put a small portfolio weight on the firm (FNo1pIOWN) also has a large marginal impact on the reduction in approval rates for agenda items with Against recommendation (-0.76 in Model (3) and -0.64 in Model (7)). Those results suggest that foreign well-diversified institutions generally follow ISS recommendations. In contrast, results show no evidence that less-diversified institutions generally follow proxy advice. For instance, the coefficient of D1pIOWN ranges from -0.005 (Model (3)) to -0.17 (Model (7)) depending on the country. Significant heterogeneity exists in reliance on proxy advice among institutional investors. Foreignness and portfolio diversification jointly cause institutions' reliance on proxy advice.

Models (4), (8), and (12) offer a negative and significant coefficient on FGIOWN. However, the coefficients for French and UK companies are not large enough to argue that foreign grey institutions commonly follow ISS recommendations. Besides, the coefficient of FGIOWN from the UK regression is not significantly different from those of FIIOWN and DGIOWN. It should be also noted that FGIOWN is highly correlated with F#500IOWN (correlation coefficient is 0.86 in Japan). We argue that global portfolio attributes have stronger explanatory power of the sensitivity of voting results to proxy advice than the institution's type.

4.3 Firm-agenda fixed effects model

It is commonly documented that corporate governance research suffers from endogeneity problems. For instance, unobserved firm characteristics (e.g., reputation and corporate culture) may exist behind the result, which are related to the vote outcome, ISS recommendation, and institutional ownership. As a procedure to address the concern, Table 7 conducts estimations with firm-agenda fixed effects. Those models are advantageous to control for time-unvarying characteristics of specific firm's specific agenda.

[Insert Table 7 about here]

As with the former results, Models (1), (5), and (9) offer a negative and significant coefficient on F#500IOWN. The coefficients are especially large for France and Japan (-0.62 and -0.63), suggesting that foreign well-diversified institutions generally follow the proxy advice in those countries. Although those models indicate that the approval rate reduction when receiving Against recommendation is significantly related to the ownership by domestic well-diversified institutions (D#500IOWN), French and Japanese companies engender a significantly larger coefficient for F#500IOWN. UK companies do not find a significant difference between the coefficients of F#500IOWN and D#500IOWN. Instead, Model (10) carries a relatively large (-0.57) coefficient on FNoBIOWN, which is significantly different from the coefficients of FBIOWN and DNoBIOWN. Those results suggest that foreign non-blockholders rely on proxy advice in the UK, with controlling for time-invarying firm-agenda specific characteristics.

Table 7 also provides a significant coefficient to the other variables of foreign well-diversified institutions' ownership. The coefficients of FNoBIOWN and FNop1IOWN range from -0.47 to -0.57 except for the FNop1IOWN of UK companies. In contrast, other institutional ownership variables have an insignificant or a small coefficient, which does not allow us to argue that those institutions generally follow proxy advice. For instance, a ten percent increase of ownership by domestic institutions

who invest in 500 or more companies decreases the approval rate only by 1 - 3.3 percent even when ISS recommends Against. Although Model (8) engenders a large coefficient on FGIOWN for Japanese companies (-0.58), its coefficient is relatively small for French and UK companies (Models (4) and (12)). We argue that portfolio attributes matter more than institutions' type for reliance on proxy advice. We also conduct firm-fixed effects model estimations with year and agenda dummies, and obtain the qualitatively the same result.

Differently from the former results, the firm-agenda fixed effects model engenders an insignificant coefficient on LOWN for French companies. Similarly, the coefficient of Ln(Assets) becomes insignificant. Firm-agenda fixed effects are likely to incorporate ownership concentration and firm size. Firm performance and cash holdings are significantly related to voting outcome of Japanese shareholder meetings even after controlling for time-invarying firm-agenda specific characteristics.

4.4 Voting results for director election

We next limit our attention to voting for director election. Given that agenda composition significantly differs across countries, results for all agendas may be affected by the type of agenda. Director election is a common agenda, for which all the three countries have largest observations, and thus analyses on the item will suffer less from the bias. Focusing on director election is advantageous to mitigate endogeneity concerns. Firms generally host votes for multiple director candidates at a single shareholder meeting, providing us multiple observations that only vary with proxy advisor recommendation and voting results. The data allows us to completely control for unobservable firm-level characteristics affecting voting results, institutional ownership, and proxy advisor recommendation.

To take advantage of the data, we assign matched agenda from the same meeting in two ways to each of director elections that receive Against recommendation from ISS. Firstly, we adopt as matched observations all director election agendas from the same meeting that receive ISS For recommendation. To avoid having many observations with exactly a same value for most variables (e.g., assets, leverage, cash holdings, etc.), we treat those elections with For recommendation as a single observation, and assign the average approval rate to its dependent variable (as a result, one For observation is matched to one Against agenda). Hereafter, this matching is denoted by Average matching. When single meeting hosts multiple director elections that receive Against recommendation, those votes share a single matching observation (the average voting result for the remaining director election). We remove observations with Against recommendation from the analysis, when we find no matching observations.

Our second matching strategy is to select the previous and next director elections in the same meeting that receive For recommendation to each of elections with Against recommendation (hereafter denoted by Previous/next matching). Director election results might be affected by position characteristics (e.g., status and insider/outsider), and we presume that the sequence of elections reflects such characteristics to a certain degree. Using the previous and next elections may be advantageous to control for potential impacts of those post attributes as well as various factors. Again, we delete director elections with Against recommendation from the analysis that have no matching elections (those of which previous and next agenda are not director elections that receive For recommendation). Many Japanese companies have audit and supervisory boards, and host votes for those board members every year. We include elections of audit and supervisory board members in the analysis of Japanese companies. All estimations include industry and year dummies (agenda dummy is also included for Japanese companies).

[Insert Table 8 about here]

Panel A of Table 8 presents results for the Average matching. French and Japanese companies offer a large and statistically significant coefficient on F#500IOWN (-0.79 in Model (1) and -0.70 in Model (5)). The coefficients are significantly different from those of FNo#500IOWN. The other variables for foreign well-diversified institutions' ownership (FNoBIOWN and FNo1pIOWN) also have a large coefficient for French and Japanese companies (from -0.49 to -0.69). As for UK companies, Model (10) suggests that a ten percent increase in foreign non-blockholder ownership decreases the approval rate approximately by 5.4 percent when ISS recommends Against. Although the other institutional ownership variables have a relatively small coefficient, we argue that foreign well-diversified institutions (or foreign non-blockholders) generally follow proxy advisor recommendations.

This analysis also finds a relatively small coefficient on FGIOWN except for Japanese companies, suggesting that portfolio attributes matter more than institution's type. Results from Previous/next matching are materially the same (Panel B). In French and Japanese director election, a ten percent increase in the ownership of foreign well-diversified institutions (F#500IOWN) decreases the approval rate by 6.7 - 7 percent when receiving Against recommendation from ISS.

4.5 Language and institutional investors in the UK

Thus far, results for UK companies generate relatively small coefficients on foreign

well-diversified institutions' ownership. A potential reason is that a significant portion of foreign shareholders of UK companies (e.g., US institutions) is native English speaker. To address the issue, we construct new ownership variables by separating foreign institutions upon whether they are from a country that speaks English as its primary language. The new variable names start with 'DL' or 'SL', meaning different language (non-English speaker) and same language (English-speaker). Following Stultz and Williamson (2003), we obtain countries' primary language from the World Factbook. By comparing voting behaviors of foreign non-native speakers, foreign native speakers, and domestic institutions, we can examine whether language matters in institutions' reliance on proxy advice. UK companies are advantageous since they are owned both by foreign native- and non-native English speakers.

Models (1) and (2) of Table 9 provide a large coefficient (-1.1) to DL#500IOWN, indicating that majority of well-diversified non-English speakers follows ISS's Against recommendations. In contrast, a ten percent increase in well-diversified foreign shareholders from an English-speaking country decreases the approval rate only by 2.6 – 2.9 percent when receiving Against recommendation. The coefficients are statistically different between DL#500IOWN and SL#500IOWN, while no significant difference exists between SL#500IOWN and D#500IOWN. The result is consistent with the view that non-native speakers rely on proxy advisor recommendations.

[Insert Table 9 about here]

Models (3) and (4) indicate that a ten percent increase of ownership by non-blockholders from a non-English speaking country decreases the approval rate when receiving ISS Against recommendation by 6.9 - 8.1 percent. The result suggests that a significant portion of those institutions relies on proxy advisor recommendations,

although we find no significant difference between coefficients of DLNoBIOWN and SLNoBIOWN. Models (5) and (6) suggest that a ten percent increase of ownership by non-native English speakers who put less than one percent portfolio weight on the firm decreases the approval rate for items with Against recommendation by 6.4 – 7.0 percent. Importantly, DLNo1pIOWN has a significantly greater coefficient than SLNo1pIOWN, while there is no significant difference in coefficients between SLNo1pIOWN and DNo1pIOWN. Overall, Table 9 presents some evidence that language matters in institutional shareholders' reliance on proxy advisor recommendations.

5. Additional analyses

5.1 Non-director elections

The former section finds that the approval rate of director election declines more when receiving ISS Against recommendation as foreign diversified institutions own the firm more. As a further test, we implement the same matching analysis for agenda items other than director election, although it is less advantageous to mitigate endogeneity concerns (elections of audit and supervisory board members are also removed for Japanese observations). For each of the agenda items, we adopt all the other agenda items (excluding director election) in the same shareholder meeting as matched items. Those matched votes are treated as a single observation by taking the average VoteFor as the vote outcome (Average matching). We also adopt as matched items the previous and next agenda items, if they have For recommendation (Previous/next matching).

Table 10 presents qualitatively same results. For French and Japanese companies, a ten percent increase of foreign well-diversified institutions' ownership decreases the approval rate when receiving Against recommendation by 7.1 - 8.9 percent (Models (1), (3), (5), and (7)). The coefficient of F#500IOWN is significantly larger than those of F#No500IOWN and D#500IOWN in many of those models. Although UK firms provide a relatively small coefficient to F#500IOWN, Models (10) and (12) suggest that a ten percent increase of foreign non-blockholders decreases the approval rate of items with Against recommendation approximately by 5.7 percent. Those results suggest that foreign well-diversified or non-blockholder institutions rely on proxy advice for non-director elections as well.

[Insert Table 10 about here]

5.2 Geographic distance, US institutions, and religion

Grinblatt and Keloharju (2001) show that investors prefer to trade stocks of Finnish firms located close to the investor. To examine whether geographical distance increases information collection costs, we separate foreign institutions into two types based on the distance between the investor and firm's countries. We use the countries' capitals to measure the distance, and identify long-distance (short-distance) foreign institutions when the distance is greater than 3,000 km (3,000 km or less). We do not implement the estimation for Japanese companies, since there are almost no foreign well-diversified shareholders located within 3,000 km. Surprisingly, many estimations provide a greater coefficient (in absolute value) to ownership by well-diversified institutions located close to the firm than ownership by well-diversified institutions far away from the firm (see Table S1 in the Supplementary Table section). Geographic proximity appears not to reduce information collection costs for institutional investors. The result potentially suggests that institutions prefer to invest in companies located close to them even when

information collection is costly (home bias).

Given that US institutions account for a significant portion of foreign institutional shareholders, we separate foreign institutions into US and non-US ones. Large US institutional investors may have superior research ability, while they will suffer from language problems in France and Japan. We find that US well-diversified institutions rely on ISS recommendations in France as much as non-US well-diversified institutions do (see Table S2 in the Supplementary Table Section). Both in France and Japan, US well-diversified institutions rely on proxy advice significantly more than domestic well-diversified institutions. Those results are generally consistent with the view that language matters in reliance on proxy advisor recommendations.

We also examine whether cultural proximity affects reliance on proxy advice by using countries' primary religion. We do not find evidence that foreign institutional investors from a country that has a same primary religion with the firm's country relies less on proxy advice than institutions from a different religion country.

5.3 Entire sample results

We reexamine our hypotheses by combining observations from all the three countries. Models (1) and (2) of Table 11 suggest that a ten percent increase in foreign well-diversified institutions decreases the approval rate when receiving Against recommendation by 5.4 – 7.4 percent. The coefficient of F#500IOWN is significantly larger than those of FNo#500IOWN and D#500IOWN. The result shows evidence that foreign well-diversified institutional investors rely on proxy advisor recommendation. Consistent with our argument, FNoBIOWN and FNo1pIOWN have a negative and significant coefficient, which is significantly larger than those of FBIOWN,

DNoBIOWN, F1pIOWN, and DNo1pIOWN (Models (3) – (6)).

[Insert Table 11 about here]

We have noted that UK estimations provide relatively small coefficients to ownership by foreign well-diversified institutions, without showing any significance tests. Models (7) - (12) of Table 11 includes interaction terms of UK dummy and variables related to foreign well-diversified institutions (F-WD and RecFor*F-WD). All models engender a positive and significant coefficient on UK*F-WD, and a negative and significant coefficient on UK*RecFor*F-WD. This result supports the view that foreign well-diversified institutions in the UK suffer less from language problems, and rely less on proxy advisor recommendations than those in the other countries.

5.4 Performance effects

We have shown evidence that voting results become more sensitive to proxy advisor recommendation when firms are more owned by foreign well-diversified or non-blockholder institutions. Given that previous US studies find a certain impact of shareholders' dissent votes on their wealth (Fischer, Gramlich, Miller, and White, 2009), the result gives rise to a prediction that ISS Against recommendation creates shareholder value especially when foreign well-diversified institutions own the company. To examine performance effects of ISS recommendation, we trace ROA of companies that receive Against recommendation. Results for French companies suggest that raw ROA tends to decline surrounding the shareholder meeting with Against recommendation (see Panel A of Supplementary Table S3 in the Supplementary Table Section).

To control for various factors, we also examine industry adjusted ROA which is

computed as ROA minus the country-industry median of ROA. All companies included in the Osiris database are used to compute the country-industry median. The industry adjusted ROA is not significantly different from zero for most years surrounding the Against recommendation. We further implement a matching analysis, in which a matched firm is assigned to each of firms receiving an Against recommendation (Against companies) from same country-industry firms that receive no Against recommendations. Specifically, a firm, which is closest in ROA for the year before the shareholder meeting, is adopted as the matched firm of the Against company. We allow a single company to be matched with multiple Against companies. We examine Matching adjusted ROA, which deducts ROA of the matched firm from the Against firm's ROA. French Against companies show significantly negative values for Matching adjusted ROA, but we do not find a strong evidence that the Matching adjusted ROA increases surrounding the shareholder meeting with Against recommendation.

To examine impacts of ownership structures, we separate Against firms into two groups (High and Low F#500IOWN firms) based on F#500IOWN. We do not find strong evidence that High F#500IOWN firms improve ROA significantly more than Low F#500IOWN companies. Qualitatively the same results are obtained for Japanese and UK companies (see Panels B and C of Supplementary Table S3 in the Supplementary Table section). We also replicate the analysis by focusing on firm-years in which the firm receives the initial Against recommendation during the sample period. Again, the analysis does not show evidence that High F#500IOWN firms improves operating performance significantly more than Low F#500IOWN firms do (see Table S4 in the Supplementary Table section). Overall, we do not find solid evidence that ISS Against recommendations create shareholder value. Cai, Garner, and Walkling (2009) also find that outcome of director election has little impact on subsequent operating performance while fewer supports lead to lower abnormal CEO compensations and higher probabilities of CEO dismissals. Armstrong, Gow, and Larcker (2013) find that shareholders' support for equity compensation plans does not affect firms' subsequent CEO compensations.

5.5 Policy implications

Important policy implications can be drawn from our findings regarding shareholder stewardship and the regulation of proxy advisors. Around 20 countries (including Japan and UK) have launched stewardship codes, bringing institutional investors around the world under increased pressure to monitor and engage with their investee companies. At the European level as well, the new Shareholder Rights Directive intends to foster shareholder engagement.⁵ Our findings shed a doubt on the view that institutional investors are uniformly able to monitor investee companies. Some investors lack incentives to invest in their stewardship activities (Bebchuk, Cohen, and Hirst, 2017; Bebchuk and Hirst, 2018). Shareholder engagement is important for corporate managers to be effectively monitored, and therefore policymakers should design measures that effectively enhance investors, asset owners and asset managers alike, to actively monitor their portfolio companies. Stewardship investments should be proportionate to the investor's size of assets under management and its investment strategy. In addition, policymakers have to be aware that any regulation aiming at developing investors' voting activity could have the unintended consequence of increasing proxy advisors' influence.

⁵ Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amended Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement

Regulators have become wary of the supposed over-reliance of institutional investors on proxy advisors' voting recommendations. The European Parliament decided to regulate proxy advisors given "their important role in corporate governance" and their influence on the voting behavior of investors, in particular "investors with highly diversified portfolios and many foreign shareholdings" (Directive (EU) 2017/828). Our results support this view. Additional transparency from proxy advisors on their methodology and resources would reassure market participants that institutional investors are relying on well-informed recommendations.

6. Conclusion

We investigate shareholder meeting data of French, Japanese, and UK indexed companies over the period from 2010 to 2015. We find that a ten percent increase of ownership by foreign well-diversified institutional investors decreases the approval rate in French and Japanese shareholder meetings by 6 - 8.5 percent when ISS recommends Against. In the UK, a ten percent increase of foreign non-blockholder ownership reduces the approval rate of Against items by 5.7 - 6.3 percent. Foreign well-diversified institutions in the UK rely less on proxy advice than those in France and Japan, probably because a significant portion of those institutions has the same mother tongue with UK companies. Indeed, we find some evidence that foreign well-diversified institutions in the UK who are not native English speakers rely more on proxy adviser recommendations than foreign English-speaking well-diversified institutions. Finally, the sensitivities of the approval rate to other institutions' ownership (e.g., ownership by domestic less-diversified institutions) are not large enough to conclude those shareholders generally follow proxy advice.

The research makes significant contributions to the literature. We show evidence that foreignness and portfolio diversification jointly cause institutions' reliance on proxy advice. The results reinforce the view that significant heterogeneity exists among institutional investors in monitoring ability as well as in reliance on proxy advice. The result also supports the notion that investors rely on proxy advice when item research brings low benefits and incurs high costs (Iliev and Lowry, 2015). Recent studies argue that foreign institutional shareholders play a significant role in corporate governance of local companies (Aggarwal, Erel, Ferreira, and Matos, 2011). Our results suggest that well-diversified foreign institutions may not play such an important role. Policymakers should create measures enhancing monitoring by institutions who can enjoy significant benefits by less costly monitoring. We also show novel evidence that language matters in institutions' reliance on proxy advice.

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Appendix

Definition of variables

This table indicates definition of variables. The Osiris shareholder data consists of 259,033 firm-years involving 59,765 companies from 65 countries during 2009 – 2014. We define grey institutional investors as shareholders classified as banks or insurance companies in the Osiris shareholder data. Independent institutional investors those categorized as mutual & pension fund/nominee/trust/trustee, hedge funds, private equity firms, and venture capital.

Mastin of mariables	
Meetingt variables	
voteFor	Approval rate, which is the proportion of vote For over vote For and Against.
RecFor	Dummy variable that takes on a value of one for director elections with For recommendation from ISS, and takes
	on a value of zero for elections with Against recommendation.
Institutional ownershi	p variables
FIOWN	The percentage ownership of foreign institutional shareholders.
DIOWN	The percentage ownership of domestic institutional shareholders.
#500IOWN	The percentage ownership of institutions who hold shares of 500 or more companies in the Osiris shareholder data.
N. "COOLONDI	The percentage ownership of institutions who hold shares of less than 500 companies in the Osiris shareholder
No#500IOWN	data.
FUSADADA	The percentage ownership of foreign institutions who hold shares of 500 or more companies in the Osiris
F#500IOWN	shareholder data.
FNo#500IOWN	The percentage ownership of foreign institutions who hold shares of less than 500 companies in the Osiris data.
DUSODONA	The percentage ownership of domestic institutions who hold shares of 500 or more companies in the Osiris
D#50010WN	shareholder data.
DNo#500IOWN	The percentage ownership of domestic institutions who hold shares of less than 500 companies in the Osiris data.
E#100010W/N	The percentage ownership of foreign institutions who hold shares of 1000 or more companies in the Osiris
F#100010 WIN	shareholder data.
FNo#1000IOWN	The percentage ownership of foreign institutions who hold shares of less than 1000 companies in the Osiris data.
	The percentage ownership of domestic institutions who hold shares of 1000 or more companies in the Osiris
D#100010 WIN	shareholder data.
DNo#1000IOWN	The percentage ownership of domestic institutions who hold shares of less than 1000 companies in the Osiris data.
E#200010WN	The percentage ownership of foreign institutions who hold shares of 2000 or more companies in the Osiris
1°#200010 WIN	shareholder data.
FNo#2000IOWN	The percentage ownership of foreign institutions who hold shares of less than 2000 companies in the Osiris data.
D#2000IOWN	The percentage ownership of domestic institutions who hold shares of 2000 or more companies in the Osiris
D#200010 WIN	shareholder data.
DNo#2000IOWN	The percentage ownership of domestic institutions who hold shares of less than 2000 companies in the Osiris data.
NoBIOWN	The percentage ownership of institutions who hold less than five percent of shares of the firm.
BIOWN	The percentage ownership of institutions who hold five percent or more of shares of the firm.
FNoBIOWN	The percentage ownership of foreign institutions who hold less than five percent of shares of the firm.
FBIOWN	The percentage ownership of foreign institutions who hold five percent or more of shares of the firm.
DNo_BIOWN	The percentage ownership of domestic institutions who hold less than five percent of shares of the firm.
DBIOWN	The percentage ownership of domestic institutions who hold five percent or more of shares of the firm.
No1pIOWN	The percentage ownership of institutions who put less than one percent portfolio weight on the firm.
1pIOWN	The percentage ownership of institutions who put one percent or more portfolio weight on the firm.
FNo1pIOWN	The percentage ownership of foreign institutions who put less than one percent portfolio weight on the firm.
F1pIOWN	The percentage ownership of foreign institutions who put one percent or more portfolio weight on the firm.
DNo1pIOWN	The percentage ownership of domestic institutions who put less than one percent portfolio weight on the firm.
D1pIOWN	The percentage ownership of domestic institutions who put one percent or more portfolio weight on the firm.

Appendix (Continued)

GIOWN	The percentage ownership of grey institutions (banks and insurance companies).
HOWAL	The percentage ownership of independent institutions (mutual & pension fund/nominee/trust/trustee, hedge funds,
IIOWN	private equity firms, and venture capital).
FGIOWN	The percentage ownership of foreign grey institutions.
FIIOWN	The percentage ownership of foreign independent institutions.
DGIWN	The percentage ownership of domestic grey institutions.
DIIOWN	The percentage ownership of domestic independent institutions.
SIOWN	The percentage ownership of institutions with wealth of less than one billion USD
LIOWN	The percentage ownership of institutions with wealth of one billion USD or more
DLIOWN	The percentage ownership of institutions from countries that speak different official languages from the firm's country.
SLIOWN	The percentage ownership of institutions from countries that speak a same official language from the firm's country.
DL#500IOWN	The percentage ownership of institutions, from countries that speak different official languages from the firm's country, who hold shares of 500 or more companies in the Osiris shareholder data.
DLNo#500IOWN	The percentage ownership of institutions, from countries that speak different official languages from the firm's country, who hold shares of less than 500 companies in the Osiris shareholder data.
SL#500IOWN	The percentage ownership of foreign institutions, from countries that speak a same official language from the firm's country, who hold shares of 500 or more companies in the Osiris shareholder data.
SLNo#500IOWN	The percentage ownership of foreign institutions from countries that speak a same official language from the firm's country, who hold shares of less than 500 companies in the Osiris shareholder data.
DLNoBIOWN	The percentage ownership of institutions, from countries that speak different official languages from the firm's country, who hold less than one percent of the firm's shares.
DLBIOWN	The percentage ownership of institutions, from countries that speak different official languages from the firm's country, who hold one percent or more of the firm's shares.
SLNoBIOWN	The percentage ownership of foreign institutions, from countries that speak a same official language from the firm's country, who hold less than one percent of the firm's shares.
SLBIOWN	The percentage ownership of foreign institutions from countries that speak a same official language from the firm's country, who hold one percent or more of the firm's shares.
Control variables	
LOWN	The percentage ownership by largest shareholder
LnAsset	Natural logarithm of assets
ROA	Return on assets computed by earnings before tax divided by assets.
CASH	Cash and equivalents divided by assets
LEVERAGE	Total liabilities divided by assets.
MtBr	Market-to-book ratio computed by the book value of liabilities and market value of common stocks divided by
	book value of assets.

Agenda item

This table presents the mean approval rate in shareholder meetings (VoteFor) and the percentage of agenda items receiving For recommendation from ISS (%RecFor) by country. Panel A presents the data by agenda item, and Panel B indicates them by ISS recommendation (RecFor = 1 means For recommendation from ISS).

		France (38 items)		Japan (16 items)		UK (25 items)			
	VoteFor	% RecFor	Ν	VoteFor	% RecFor	Ν	VoteFor	% RecFor	Ν	
Panel A: By agenda item										
Appoint/reappoint audit firm and authorize their remuneration	0.985	0.992	715	0.926	0.750	4	0.983	0.998	1210	
Approve financial statements/statutory reports	0.992	0.972	2143				0.995	0.999	1235	
Approve dividend	0.987	1.000	80	0.972	0.997	885	0.998	1.000	951	
Authorize board to fix remuneration of auditors	0.986	1.000	27				0.989	0.994	1030	
Approve change of articles/bylaws/company										
name/annual meeting-related issues/listing	0.964	0.815	1038	0.972	0.973	297	0.953	0.996	1318	
status/number of directors/duties of directors/location										
Approve/Authorize filing of/Receive required	0.995	1.000	1136				1.000	1.000	5	
documents/special reports/other formalities	0.770	1.000	1100				11000	11000	C C	
Approve Auditors' Special Report on Related-Party	0.938	0.639	872							
Transactions										
Approve stock splits/share consolidation	0.971	1.000	116	0.980	1.000	10	0.998	1.000	37	
Appoint censor/independent proxy	0.901	0.202	84							
Approve accounting transfers/handling of net loss/no dividends/reduction in capital	0.989	0.997	1888	0.965	0.902	41	0.973	1.000	8	
Elect/re-elect a committee member/board chairman	0.960	1.000	15				0.999	1.000	15	
Elect/re-elect director/alternate director	0.947	0.614	2941	0.949	0.979	10068	0.983	0.979	8796	
Approve remuneration of directors and its changes	0.979	0.936	577	0.964	0.941	68	0.959	0.926	339	
Elect representative of employee shareholder to the board	0.845	0.375	40							
Elect/re-elect supervisory board member	0.941	0.662	647							
Approve discharge of board of directors/supervisory	0.005	0.002	2.47				1 000	1 000	7	
board members/auditors	0.985	0.992	247				1.000	1.000	1	
Appoint statutory auditor/alternate statutory auditor				0.920	0.776	1535				
Approve increase in share capital	0.910	0.544	971				0.976	1.000	2	
Eliminate preemptive rights	0.875	0.387	31							

(Continued)

Approve merger/share exchange/operation transfer	0.052	0 772	381	0.078	1.000	12	0.061	0.020	25
agreement/tender Offer/assets	0.752	0.772	501	0.778	1.000	12	0.901	0.929	20
Authorize repurchase	0.950	0.589	1079	0.989	1.000	5	0.994	0.999	1153
Approve issuance/disposal of shares for private placements	0.880	0.352	415	0.943	0.833	6			
Approve issue of special securities /bonds/debentures	0.969	0.844	975				0.960	0.998	1205
Authorize equity issue	0.899	0.493	473				0.976	0.992	1211
Authorize issuance of warrants	0.893	0.469	32						
Set limit for capital increase	0.963	0.775	231						
Authorize reissuance/hold of treasury shares/cancellation of repurchase	0.956	0.791	67				0.984	1.000	16
Authorize board to set issue price	0.861	0.103	224						
Approve Waiver on Tender-Bid Requirement							0.720	0.061	49
Approve/amend stock option plan/stock appreciation rights plan	0.865	0.131	313	0.939	0.962	53	0.960	0.854	48
Approve adoption/amendment of long term plan	0.869	0.204	499	0.919	0.926	81	0.955	0.888	278
Approve/amend stock purchase plan	0.775	0.900	722				0.993	1.000	80
Approve issuance of shares/warrants for compensation	0.870	0.014	147						
Approve remuneration report	0.905	0.493	633				0.932	0.841	1178
Approve severance agreement	0.871	0.363	336				0.949	0.903	31
Approve annual bonus payment to directors				0.953	0.988	256			
Approve retirement bonus payment to				0.823	0.500	42			
Approve Takeover Defense Plan	0.835	0.020	136	0.600	0.018	113			
Convening of EGM	0.835	1 000	10	0.099	0.018	115			
Authorize issuance of equity-linked instruments without preemptive rights	0.920	0.000	129						
Amend shareholding disclosure thresholds	0.858	0.310	42						
Others/Unclear	0.978	0.786	28				0.978	0.995	431
Total	0.943	0.720	20449	0.945	0.946	13476	0.977	0.975	20661
Panel B: By ISS recommendation									
RecFor = 1 (For recommendation)	0.971	1.000	14729	0.955	1.000	12753	0.981	1.000	20144
RecFor = 0 (Against recommendation)	0.872	0.000	5720	0.769	0.000	723	0.810	0.000	517

Characteristics of institutional shareholders

This table presents the number of investee companies (# Invest) and the total market value of shareholdings (Wealth) for institutional shareholders in our sample. The country at the top indicates the country of sample firms (not institutions). For each of institutional shareholders of sample companies in the country, we compute the number of firms in the Osiris shareholder data (consisting of 259,033 firm-years involving 59,765 companies from 65 countries) that list the institution as a shareholder (# Invest). For each of institutional shareholders in the sample companies, we compute the market value of shareholdings in a specific company by the market value of the firm times the institution's percentage ownership. Then, we aggregate it over all companies in the Osiris shareholder data that list the institution as a shareholder (Wealth). Panel A presents the data for all institutions in the sample firm's country. Panel B presents indicates the information by firm and institution's country. Panel C shows data by institution's type for each of sample firm countries.

	_	France			Japan		UK			
	Mean	Median	Ν	Mean	Median	Ν	Mean	Median	N	
Panel A: All	institutional inve	estors in the cou	entry							
# Invest	247.46	17	3847	396.15	40	2319	210.14	22	5191	
Wealth	14205.46	409.4682	3847	24256.64	1304.87	2320	11712.08	283.53	5192	
Panel B: # I	nvestments and V	Vealth by institu	tion's type							
Banks										
# Invest	562.01	133.5	920	631.29	127	823	509.83	116	1160	
Wealth	31802.04	4254.953	920	36735.68	5040.52	823	26636.87	2726.54	1160	
Insurance co	ompanies									
# Invest	441.77	14	433	742.71	218	245	542.33	113	372	
Wealth	20126.44	547.2731	433	32413.61	8859.56	245	23814.71	3364.11	372	
Mutual fund	s									
# Invest	103.99	10	2114	166.78	14	1195	79.55	11	3382	
Wealth	6588.86	186.2414	2114	13080.23	473.38	1196	5324.77	126.48	3383	
Hedge funds	7									
# Invest	17.00	9.5	18	38.40	33	5	14.97	7	39	
Wealth	1359.02	170.3675	18	1802.95	531.38	5	162.11	31.64	39	
Private equi	ty									
# Invest	79.76	6	282	356.73	94	49	125.45	34	215	
Wealth	9403.97	74.98871	282	49031.92	4197.32	49	13400.47	616.33	215	
Venture capi	ital									
# Invest	12.55	4	80	94.50	94.5	2	46.35	23	23	
Wealth	881.92	16.91953	80	22536.59	22536.59	2	6528.06	138.33	23	
Panel C: We	ealth of institution	al investors by	institution's	country						
France	2775.22	38.18	1224	60615.67	60424.40	39	19746.04	1529.59	127	
Japan	21231.17	11499.71	35	7244.13	680.75	681	28013.74	22447.76	61	
UK	9150.88	741.86	606	12713.48	1397.10	305	3463.23	140.22	1984	
Canada	14130.13	1453.54	130	87771.95	28247.78	66	19741.16	3695.32	161	
Switzerland	27115.37	6419.50	105	27852.01	4295.50	59	11005.25	590.60	163	
US	42073.12	3204.58	798	65281.72	10756.89	494	34279.87	1847.05	1098	

Table 3Institutional ownership variable

This table indicates mean and median of institutional ownership variables by country. FIOWN is foreign institutional ownership. DIOWN is domestic institutional ownership. #500IOWN (No#500IOWN) is the ownership by institutions who hold shares of 500 or more (less than 500) companies in the Osiris shareholder data. NoBIOWN (BIOWN) is the percentage ownership of institutions who hold less than five percent (five percent or more) of the firm's shares. No1pIOWN (1pIOWN) is the percentage ownership of institutional investors (banks and insurance companies), and IIOWN is the ownership of independent institutional investors (banks and insurance companies), and IIOWN is the ownership of independent institutional investors (mutual funds, hedge funds, private equity, venture capital, etc). SIOWN (LIOWN) is the percentage ownership of institutions with total wealth less than one billion USD (greater than one billion). The variable named by 'F' ('D') and one of the aforementioned variables indicates ownership of foreign (domestic) institutions under the category. For instance, F#500IOWN indicates the ownership by foreign institutions who hold shares of 500 or more companies. Please see Appendix for definitions of variable.

		France			Japan			UK			
	Mean	Median	Ν	Mean	Median	Ν	Mean	Median	Ν		
FIOWN	0.149	0.094	20449	0.101	0.083	13476	0.336	0.332	20661		
DIOWN	0.144	0.083	20449	0.251	0.246	13476	0.348	0.332	20661		
#500IOWN	0.094	0.065	20449	0.181	0.135	13476	0.371	0.386	20661		
No#500IOWN	0.200	0.138	20383	0.172	0.165	13476	0.303	0.293	20585		
F#500IOWN	0.076	0.048	20449	0.064	0.053	13476	0.216	0.217	20661		
FNo#500IOWN	0.074	0.033	20290	0.038	0.021	13460	0.123	0.095	20270		
D#500IOWN	0.018	0.008	20449	0.117	0.067	13476	0.155	0.152	20661		
DNo#500IOWN	0.125	0.064	20408	0.134	0.121	13474	0.197	0.171	20375		
NoBIOWN	0.163	0.128	20188	0.227	0.227	13463	0.420	0.434	20541		
BIOWN	0.135	0.065	20449	0.126	0.109	13476	0.255	0.226	20661		
FNoBIOWN	0.105	0.071	20308	0.084	0.071	13473	0.224	0.222	20516		
FBIOWN	0.047	0.000	20449	0.017	0.000	13476	0.113	0.087	20661		
DNo_BIOWN	0.059	0.043	20074	0.142	0.137	13463	0.209	0.205	20490		
DBIOWN	0.088	0.000	20449	0.109	0.077	13476	0.142	0.109	20661		
No1pIOWN	0.133	0.105	20242	0.238	0.219	13465	0.472	0.499	20561		
1pIOWN	0.164	0.095	20449	0.115	0.085	13476	0.204	0.175	20661		
FNo1pIOWN	0.094	0.069	20343	0.072	0.062	13469	0.264	0.268	20567		
F1pIOWN	0.058	0.012	20449	0.029	0.009	13476	0.073	0.046	20661		
DNo1pIOWN	0.040	0.021	20107	0.164	0.141	13462	0.221	0.210	20478		
D1pIOWN	0.106	0.040	20449	0.087	0.063	13476	0.131	0.102	20661		
GIOWN	0.135	0.092	20449	0.243	0.241	13476	0.410	0.422	20661		
IIOWN	0.161	0.104	20449	0.110	0.100	13476	0.276	0.256	20661		
FGIOWN	0.083	0.053	20449	0.058	0.044	13476	0.219	0.217	20661		
FIIOWN	0.069	0.033	20449	0.044	0.029	13476	0.117	0.092	20661		
DGIWN	0.053	0.024	20449	0.185	0.180	13476	0.191	0.183	20661		
DIIOWN	0.092	0.037	20449	0.067	0.056	13476	0.159	0.136	20661		
SIOWN	0.094	0.037	19894	0.018	0.007	13309	0.102	0.070	18472		
LIOWN	0.206	0.138	20449	0.336	0.332	13476	0.591	0.620	20661		

Summary statistics

This table presents summary statistics of variables by country. LOWN is the percentage ownership of the largest shareholder. ROA is return on assets computed by operating income scaled by assets. CASH is cash and equivalents divided by assets. LEVERAGE is total liabilities scaled by assets. MtBr is the market-to-book ratio computed by the book value of liabilities and market value of common stocks divided by book value of assets.

	Mean	SD	Min.	Median	Max.	N
Panel A: France	ę					
LOWN	0.351	0.234	0.048	0.324	0.900	20449
Assets	1.42E+07	3.56E+07	9468	1914936	3.54E+08	20449
ROA	0.027	0.107	-0.471	0.044	0.276	20449
CASH	0.151	0.157	0.003	0.104	0.796	20449
LEVERAGE	0.586	0.188	0.078	0.595	1.208	20449
MtBr	1.459	0.978	0.661	1.167	7.166	20449
Panel B: Japa	n					
LOWN	0.087	0.090	0.008	0.068	0.542	13476
Assets	2.65E+07	4.39E+07	489534	1.25E+07	4.03E+08	13476
ROA	0.045	0.040	-0.074	0.040	0.194	13476
CASH	0.123	0.095	0.013	0.099	0.516	13476
LEVERAGE	0.581	0.173	0.132	0.607	0.885	13476
MtBr	1.147	0.345	0.701	1.059	2.990	13476
Panel C: UK						
LOWN	0.158	0.147	0.045	0.076	0.092	20661
Assets	6001627	4.05E+07	63474	1714244	8.45E+08	20661
ROA	0.077	0.100	-0.300	0.028	0.070	20661
CASH	0.108	0.111	0.001	0.033	0.070	20661
LEVERAGE	0.540	0.240	0.003	0.388	0.556	20661
MtBr	1.812	1.212	0.620	1.073	1.460	20661

Regression results for the entire sample

This table presents results of regressions of VoteFor (approval rate: the number of votes casted For divided by the number of votes casted For and Against). Panels A, B, and C are for French, Japanese, and UK companies, respectively. FIOWN is the percentage ownership of foreign institutional investors, while DIOWN is the percentage ownership of domestic institutional investors. #500IOWN (No#500IOWN) is the percentage ownership of institutions who hold shares of 500 or more (less than 500) companies in the Osiris shareholder data. NoBIOWN (BIOWN) is the percentage ownership of institutions who hold less than five percent (five percent or more) of the firm's shares. No1pIOWN (1pIOWN) is the percentage ownership of institutions who put less than one percent (one percent or more) portfolio weight on the firm. GIOWN is the percentage ownership of grey institutions, while IIOWN is the percentage ownership of independent institutions. SIOWN (LIOWN) is the percentage ownership of institutions with wealth of less than one billion USD (one billion USD or more). LOWN is the largest shareholder's percentage ownership. Ln(Assets) is natural logarithm of assets. ROA is operating income divided by assets. CASH is cash and equivalents scaled by assets. LEVERAGE is total liabilities divided by assets. MtBr is the total liabilities and market value of stocks scaled by assets. T-statistics computed by using firm-clustering standard errors are in parentheses. Diff. test in the mid of table presents F-statistics for the null hypothesis that the coefficients of the variables are identical.

Table 5 (Continued)

Panel A: France						
	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	Nationality	#Invest	Block	Weight	Туре	Size
AOwn	FIOWN	#500IOWN	NoBIOWN	No1pIOWN	GIOWN	SIOWN
BOwn	DIOWN	No#500IOWN	BIOWN	1pIOWN	IIOWN	LIOWN
RecFor	0.0410***	0.0264***	0.00685	0.0261***	0.0470***	0.0433***
	(0.00755)	(0.00687)	(0.00661)	(0.00729)	(0.00789)	(0.00722)
AOwn	-0.334***	-0.742***	-0.542***	-0.466***	-0.295***	0.0235
	(0.0568)	(0.0794)	(0.0400)	(0.0548)	(0.0616)	(0.0200)
RecFor* AOwn	0.378***	0.799***	0.594***	0.531***	0.347***	-0.0363
	(0.0558)	(0.0744)	(0.0375)	(0.0553)	(0.0660)	(0.0223)
BOwn	0.00316	0.00298	0.0144	-0.00224	-0.00249	-0.233***
	(0.0188)	(0.0147)	(0.0166)	(0.0170)	(0.0190)	(0.0401)
RecFor* BOwn	0.00691	0.00639	-0.00902	0.00608	0.00550	0.282***
	(0.0215)	(0.0161)	(0.0187)	(0.0195)	(0.0216)	(0.0407)
Diff. test						
AOwn vs BOwn	[31.90***]	[80.34***]	[161.68***]	[64.09***]	[19.09***]	[31.98***]
RecFor*AOwn vs	[37.97***]	[101.99***]	[203.43***]	[78.04***]	[22.77***]	[48.65***]
RecFor*BOwn						
LOWN	0.0324***	0.0291***	0.0232***	0.0310***	0.0337***	0.0377***
	(0.00570)	(0.00554)	(0.00547)	(0.00547)	(0.00583)	(0.00567)
Ln(Assets)	-0.00113	0.000460	-0.000166	-0.00117	-0.00168*	-0.00155
	(0.000965)	(0.00106)	(0.000951)	(0.000902)	(0.00100)	(0.00106)
ROA	0.0212	0.0341	0.0193	0.0218	0.0264	0.0199
	(0.0219)	(0.0212)	(0.0207)	(0.0226)	(0.0219)	(0.0225)
CASH	-0.0110	-0.0118	-0.00796	-0.0127	-0.0182	-0.0154
	(0.0137)	(0.0131)	(0.0136)	(0.0133)	(0.0142)	(0.0138)
LEVERAGE	0.00990	0.00791	0.00593	0.00829	0.00996	0.00915
	(0.0124)	(0.0126)	(0.0130)	(0.0128)	(0.0128)	(0.0131)
MtBr	-0.000241	-0.000385	-0.00127	-0.00186	-0.00197	-0.00184
	(0.00185)	(0.00184)	(0.00183)	(0.00177)	(0.00177)	(0.00191)
Constant	0.935***	0.926***	0.961***	0.958***	0.946***	0.964***
	(0.0181)	(0.0186)	(0.0172)	(0.0175)	(0.0180)	(0.0235)
		20.222	20 100	20.212	2 0.440	10.001
Observations	20,449	20,383	20,188	20,242	20,449	19,894
R-squared	0.316	0.343	0.342	0.328	0.307	0.317
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Agenda FE	Yes	Yes	Yes	Yes	Yes	Yes

Table 5 (Continued)

Panel B: Japan						
	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	Nationality	#Invest	Block	Weight	Type	Size
AOwn	FIOWN	#500IOWN	NoBIOWN	No1pIOWN	GIOWN	SIOWN
BOwn	DIOWN	No#500IOWN	BIOWN	1pIOWN	IIOWN	LIOWN
RecFor	0.107***	0.112***	0.111***	0.112***	0.113***	0.111***
	(0.00941)	(0.00939)	(0.0116)	(0.00934)	(0.00947)	(0.00923)
AOwn	-0.415***	-0.241***	-0.218***	-0.184***	-0.158***	0.295***
	(0.0643)	(0.0320)	(0.0494)	(0.0292)	(0.0398)	(0.103)
RecFor* AOwn	0.417***	0.226***	0.194***	0.173***	0.166***	-0.282**
	(0.0638)	(0.0291)	(0.0485)	(0.0281)	(0.0391)	(0.110)
BOwn	-0.125***	-0.152***	-0.176***	-0.214***	-0.255***	-0.221***
	(0.0293)	(0.0314)	(0.0387)	(0.0415)	(0.0627)	(0.0274)
RecFor* BOwn	0.126***	0.161***	0.191***	0.230***	0.239***	0.222***
	(0.0283)	(0.0311)	(0.0373)	(0.0383)	(0.0602)	(0.0258)
Diff. test						
AOwn vs BOwn	[15.18***]	[5.92**]	[0.35]	[0.39]	[1.21]	[21.10***]
RecFor*AOwn vs	[15.46***]	[3.46*]	[0.00]	[1.63]	[0.72]	[18.53***]
RecFor*BOwn						
LOWN	0.0363***	0.0359***	0.0350***	0.0382***	0.0372***	0.0377***
	(0.0122)	(0.0120)	(0.0119)	(0.0124)	(0.0119)	(0.0121)
Ln(Assets)	-0.00440***	-0.00472***	-0.00403***	-0.00577***	-0.00448***	-0.00434***
	(0.00130)	(0.00123)	(0.00124)	(0.00155)	(0.00123)	(0.00126)
ROA	0.190***	0.193***	0.188***	0.197***	0.188***	0.195***
	(0.0514)	(0.0513)	(0.0504)	(0.0520)	(0.0521)	(0.0517)
CASH	-0.0471**	-0.0494***	-0.0503***	-0.0484**	-0.0465**	-0.0497**
	(0.0189)	(0.0187)	(0.0186)	(0.0188)	(0.0188)	(0.0192)
LEVERAGE	0.000361	-0.00160	-0.000811	0.00321	0.000607	-0.000462
	(0.0116)	(0.0117)	(0.0115)	(0.0114)	(0.0115)	(0.0114)
MtBr	0.00179	0.00174	0.00202	-7.58e-05	0.00161	0.00150
	(0.00488)	(0.00483)	(0.00476)	(0.00513)	(0.00485)	(0.00496)
Constant	0.920***	0.919***	0.914***	0.936***	0.914***	0.913***
	(0.0294)	(0.0296)	(0.0302)	(0.0334)	(0.0301)	(0.0290)
Observations	13,476	13,476	13,463	13,465	13,476	13,309
R-squared	0.601	0.598	0.599	0.599	0.598	0.602
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Agenda FE	Yes	Yes	Yes	Yes	Yes	Yes

Table 5 (Continued)

Panel C: UK						
	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	Nationality	#Invest	Block	Weight	Туре	Size
AOwn	FIOWN	#500IOWN	NoBIOWN	No1pIOWN	GIOWN	SIOWN
BOwn	DIOWN	No#500IOWN	BIOWN	1pIOWN	IIOWN	LIOWN
RecFor	0.0435***	0.0199	0.0174	0.0247	0.0393**	0.0333*
	(0.0165)	(0.0153)	(0.0165)	(0.0172)	(0.0160)	(0.0180)
AOwn	-0.279***	-0.444***	-0.367***	-0.307***	-0.353***	-0.0854
	(0.0617)	(0.0414)	(0.0411)	(0.0361)	(0.0512)	(0.0672)
RecFor* AOwn	0.270***	0.447***	0.360***	0.305***	0.351***	0.0668
	(0.0613)	(0.0415)	(0.0408)	(0.0362)	(0.0517)	(0.0667)
BOwn	-0.140***	-0.0709**	-0.105**	-0.121**	-0.0615	-0.258***
	(0.0474)	(0.0356)	(0.0420)	(0.0497)	(0.0405)	(0.0462)
RecFor* BOwn	0.139***	0.0579*	0.1000**	0.110**	0.0546	0.257***
	(0.0482)	(0.0345)	(0.0417)	(0.0492)	(0.0404)	(0.0464)
Diff. test						
AOwn vs BOwn	[2.34]	[53.22***]	[21.07***]	[11.43***]	[16.38***]	[4.38**]
RecFor*AOwn vs	[2.06]	[58.82***]	[20.83***]	[12.35***]	[16.38***]	[5.31**]
RecFor*BOwn						
	0.0100111	0.01001111	0.044414		0.04==1.1.1	
LOWN	0.0188***	0.0188***	0.0146**	0.0188***	0.0175***	0.0244***
- /	(0.00520)	(0.00580)	(0.00627)	(0.00617)	(0.00570)	(0.00657)
Ln(Assets)	-0.00214**	-0.00288***	-0.00219**	-0.00243***	-0.00264***	-0.00317***
D O 1	(0.000841)	(0.000897)	(0.000848)	(0.000872)	(0.000844)	(0.000972)
ROA	0.00624	0.00622	0.00649	0.00629	0.00696	0.00840
G + GT	(0.0103)	(0.0102)	(0.0102)	(0.0103)	(0.0103)	(0.0105)
CASH	-0.00345	-0.00594	-0.00429	-0.00557	-0.00590	-0.00579
	(0.00536)	(0.00529)	(0.00536)	(0.00536)	(0.00531)	(0.00553)
LEVERAGE	0.00157	0.00111	0.000790	0.000593	0.00123	6.33e-05
MD	(0.00339)	(0.00335)	(0.00334)	(0.00339)	(0.00333)	(0.00365)
MtBr	0.000679	0.000432	0.000676	0.000694	0.000509	0.000437
G	(0.000/16)	(0.000/04)	(0.000/15)	(0.000/03)	(0.000699)	(0.000784)
Constant	0.965***	1.000***	0.993***	0.989***	0.9/8***	0.989***
	(0.0221)	(0.0220)	(0.0222)	(0.0228)	(0.0220)	(0.0241)
Observations	20 661	20 595	20 5 4 1	20 561	20 661	19 470
D squared	20,001	20,383	20,341	20,301	20,001	10,472
K-squared	U.30/	U.3//	U.3/6	U.3/1	0.3/S	U.301
I CALLE	r es	r es	r es	r es	r es	r es
A condo EE	r es	r es	r es	r es	r es	r es
Agenda FE	res	res	res	res	res	res

Robust standard errors in parentheses

Table 6 Regression results: Detailed institutional ownership variables

This table presents results of regressions of VoteFor (approval rate: the number of votes casted For divided by the number of votes casted For and Against). F-WD (F-LD) means the percentage ownership by foreign institutions who have a well- (less-) diversified portfolio, while D-WD (D-LD) indicates the percentage ownership of domestic institutions who have a well- (less-) diversified portfolio. #500IOWN (No#500IOWN) is the percentage ownership of institutions who hold shares of 500 or more (less than 500) companies in the Osiris shareholder data. NoBIOWN (BIOWN) is the percentage ownership of institutions who hold less than five percent (five percent or more) of the firm's shares. No1pIOWN (1pIOWN) is the percentage ownership of institutions who put less than one percent (one percent or more) portfolio weight on the firm. GIOWN is the percentage ownership of foreign (domestic) institutions of the category. LOWN is the largest shareholder's percentage ownership. Ln(Assets) is natural logarithm of assets. ROA is operating income divided by assets. CASH is cash and equivalents scaled by assets. LEVERAGE is total liabilities divided by assets. MtBr is the total liabilities and market value of stocks scaled by assets. T-statistics computed by using firm-clustering standard errors are in parentheses. *Diff. test* in the mid of table presents F-statistics for the null hypothesis that the coefficients of the variables are identical.

Table 6 (Continued)

		Franc	e			Japa	n			UK		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
VARIABLES	#Invest	Block	Weight	Туре	#Invest	Block	Weight	Type	#Invest	Block	Weight	Туре
F-WD	F#500IOWN	FNoBIOWN	FNo1pIOWN	FGIOWN	F#500IOWN	FNoBIOWN	FNo1pIOWN	FGIOWN	F#500IOWN	FNoBIOWN	FNo1pIOWN	FGIOWN
F-LD	FNo#500IOWN	FBIOWN	F1pIOWN	FIIOWN	FNo#500IOWN	FBIOWN	F1pIOWN	FIIOWN	FNo#500IOWN	FBIOWN	F1pIOWN	FIIOWN
D-WD	D#500IOWN	DNoBIOWN	DNo1pIOWN	DGIOWN	D#500IOWN	DNoBIOWN	DNo1pIOWN	DGIOWN	D#500IOWN	DNoBIOWN	DNo1pIOWN	DGIOWN
D-LD	DNo#500IOWN	DBIOWN	D1pIOWN	DIIOWN	DNo#500IOWN	DBIOWN	D1pIOWN	DIIOWN	DNo#500IOWN	DBIOWN	D1pIOWN	DIIOWN
RecFor	0.0254***	0.0119*	0.0203***	0.0456***	0.103***	0.108***	0.103***	0.108***	0.0231	0.0182	0.0346**	0.0377**
	(0.00638)	(0.00680)	(0.00640)	(0.00946)	(0.00935)	(0.0115)	(0.00946)	(0.00925)	(0.0142)	(0.0146)	(0.0153)	(0.0151)
F-WD	-0.849***	-0.657***	-0.762***	-0.465***	-0.785***	-0.564***	-0.637***	-0.647***	-0.476***	-0.639***	-0.332***	-0.304***
	(0.0659)	(0.0566)	(0.0448)	(0.145)	(0.101)	(0.0826)	(0.106)	(0.0965)	(0.0729)	(0.0838)	(0.0690)	(0.114)
RecFor*F-WD	0.895***	0.708***	0.809***	0.491***	0.755***	0.545***	0.629***	0.650***	0.481***	0.621***	0.333***	0.300***
	(0.0655)	(0.0530)	(0.0434)	(0.159)	(0.103)	(0.0812)	(0.106)	(0.101)	(0.0728)	(0.0825)	(0.0685)	(0.114)
F-LD	-0.0208	-0.0328	-0.00765	-0.100	-0.0492	-0.236**	-0.0851	-0.140	-0.113	-0.0605	-0.159*	-0.142
	(0.0466)	(0.0580)	(0.0474)	(0.0711)	(0.0889)	(0.0973)	(0.0818)	(0.0924)	(0.0843)	(0.0748)	(0.0871)	(0.0978)
RecFor*F-LD	0.0401	0.0382	0.0223	0.122*	0.0756	0.259***	0.0939	0.144	0.0923	0.0544	0.137	0.129
	(0.0449)	(0.0543)	(0.0458)	(0.0725)	(0.0900)	(0.0961)	(0.0834)	(0.0938)	(0.0826)	(0.0740)	(0.0855)	(0.0963)
D-WD	-0.407**	-0.278***	-0.0862**	-0.102*	-0.124***	-0.0642	-0.103***	-0.0923**	-0.354***	-0.121**	-0.234***	-0.408***
	(0.185)	(0.0818)	(0.0426)	(0.0542)	(0.0346)	(0.0525)	(0.0309)	(0.0369)	(0.0753)	(0.0568)	(0.0520)	(0.0828)
RecFor*D-WD	0.452**	0.301***	0.149***	0.155**	0.116***	0.0381	0.0931***	0.103***	0.353***	0.122**	0.230***	0.405***
	(0.185)	(0.0862)	(0.0462)	(0.0647)	(0.0317)	(0.0505)	(0.0306)	(0.0358)	(0.0760)	(0.0565)	(0.0523)	(0.0830)
D-LD	0.00751	0.0198	-0.00473	0.0309*	-0.103***	-0.150***	-0.171***	-0.195***	-0.0559*	-0.0829*	-0.0667*	-0.0237
	(0.0158)	(0.0199)	(0.0188)	(0.0173)	(0.0342)	(0.0376)	(0.0531)	(0.0645)	(0.0331)	(0.0424)	(0.0397)	(0.0323)
RecFor*D-LD	-0.000615	-0.0137	0.00331	-0.0346*	0.108***	0.163***	0.187***	0.166***	0.0520	0.0809*	0.0657*	0.0215
	(0.0187)	(0.0231)	(0.0222)	(0.0199)	(0.0337)	(0.0360)	(0.0487)	(0.0621)	(0.0332)	(0.0427)	(0.0395)	(0.0317)
Diff. test												
F-WD vs	[91.37***]	[61.54***]	[122.33***]	[4.62**]	[24.93***]	[5.41**]	[16.09***]	[10.43***]	[9.24***]	[21.93***]	[3.00*]	[0.87]
F-LD												
RecFor*F-WD RecFor*F-LD	[96.26***]	[81.94***]	[140.01***]	[4.19**]	[19.88***]	[4.30**]	[14.38***]	[9.70***]	[10.79***]	[21.39***]	[3.93**]	[0.96]

(Continued)

F-WD vs D-WD	[4.38**]	[11.25***]	[114.68***]	[4.34**]	[34.84***]	[29.75***]	[21.67***]	[27.96***]	[0.96]	[17.34***]	[0.87]	[0.33]
RecFor*F-WD RecFor*D-WD	[4.40**]	[12.16***]	[99.80***]	[2.86**]	[31.96***]	[32.48***]	[21.50***]	[25.29***]	[1.06]	[16.54***]	[0.96]	[0.34]
LOWN	0.0278***	0.0227***	0.0270***	0.0312***	0.0344***	0.0336***	0.0370***	0.0371***	0.0190***	0.0125**	0.0198***	0.0167***
	(0.00538)	(0.00551)	(0.00543)	(0.00589)	(0.0122)	(0.0120)	(0.0126)	(0.0120)	(0.00611)	(0.00626)	(0.00630)	(0.00583)
Ln(Assets)	0.000824	0.000670	0.000574	-0.000869	-0.00462***	-0.00382***	-0.00550***	-0.00429***	-0.00264***	-0.00158*	-0.00227***	-0.00239***
	(0.000966)	(0.000999)	(0.000916)	(0.00101)	(0.00129)	(0.00129)	(0.00161)	(0.00128)	(0.000885)	(0.000810)	(0.000863)	(0.000825)
ROA	0.0340	0.0205	0.0307	0.0282	0.199***	0.190***	0.196***	0.194***	0.00498	0.00669	0.00616	0.00578
	(0.0213)	(0.0211)	(0.0222)	(0.0216)	(0.0511)	(0.0498)	(0.0519)	(0.0517)	(0.0103)	(0.0102)	(0.0102)	(0.0101)
CASH	-0.0122	-0.00898	-0.0113	-0.0165	-0.0494***	-0.0496***	-0.0472**	-0.0489**	-0.00393	-0.000456	-0.00253	-0.00411
	(0.0131)	(0.0136)	(0.0134)	(0.0139)	(0.0188)	(0.0188)	(0.0189)	(0.0189)	(0.00538)	(0.00547)	(0.00533)	(0.00533)
LEVERAGE	0.00772	0.00391	0.00545	0.0104	-0.00232	-0.00109	0.00242	-0.000296	0.00197	0.00151	0.00205	0.00191
	(0.0125)	(0.0137)	(0.0129)	(0.0123)	(0.0117)	(0.0114)	(0.0115)	(0.0116)	(0.00345)	(0.00327)	(0.00351)	(0.00336)
MtBr	7.04e-05	-0.000187	-0.000532	-0.000895	0.00143	0.00195	0.000249	0.00189	0.000620	0.000919	0.000655	0.000607
	(0.00182)	(0.00182)	(0.00174)	(0.00174)	(0.00485)	(0.00475)	(0.00512)	(0.00486)	(0.000740)	(0.000710)	(0.000736)	(0.000717)
Constant	0.923***	0.945***	0.943***	0.930***	0.931***	0.917***	0.946***	0.919***	0.992***	0.985***	0.974***	0.975***
	(0.0184)	(0.0180)	(0.0187)	(0.0174)	(0.0283)	(0.0294)	(0.0322)	(0.0295)	(0.0212)	(0.0200)	(0.0210)	(0.0213)
Observations	20,259	19,948	20,001	20,449	13,458	13,460	13,455	13,476	20,010	20,345	20,384	20,661
R-squared	0.347	0.345	0.344	0.317	0.606	0.604	0.604	0.604	0.379	0.386	0.373	0.376
Sample	Entire	Entire	Entire	Entire	Entire	Entire	Entire	Entire	Entire	Entire	Entire	Entire
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Agenda FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors in parentheses

Table 7 Regression results for the entire sample: Firm-agenda fixed effects model

This table presents results of firm-agenda fixed effects regressions of VoteFor (approval rate: the number of votes casted For divided by the number of votes casted For and Against). F-WD (F-LD) means the percentage ownership by foreign institutions who have a well- (less-) diversified portfolio, while D-WD (D-LD) indicates the percentage ownership of domestic institutions who have a well- (less-) diversified portfolio. #500IOWN (No#500IOWN) is the percentage ownership of institutions who hold shares of 500 or more (less than 500) companies in the Osiris shareholder data. NoBIOWN (BIOWN) is the percentage ownership of institutions who hold less than five percent (five percent or more) of the firm's shares. No1pIOWN (1pIOWN) is the percentage ownership of institutions. All the institutional ownership variables start with 'F' ('D'), meaning the percentage ownership of foreign (domestic) institutions of the category. LOWN is the largest shareholder's percentage ownership. Ln(Assets) is natural logarithm of assets. ROA is operating income divided by assets. CASH is cash and equivalents scaled by assets. LEVERAGE is total liabilities divided by assets. MtBr is the total liabilities and market value of stocks scaled by assets. T-statistics computed by using firm-clustering standard errors are in parentheses. *Diff. test* in the mid of table presents F-statistics for the null hypothesis that the coefficients of the variables are identical.

(Continued)

		Franc	e			Japar	1		UK			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
VARIABLES	#Invest	Block	Weight	Туре	#Invest	Block	Weight	Туре	#Invest	Block	Weight	Туре
F-WD	F#500IOWN	FNoBIOWN	FNo1pIOWN	FGIOWN	F#500IOWN	FNoBIOWN	FNo1pIOWN	FGIOWN	F#500IOWN	FNoBIOWN	FNo1pIOWN	FGIOWN
F-LD	FNo#500IOWN	FBIOWN	F1pIOWN	FIIOWN	FNo#500IOWN	FBIOWN	F1pIOWN	FIIOWN	FNo#500IOWN	FBIOWN	F1pIOWN	FIIOWN
D-WD	D#500IOWN	DNoBIOWN	DNo1pIOWN	DGIOWN	D#500IOWN	DNoBIOWN	DNo1pIOWN	DGIOWN	D#500IOWN	DNoBIOWN	DNo1pIOWN	DGIOWN
D-LD	DNo#500IOWN	DBIOWN	D1pIOWN	DIIOWN	DNo#500IOWN	DBIOWN	D1pIOWN	DIIOWN	DNo#500IOWN	DBIOWN	D1pIOWN	DIIOWN
RecFor	0.0527***	0.0408***	0.0486***	0.0699***	0.113***	0.112***	0.113***	0.116***	0.0261**	0.0202	0.0374***	0.0409***
	(0.00454)	(0.00485)	(0.00457)	(0.00651)	(0.0102)	(0.0124)	(0.01000)	(0.0101)	(0.0117)	(0.0124)	(0.0124)	(0.0120)
F-WD	-0.623***	-0.503***	-0.574***	-0.311***	-0.632***	-0.468***	-0.498***	-0.575***	-0.447***	-0.568***	-0.274***	-0.275***
	(0.0497)	(0.0351)	(0.0382)	(0.0832)	(0.0942)	(0.0810)	(0.0839)	(0.0902)	(0.0650)	(0.0611)	(0.0571)	(0.0826)
RecFor*F-WD	0.682***	0.570***	0.624***	0.367***	0.641***	0.519***	0.515***	0.594***	0.439***	0.552***	0.268***	0.268***
	(0.0472)	(0.0332)	(0.0374)	(0.0940)	(0.0952)	(0.0806)	(0.0852)	(0.0908)	(0.0647)	(0.0612)	(0.0568)	(0.0829)
F-LD	-0.000687	-0.0343	0.0196	-0.0727**	-0.0347	-0.166*	-0.0795	-0.0892	-0.0953	-0.0501	-0.180**	-0.137
	(0.0262)	(0.0250)	(0.0261)	(0.0316)	(0.0939)	(0.0887)	(0.0978)	(0.0790)	(0.0693)	(0.0673)	(0.0779)	(0.0849)
RecFor*F-LD	0.0230	0.0278	0.0123	0.105***	0.0782	0.168*	0.119	0.121	0.0836	0.0411	0.163**	0.124
	(0.0262)	(0.0241)	(0.0263)	(0.0319)	(0.0947)	(0.0886)	(0.0974)	(0.0806)	(0.0698)	(0.0674)	(0.0786)	(0.0852)
D-WD	-0.196***	-0.186***	-0.0844***	-0.0927***	-0.0973***	-0.0570	-0.0874***	-0.109***	-0.331***	-0.149***	-0.248***	-0.364***
	(0.0605)	(0.0401)	(0.0266)	(0.0331)	(0.0333)	(0.0558)	(0.0313)	(0.0395)	(0.0781)	(0.0510)	(0.0541)	(0.0723)
RecFor*D-WD	0.222***	0.185***	0.0800***	0.0962**	0.0847***	0.0494	0.0670**	0.0982**	0.335***	0.138***	0.243***	0.360***
	(0.0628)	(0.0414)	(0.0295)	(0.0391)	(0.0309)	(0.0545)	(0.0299)	(0.0387)	(0.0779)	(0.0506)	(0.0541)	(0.0723)
D-LD	-0.00618	0.00441	-0.00339	0.0161	-0.0930**	-0.126***	-0.149***	-0.0782	-0.0527	-0.0717*	-0.0602	-0.0365
	(0.0114)	(0.0122)	(0.0134)	(0.0112)	(0.0382)	(0.0366)	(0.0516)	(0.0685)	(0.0341)	(0.0429)	(0.0393)	(0.0334)
RecFor*D-LD	0.00399	-0.00676	0.00537	-0.0222*	0.0895**	0.121***	0.170***	0.0802	0.0460	0.0718*	0.0561	0.0303
	(0.0119)	(0.0125)	(0.0138)	(0.0121)	(0.0368)	(0.0360)	(0.0483)	(0.0675)	(0.0341)	(0.0430)	(0.0392)	(0.0328)
Diff. test												
F-WD vs F-LD	[103.72***]	[124.22***]	[148.36***]	[6.93***]	[16.14***]	[5.90**]	[9.82***]	[13.78***]	[11.24***]	[27.23***]	[1.03]	[1.01]
RecFor*F-WD	[119.39***]	[169.95***]	[147.74***]	[7.18***]	[13.97***]	[8.10***]	[8.61***]	[12.68***]	[11.29***]	[26.05***]	[1.29]	[1.09]
RecFor*F-LD												
F-WD vs D-WD	[26.38***]	[32.20***]	[108.50***]	[4.64**]	[26.39***]	[22.05***]	[20.74***]	[25.03***]	[0.99]	[19.58***]	[0.07]	[0.44]
RecFor*F-WD	[30.04***]	[45.33***]	[123.90***]	[5.30**]	[28.22***]	[28.05***]	[23.41***]	[27.86***]	[0.78]	[19.14***]	[0.07]	[0.47]
RecFor*D-WD												

(Continued)

LOWN	0.00390	0.00327	0.00406	0.00362	0.0304***	0.0317***	0.0301**	0.0307***	0.0138**	0.00648	0.0153***	0.0149***
	(0.00405)	(0.00408)	(0.00404)	(0.00396)	(0.0112)	(0.0111)	(0.0120)	(0.0112)	(0.00594)	(0.00547)	(0.00593)	(0.00572)
Ln(Assets)	0.00164	0.00296	0.00619*	0.00162	0.00173	6.83e-05	-0.00299	0.000942	0.000597	0.00116	0.00135	0.000788
	(0.00396)	(0.00392)	(0.00358)	(0.00401)	(0.00937)	(0.00925)	(0.00965)	(0.00923)	(0.00340)	(0.00318)	(0.00322)	(0.00311)
ROA	0.0417*	0.0241	-0.00252	0.0304	0.190***	0.190***	0.191***	0.189***	-0.00103	-0.000252	0.000636	3.34e-05
	(0.0221)	(0.0218)	(0.0156)	(0.0222)	(0.0401)	(0.0398)	(0.0402)	(0.0403)	(0.00808)	(0.00807)	(0.00799)	(0.00797)
CASH	-0.00342	0.0111	-0.0215*	-0.00294	-0.0590**	-0.0568**	-0.0629**	-0.0563**	-0.0141*	-0.0164**	-0.0146*	-0.0128*
	(0.0149)	(0.0154)	(0.0125)	(0.0148)	(0.0242)	(0.0246)	(0.0250)	(0.0247)	(0.00724)	(0.00742)	(0.00747)	(0.00743)
LEVERAGE	-0.0120	-0.0149	-0.00680	-0.0111	-0.00528	-0.000685	-0.000455	-0.00216	-0.0111*	-0.0113*	-0.0104*	-0.0110*
	(0.0118)	(0.0123)	(0.0118)	(0.0117)	(0.0290)	(0.0285)	(0.0282)	(0.0287)	(0.00638)	(0.00634)	(0.00621)	(0.00619)
MtBr	-0.00172	0.00228	-0.00126	-0.00203	0.00520	0.00500	0.00203	0.00566	0.00116	0.000599	0.000791	0.000850
	(0.00216)	(0.00206)	(0.00200)	(0.00212)	(0.00369)	(0.00369)	(0.00410)	(0.00373)	(0.000833)	(0.000629)	(0.000798)	(0.000807)
Constant	0.896***	0.884***	0.835***	0.881***	0.799***	0.824***	0.877***	0.810***	0.947***	0.950***	0.925***	0.930***
	(0.0557)	(0.0556)	(0.0502)	(0.0568)	(0.152)	(0.151)	(0.159)	(0.150)	(0.0487)	(0.0458)	(0.0468)	(0.0454)
Observations	20,259	19,948	20,001	20,449	13,458	13,460	13,455	13,476	20,010	20,345	20,384	20,661
R-squared	0.274	0.272	0.273	0.239	0.516	0.514	0.516	0.514	0.259	0.264	0.250	0.251
Year FE	Yes	Yes	Yes	Yes								
Firm-Agenda FE	Yes	Yes	Yes	Yes								

Robust standard errors in parentheses

Regression results for director election

This table presents results of regressions of VoteFor (approval rate: the number of votes casted For divided by the number of votes casted For and Against) for director election. For Japanese companies, elections of audit and supervisory board members are also included. For each of director election that receive Against recommendation from ISS, Panel A selects as matched elections all director elections in the same shareholder meeting that receive For recommendation. Those matched elections are treated a single observation by taking the average VoteFor as a dependent variable (Average matching). Elections with Against recommendations are deleted from the analysis when the same meeting has no elections with For recommendation. For each of elections with Against recommendations, Panel B selects the previous and next election as matched elections if they have For recommendation from ISS (Previous/next matching). F-WD (F-LD) means the percentage ownership by foreign institutions who have a well- (less-) diversified portfolio, while D-WD (D-LD) indicates the percentage ownership of domestic institutions who have a well- (less-) diversified portfolio. #500IOWN (No#500IOWN) is the percentage ownership of institutions who hold less than five percent (five percent or more) of the firm's shares. No1pIOWN (1pIOWN) is the percentage ownership of institutions who put less than one percent (one percent or more) portfolio weight on the firm. GIOWN is the percentage ownership of grey institutions, while IIOWN is the percentage ownership of independent institutional ownership variables start with 'F' ('D'), meaning the percentage ownership of foreign (domestic) institutions of the category. LOWN is the largest shareholder's percentage ownership. Ln(Assets) is natural logarithm of assets. ROA is operating income divided by assets. CASH is cash and equivalents scaled by assets. LEVERAGE is total liabilities divided by assets. F-statistics for the null hypothesis that the coefficients of the variables are identical.

Table 8 (Continued)

Panel A: Average matching France Japan (1) (2)(3) (4) (5) (6) (7) (8) (9) (10)#Invest VARIABLES Block Weight Type #Invest Block Weight Type #Invest Block F-WD FGIOWN F#500IOWN FNoBIOWN FNo1pIOWN F#500IOWN FNoBIOWN FNo1pIOWN **FGIOWN** F#500IOWN FNoBIOWN F-LD FNo#500IOWN FBIOWN F1pIOWN FIIOWN FNo#500IOWN FBIOWN F1pIOWN FIIOWN FNo#500IOWN FBIOWN D-WD D#500IOWN DNoBIOWN DNo1pIOWN DGIOWN D#500IOWN DNoBIOWN DNo1pIOWN DGIOWN D#500IOWN DNoBIOWN D-LD DNo#500IOWN DBIOWN D1pIOWN DIIOWN DNo#500IOWN DBIOWN D1pIOWN DIIOWN DNo#500IOWN DBIOWN 0.0393*** 0.0310*** 0.0374*** 0.0700*** 0.118*** 0.118*** 0.119*** 0.120*** 0.0239* RecFor 0.0175 (0.00777)(0.00798)(0.00896)(0.0144)(0.0119)(0.0142)(0.0118)(0.0116)(0.0121)(0.0122)E WD 0 780*** 0 672*** 0 694*** 0.265* 0 703*** -0 494*** 0 549*** 0 630*** 0 360*** 0 537***

F-WD	-0.789***	-0.672***	-0.694***	-0.265*	-0.703***	-0.494***	-0.549***	-0.639***	-0.360***	-0.537***	-0.213***	-0.358***
	(0.121)	(0.0920)	(0.0932)	(0.153)	(0.112)	(0.109)	(0.104)	(0.0995)	(0.104)	(0.0917)	(0.0750)	(0.114)
RecFor*F-WD	0.744***	0.622***	0.643***	0.230	0.616***	0.550***	0.499***	0.668***	0.338***	0.491***	0.168**	0.279**
	(0.121)	(0.0760)	(0.0944)	(0.201)	(0.136)	(0.0982)	(0.134)	(0.116)	(0.104)	(0.0789)	(0.0753)	(0.131)
F-LD	0.0336	0.0508	0.0759	-0.147	0.0372	-0.137	0.0148	-0.0178	-0.0570	0.0367	-0.126	-0.0642
	(0.0601)	(0.0601)	(0.0566)	(0.117)	(0.114)	(0.0901)	(0.114)	(0.0752)	(0.0869)	(0.0515)	(0.105)	(0.0596)
RecFor*F-LD	-0.0130	-0.00588	-0.00665	0.0837	0.110	0.123	0.100	0.0501	-0.00141	-0.0944	0.0636	0.0230
	(0.0563)	(0.0455)	(0.0766)	(0.105)	(0.130)	(0.100)	(0.127)	(0.0828)	(0.0916)	(0.0695)	(0.124)	(0.0897)
D-WD	-0.398*	-0.106	0.0537	-0.0296	-0.129**	-0.0470	-0.0912**	-0.0644	-0.380***	-0.219***	-0.316***	-0.278***
	(0.229)	(0.0902)	(0.144)	(0.0837)	(0.0501)	(0.0623)	(0.0433)	(0.0425)	(0.0861)	(0.0796)	(0.0593)	(0.0736)
RecFor*D-WD	0.160	0.0521	0.00558	0.0839	0.0484	0.0187	0.0384	0.0988**	0.289**	0.143*	0.224***	0.236**
	(0.375)	(0.0983)	(0.154)	(0.0934)	(0.0445)	(0.0654)	(0.0402)	(0.0483)	(0.113)	(0.0767)	(0.0699)	(0.0899)
D-LD	0.0272	0.0221	0.00783	0.0264	-0.0935**	-0.126**	-0.159**	-0.212**	-0.195***	-0.143***	-0.204***	-0.201***
	(0.0263)	(0.0315)	(0.0283)	(0.0344)	(0.0455)	(0.0485)	(0.0749)	(0.0874)	(0.0496)	(0.0392)	(0.0519)	(0.0411)
RecFor*D-LD	-0.0135	-0.00585	-0.00463	-0.0403	0.108**	0.120**	0.205***	0.0348	0.0583	0.0659	0.0655	0.0717
	(0.0210)	(0.0258)	(0.0233)	(0.0341)	(0.0481)	(0.0516)	(0.0569)	(0.0877)	(0.0390)	(0.0425)	(0.0399)	(0.0433)
Diff. test												
F-WD vs F-LD	[35.62***]	[43.51***]	[41.26***]	[0.26]	[16.39***]	[6.03**]	[12.33***]	[22.97***]	[4.50**]	[32.04***]	[0.73]	[5.51**]
RecFor*F-WD	[30.61***]	[54.18***]	[22.56***]	[0.31]	[5.72**]	[9.15***]	[3.99***]	[16.40***]	[4.65**]	[30.71***]	[0.57]	[2.02]
RecFor*F-LD												
F-WD vs D-WD	[1.91]	[18.74***]	[14.71***]	[1.99]	[20.34***]	[14.13***]	[16.26***]	[29.78***]	[0.02]	[4.77**]	[0.90]	[0.25]
RecFor*F-WD	[1.71]	[16.17***]	[10.23***]	[0.34]	[14.31***]	[23.20***]	[10.02***]	[21.10***]	[0.07]	[6.42**]	[0.19]	[0.04]
RecFor*D-WD												

UK

(11)

Weight

FNo1pIOWN

F1pIOWN

DNo1pIOWN

D1pIOWN

0.0331**

(0.0142)

(12)

Туре

FGIOWN

FIIOWN

DGIOWN

DIIOWN

0.0304**

(0.0123)

(Continued)

LOWN	0.0179	0.00552	0.0328*	0.0378*	0.0827***	0.0775***	0.0856***	0.0859***	-0.0148	-0.0282	0.00386	-0.0107
	(0.0175)	(0.0190)	(0.0181)	(0.0201)	(0.0247)	(0.0263)	(0.0271)	(0.0250)	(0.0327)	(0.0311)	(0.0299)	(0.0310)
Ln(Assets)	-0.00762**	-0.00637*	-0.00992***	-0.0145***	-0.0119***	-0.00824***	-0.0127***	-0.00863***	-0.0119	0.000523	-0.0120	-0.0124*
	(0.00325)	(0.00346)	(0.00317)	(0.00354)	(0.00283)	(0.00308)	(0.00419)	(0.00264)	(0.00759)	(0.00669)	(0.00778)	(0.00720)
ROA	0.0675	0.0763	0.0322	0.0235	-0.0360	-0.0442	-0.0761	-0.0162	-0.119**	-0.144***	-0.128***	-0.109**
	(0.0626)	(0.0643)	(0.0578)	(0.0666)	(0.110)	(0.107)	(0.113)	(0.109)	(0.0504)	(0.0489)	(0.0458)	(0.0451)
CASH	-0.0281	-0.0132	-0.0287	-0.0470	-0.0252	-0.00896	-0.0163	-0.0287	-0.161***	-0.0901	-0.135*	-0.137*
	(0.0345)	(0.0359)	(0.0351)	(0.0403)	(0.0409)	(0.0432)	(0.0418)	(0.0409)	(0.0601)	(0.0661)	(0.0686)	(0.0743)
LEVERAGE	0.0530*	0.0461	0.0391	0.0578	-0.0129	-0.00526	-0.0119	-0.00865	-0.0123	-0.0121	-0.0117	-0.0192
	(0.0276)	(0.0286)	(0.0259)	(0.0365)	(0.0220)	(0.0246)	(0.0229)	(0.0220)	(0.0255)	(0.0234)	(0.0258)	(0.0262)
MtBr	-0.00651	-0.00858*	-0.0109***	-0.00898*	0.0104	0.00729	0.00935	0.00882	-0.00248	0.00336	-0.00111	-0.00236
	(0.00521)	(0.00504)	(0.00406)	(0.00498)	(0.0144)	(0.0146)	(0.0157)	(0.0141)	(0.00585)	(0.00596)	(0.00622)	(0.00520)
Constant	1.057***	1.072***	1.131***	1.162***	1.058***	0.993***	1.068***	0.992***	1.189***	0.999***	1.182***	1.204***
	(0.0615)	(0.0623)	(0.0549)	(0.0602)	(0.0546)	(0.0563)	(0.0765)	(0.0516)	(0.127)	(0.109)	(0.129)	(0.120)
Observations	857	827	831	859	792	792	792	792	303	306	306	308
R-squared	0.610	0.614	0.612	0.526	0.738	0.733	0.736	0.739	0.721	0.755	0.700	0.710
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Agenda FE	No	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No

Table 8 (Continued)

Panel B: Previous	x/next matching											
		Fran	ce			Jap	an			UK	Σ.	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
VARIABLES	#Invest	Block	Weight	Туре	#Invest	Block	Weight	Туре	#Invest	Block	Weight	Туре
F-WD	F#500IOWN	FNoBIOWN	FNo1pIOWN	FGIOWN	F#500IOWN	FNoBIOWN	FNo1pIOWN	FGIOWN	F#500IOWN	FNoBIOWN	FNo1pIOWN	FGIOWN
F-LD	FNo#500IOWN	FBIOWN	F1pIOWN	FIIOWN	FNo#500IOWN	FBIOWN	F1pIOWN	FIIOWN	FNo#500IOWN	FBIOWN	F1pIOWN	FIIOWN
D-WD	D#500IOWN	DNoBIOWN	DNo1pIOWN	DGIOWN	D#500IOWN	DNoBIOWN	DNo1pIOWN	DGIOWN	D#500IOWN	DNoBIOWN	DNo1pIOWN	DGIOWN
D-LD	DNo#500IOWN	DBIOWN	D1pIOWN	DIIOWN	DNo#500IOWN	DBIOWN	D1pIOWN	DIIOWN	DNo#500IOWN	DBIOWN	D1pIOWN	DIIOWN
RecFor	0.0459***	0.0343***	0.0434***	0.0850***	0.112***	0.113***	0.113***	0.115***	0.0328***	0.0272**	0.0443***	0.0413***
	(0.00910)	(0.00899)	(0.00969)	(0.0162)	(0.0124)	(0.0147)	(0.0124)	(0.0121)	(0.0114)	(0.0131)	(0.0146)	(0.0127)
F-WD	-0.697***	-0.610***	-0.672***	-0.136	-0.669***	-0.502***	-0.519***	-0.628***	-0.312***	-0.524***	-0.194**	-0.321***
	(0.117)	(0.0759)	(0.0898)	(0.165)	(0.111)	(0.104)	(0.106)	(0.101)	(0.102)	(0.0917)	(0.0771)	(0.117)
RecFor*F-WD	0.652***	0.572***	0.612***	0.151	0.626***	0.523***	0.501***	0.628***	0.306***	0.387***	0.120	0.236**
	(0.110)	(0.0688)	(0.0930)	(0.187)	(0.132)	(0.0916)	(0.130)	(0.106)	(0.100)	(0.101)	(0.0773)	(0.117)
F-LD	0.0595	0.0624	0.0692	-0.157	0.0269	-0.115	0.00806	-0.0226	-0.0366	0.0766	-0.0663	-0.0353
	(0.0706)	(0.0694)	(0.0673)	(0.102)	(0.117)	(0.0904)	(0.116)	(0.0738)	(0.0938)	(0.0575)	(0.103)	(0.0684)
RecFor*F-LD	-0.0144	-0.0164	0.00360	0.120	0.0554	0.124	0.0475	0.0686	-0.0845	-0.144*	-0.0394	-0.0469
	(0.0512)	(0.0340)	(0.0685)	(0.0913)	(0.133)	(0.0945)	(0.134)	(0.0834)	(0.0841)	(0.0813)	(0.107)	(0.0990)
D-WD	-0.568**	-0.213**	0.182	0.0346	-0.115**	-0.0620	-0.0897**	-0.0795*	-0.428***	-0.248***	-0.330***	-0.344***
	(0.251)	(0.0891)	(0.186)	(0.108)	(0.0487)	(0.0638)	(0.0422)	(0.0458)	(0.0868)	(0.0793)	(0.0635)	(0.0729)
RecFor*D-WD	0.380*	0.130	-0.0607	0.000166	0.0687*	0.0312	0.0527	0.109**	0.311***	0.195**	0.238***	0.255***
	(0.217)	(0.0934)	(0.0979)	(0.0776)	(0.0414)	(0.0680)	(0.0384)	(0.0492)	(0.108)	(0.0785)	(0.0699)	(0.0948)
D-LD	0.0429	0.0502	0.0140	0.0331	-0.0940**	-0.118**	-0.161**	-0.155*	-0.159***	-0.117***	-0.162***	-0.162***
	(0.0274)	(0.0307)	(0.0268)	(0.0362)	(0.0474)	(0.0494)	(0.0746)	(0.0893)	(0.0564)	(0.0429)	(0.0594)	(0.0498)
RecFor*D-LD	-0.0304	-0.0307	-0.00997	-0.0469	0.116**	0.135***	0.221***	0.0643	0.0253	0.0221	0.0215	0.0341
	(0.0214)	(0.0224)	(0.0243)	(0.0375)	(0.0493)	(0.0509)	(0.0593)	(0.0914)	(0.0399)	(0.0416)	(0.0374)	(0.0448)
Diff. test												
F-WD vs F-LD	[25.34***]	[36.70***]	[32.39***]	[0.01]	[13.96***]	[7.28***]	[9.78***]	[20.46***]	[3.65*]	[33.32***]	[1.71]	[4.34**]
RecFor*F-WD	[26.32***]	[63.83***]	[20.91***]	[0.02]	[6.71**]	[9.21***]	[4.68**]	[14.44***]	[8.52***]	[16.60***]	[2.10]	[2.76]
RecFor*F-LD												
F-WD vs D-WD	[0.19]	[10.94***]	[12.79***]	[1.00]	[20.12***]	[14.64***]	[14.05***]	[27.98***]	[0.55]	[3.53*]	[1.42]	[0.02]
RecFor*F-WD	[0.97]	[11.38***]	[19.71***]	[0.45]	[15.31***]	[20.90***]	[10.28***]	[22.65***]	[0.00]	[1.47]	[0.79]	[0.01]
RecFor*D-WD												

(Continued)

LOWN	0.0229*	0.0110	0.0343**	0.0397**	0.0777***	0.0708***	0.0801***	0.0776***	0.0298	-0.00405	0.0300	0.0158
	(0.0135)	(0.0130)	(0.0139)	(0.0158)	(0.0254)	(0.0256)	(0.0279)	(0.0258)	(0.0252)	(0.0191)	(0.0204)	(0.0206)
Ln(Assets)	-0.00435	-0.00311	-0.00648**	-0.0114***	-0.00982***	-0.00667**	-0.0113***	-0.00724***	-0.0168**	-0.00569	-0.0156**	-0.0164**
	(0.00288)	(0.00263)	(0.00249)	(0.00317)	(0.00248)	(0.00270)	(0.00379)	(0.00242)	(0.00704)	(0.00589)	(0.00726)	(0.00649)
ROA	0.0617	0.0767	0.0347	0.0136	0.00577	-0.0102	-0.0270	0.0272	-0.0812*	-0.0936**	-0.0898**	-0.0693*
	(0.0514)	(0.0514)	(0.0464)	(0.0534)	(0.0972)	(0.0928)	(0.100)	(0.0973)	(0.0459)	(0.0412)	(0.0414)	(0.0409)
CASH	-0.0136	0.00512	-0.0256	-0.0314	-0.0389	-0.0316	-0.0328	-0.0459	-0.108*	-0.0520	-0.0867	-0.101
	(0.0260)	(0.0275)	(0.0259)	(0.0305)	(0.0404)	(0.0418)	(0.0417)	(0.0406)	(0.0585)	(0.0557)	(0.0606)	(0.0632)
LEVERAGE	0.0378*	0.0367*	0.0319*	0.0474*	-0.0213	-0.0169	-0.0195	-0.0186	-0.00216	-0.00739	-0.00759	-0.00697
	(0.0210)	(0.0215)	(0.0191)	(0.0270)	(0.0219)	(0.0237)	(0.0229)	(0.0221)	(0.0244)	(0.0219)	(0.0242)	(0.0250)
MtBr	-0.00472	-0.00620	-0.00638	-0.00548	0.00387	0.00296	0.00241	0.00327	-0.00864**	-0.00405	-0.00722	-0.00852**
	(0.00418)	(0.00409)	(0.00397)	(0.00495)	(0.0126)	(0.0125)	(0.0137)	(0.0125)	(0.00429)	(0.00432)	(0.00450)	(0.00415)
Constant	0.982***	0.983***	1.034***	1.067***	1.029***	0.979***	1.054***	0.982***	1.260***	1.104***	1.240***	1.265***
	(0.0555)	(0.0483)	(0.0473)	(0.0467)	(0.0476)	(0.0491)	(0.0678)	(0.0462)	(0.124)	(0.103)	(0.130)	(0.121)
Observations	814	789	794	817	1,063	1,063	1,063	1,063	404	409	409	412
R-squared	0.658	0.677	0.664	0.575	0.746	0.744	0.746	0.746	0.690	0.718	0.668	0.677
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Agenda FE	No	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No

Robust standard errors in parentheses

Regression results for UK companies

This table presents results of regressions of VoteFor (approval rate: the number of votes casted For divided by the number of votes casted For and Against) for UK companies. DL-WD (DL-LD) means the percentage ownership by institutions from a country speaking English as its primary language, who have a well- (less-) diversified portfolio. SL-WD (SL-LD) indicates the percentage ownership of foreign institutions from a country speaking English as its primary language, who have a well- (less-) diversified portfolio. D-WD (D-LD) indicates the percentage ownership by domestic institutions who have a well- (less-) diversified portfolio. #500IOWN (No#500IOWN) is the percentage ownership of institutions who hold shares of 500 or more (less than 500) companies in the Osiris shareholder data. NoBIOWN (BIOWN) is the percentage ownership of institutions who hold less than five percent (five percent or more) of the firm's shares. No1pIOWN (1pIOWN) is the percentage ownership by institutions who put less than one percent (one percent or more) portfolio weight on the firm. All the institutional ownership variables start with 'DL', 'SL', or 'D' meaning the different language, or foreign same official language, and domestic. LOWN is the largest shareholder's percentage ownership. Ln(Assets) is natural logarithm of assets. ROA is operating income divided by assets. CASH is cash and equivalents scaled by assets. LEVERAGE is total liabilities divided by assets. MtBr is the total liabilities and market value of stocks scaled by assets. T-statistics computed by using firm-clustering standard errors are in parentheses. Diff. test in the mid of the table presents F-statistics for the null hypothesis that the coefficients of the variables are identical.

Panel A: Same langua	ige versus different la	anguage				
	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	#Invest	#Invest	Block	Block	Weight	Weight
DL-WD	DL#500IWN	DL#500IWN	DLNoBIOWN	DLNoBIOWN	DLNo1pIOWN	DLNo1pIOWN
DL-LD	DLNo#500IOWN	DLNo#500IOWN	DLBIOWN	DLBIOWN	DL1pIOWN	DL1pIOWN
SL-WD	SL#500IOWN	SL#500IOWN	SLNoBIOWN	SLNoBIOWN	SLNo1pIOWN	SLNo1pIOWN
SL-LD	SLNo#500IOWN	SLNo#500IOWN	SLBIOWN	SLBIOWN	SL1pIOWN	SL1pIOWN
D-WD	D#500IWN	D#500IWN	DNoBIOWN	DNoBIOWN	DNo1pIOWN	DNo1pIOWN
D-LD	DNo#500IOWN	DNo#500IOWN	DBIOWN	DBIOWN	D1pIOWN	D1pIOWN
RecFor	0.0259*	0.0271**	0.0160	0.0170	0.0336**	0.0347***
	(0.0141)	(0.0120)	(0.0142)	(0.0129)	(0.0144)	(0.0122)
DL-WD	-1.122***	-1.142***	-0.809***	-0.689***	-0.702***	-0.644***
	(0.200)	(0.179)	(0.151)	(0.144)	(0.204)	(0.162)
RecFor*DL-WD	1.097***	1.123***	0.774***	0.667***	0.675***	0.625***
	(0.200)	(0.179)	(0.151)	(0.146)	(0.201)	(0.160)
DL-LD	-0.0656	-0.0889	-0.0428	-0.124	-0.104	-0.164
	(0.183)	(0.143)	(0.190)	(0.157)	(0.169)	(0.133)
RecFor*DL-LD	0.0381	0.0647	0.0213	0.102	0.0787	0.141
	(0.181)	(0.146)	(0.189)	(0.160)	(0.167)	(0.138)
SL-WD	-0.290***	-0.261***	-0.622***	-0.558***	-0.233***	-0.175***
	(0.0731)	(0.0648)	(0.0926)	(0.0872)	(0.0708)	(0.0651)
RecFor*SL-WD	0.306***	0.257***	0.621***	0.560***	0.246***	0.181***
	(0.0728)	(0.0644)	(0.0924)	(0.0867)	(0.0711)	(0.0645)
SL-LD	-0.134**	-0.0640	-0.0391	-0.00805	-0.107	-0.0970
	(0.0650)	(0.0650)	(0.0437)	(0.0412)	(0.0724)	(0.0710)
RecFor*SL-LD	0.123*	0.0698	0.0408	0.00767	0.0892	0.0896
	(0.0632)	(0.0657)	(0.0435)	(0.0415)	(0.0707)	(0.0720)
D-WD	-0.319***	-0.292***	-0.102*	-0.138***	-0.198***	-0.214***
	(0.0756)	(0.0757)	(0.0559)	(0.0510)	(0.0552)	(0.0540)
RecFor*D-WD	0.320***	0.294***	0.103*	0.125**	0.197***	0.207***
	(0.0761)	(0.0753)	(0.0554)	(0.0507)	(0.0554)	(0.0541)
D-LD	-0.0406	-0.0452	-0.0773**	-0.0696	-0.0610	-0.0600
	(0.0265)	(0.0306)	(0.0385)	(0.0423)	(0.0374)	(0.0399)
RecFor*D-LD	0.0378	0.0386	0.0764*	0.0700*	0.0586	0.0560
	(0.0268)	(0.0307)	(0.0389)	(0.0424)	(0.0373)	(0.0399)

(Continued)

Diff. test						
DL-WD vs DL-LD	10.91***	14.74***	7.21***	5.38**	11.53***	12.82***
RecFor*DL-WD vs	11.04***	14.53***	6.99***	5.19**	12.07***	13.27***
RecFor*DL-LD						
DL-WD vs SL-WD	14.02***	18.60***	1.13	0.48	3.87**	5.65**
RecFor*DL-WD vs	12.79***	17.92***	0.74	0.32	3.28*	5.17**
RecFor*SL-WD						
SL-WD vs SL-LD	2.37	4.20**	30.73***	30.05***	2.22	0.71
RecFor*SL-WD vs	3.46*	3.77*	30.46***	30.20***	3.63*	0.98
RecFor*SL-LD						
SL-WD vs D-WD	0.06	0.07	17.75***	14.20***	0.15	0.19
RecFor*SL-WD vs	0.01	0.11	17.72***	15.39***	0.29	0.09
RecFor*D-WD						
DL-WD vs D-WD	13.37***	19.67***	15.27***	11.15***	4.58**	5.20**
RecFor*DL-WD vs	12.46***	18.40***	13.82***	10.58***	4.18**	4.98**
RecFor*D-WD						
LOWN	0.0179***	0.0141**	0.0141**	0.0120**	0.0198***	0.0173***
	(0.00611)	(0.00588)	(0.00618)	(0.00589)	(0.00648)	(0.00615)
Ln(Assets)	-0.00237***	0.00106	-0.00165**	0.00113	-0.00215***	0.00125
	(0.000836)	(0.00315)	(0.000824)	(0.00319)	(0.000821)	(0.00316)
ROA	0.00450	0.000775	0.00655	6.37e-05	0.00521	-0.00101
	(0.0104)	(0.00808)	(0.00999)	(0.00803)	(0.0105)	(0.00811)
CASH	-0.00370	-0.0128*	-0.00171	-0.0152**	-0.00445	-0.0140*
	(0.00552)	(0.00725)	(0.00539)	(0.00744)	(0.00542)	(0.00749)
LEVERAGE	0.00248	-0.00885	0.00264	-0.00928	0.00230	-0.00892
	(0.00337)	(0.00618)	(0.00323)	(0.00631)	(0.00342)	(0.00617)
MtBr	0.000714	0.00106	0.000830	0.000783	0.000826	0.000828
	(0.000731)	(0.000807)	(0.000724)	(0.000883)	(0.000747)	(0.000819)
Constant	0.989***	0.939***	0.988***	0.951***	0.976***	0.930***
	(0.0209)	(0.0459)	(0.0201)	(0.0466)	(0.0202)	(0.0465)
Observations	20.275	20.275	20,400	20,400	20.479	20.478
D servations	20,375	20,375	20,490	20,490	20,478	20,478
K-squared	0.385 Vas	0.207 Vas	0.389 Nos	0.208 Vas	0.379 Vac	0.257 Vas
I cal FE	r es Va-	i es	r es	i es	r es	r es
A condo EE	r es Vec	INO No	r es Voc	INO	r es Vec	INO
Agenda FE	r es	INO V	r es	INO V	r es	INO V
FIRM-Agenda FE	INO	res	INO	res	INO	res

Robust standard errors in parentheses

Regression results for non-director election

This table presents results of regressions of VoteFor (approval rate: the number of votes casted For divided by the number of votes casted For and Against) for agenda items other than director election. For Japanese companies, elections of audit and supervisory board members are also removed. For each of agenda items that receive Against recommendation from ISS, Panel A selects as the matched item all agenda items (excluding director elections) in the same shareholder meeting that receive For recommendation. Those matched items are treated a single observation by taking the average VoteFor as a dependent variable (Average matching). Agenda items with Against recommendations are deleted from the analysis when the same meeting has no items with For recommendation. For each of items with Against recommendations, Panel B selects the previous and next agenda items as matched items if they have For recommendation from ISS (Previous/next matching). F-WD (F-LD) means the percentage ownership by foreign institutions who have a well- (less-) diversified portfolio, while D-WD (D-LD) indicates the percentage ownership of domestic institutions who have a well- (less-) diversified portfolio, whold less than five percent (five percent or more) of the firm's shares. No1pIOWN (1pIOWN) is the percentage ownership of institutions who hold less than five percent (five percent or more) of the firm's shares. No1pIOWN (1pIOWN) is the percentage ownership of institutions. All the institutional ownership variables start with 'F' or 'D', meaning the percentage ownership of foreign or domestic institutions under the category. LOWN is the largest shareholder's percentage ownership. Ln(Assets) is natural logarithm of assets. ROA is operating income divided by assets. CASH is cash and equivalents scaled by assets. LEVERAGE is total liabilities divided by assets. MtBr is the total liabilities and market value of stocks scaled by assets. T-statistics computed by using firm-clustering standard errors are in parentheses. *Diff. test* in the mid

Table 10 (Continued)

France (1) (2) (3) (4)						Jap	ban			Uł	K	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
VARIABLES	#Invest	Block	#Invest	Block	#Invest	Block	#Invest	Block	#Invest	Block	#Invest	Block
Matching	Average	Average	Prev./next	Prev./next	Average	Average	Prev./next	Prev./next	Average	Average	Prev./next	Prev./next
F-WD	F#500IOWN	FNoBIOWN	F#500IOWN	FNoBIOWN	F#500IOWN	FNoBIOWN	F#500IOWN	FNoBIOWN	F#500IOWN	FNoBIOWN	F#500IOWN	FNoBIOWN
F-LD	FNo#500IOWN	FBIOWN	FNo#500IOWN	FBIOWN	FNo#500IOWN	FBIOWN	FNo#500IOWN	FBIOWN	FNo#500IOWN	FBIOWN	FNo#500IOWN	FBIOWN
D-WD	D#500IOWN	DNoBIOWN	D#500IOWN	DNoBIOWN	D#500IOWN	DNoBIOWN	D#500IOWN	DNoBIOWN	D#500IOWN	DNoBIOWN	D#500IOWN	DNoBIOWN
D-LD	DNo#500IOWN	DBIOWN	DNo#500IOWN	DBIOWN	DNo#500IOWN	DBIOWN	DNo#500IOWN	DBIOWN	DNo#500IOWN	DBIOWN	DNo#500IOWN	DBIOWN
RecFor	0.0514***	0.0348***	0.0216***	0.00912	0.0440***	0.0463**	0.122***	0.124***	0.0619***	0.0617***	0.0506**	0.0500**
	(0.00840)	(0.00932)	(0.00806)	(0.00888)	(0.0157)	(0.0200)	(0.00980)	(0.0120)	(0.0212)	(0.0213)	(0.0223)	(0.0230)
F-WD	-0.746***	-0.555***	-0.891***	-0.714***	-0.751***	-0.605***	-0.710***	-0.611***	-0.459***	-0.572***	-0.459***	-0.585***
	(0.0767)	(0.0688)	(0.0821)	(0.0681)	(0.198)	(0.138)	(0.112)	(0.0838)	(0.0897)	(0.100)	(0.0908)	(0.102)
RecFor*F-WD	0.980***	0.754***	1.105***	0.862***	0.832***	0.737***	0.633***	0.615***	0.509***	0.613***	0.484***	0.585***
	(0.0801)	(0.0632)	(0.0887)	(0.0609)	(0.207)	(0.159)	(0.128)	(0.0915)	(0.0830)	(0.103)	(0.0874)	(0.107)
F-LD	-0.0268	-0.0503	-0.0540	-0.0899*	-0.290**	-0.398***	-0.147	-0.265***	-0.143*	-0.130**	-0.152*	-0.131*
	(0.0463)	(0.0571)	(0.0467)	(0.0543)	(0.132)	(0.130)	(0.115)	(0.0811)	(0.0746)	(0.0628)	(0.0850)	(0.0705)
RecFor*F-LD	0.00513	0.0206	0.0561	0.110*	0.483***	0.538***	0.242*	0.255***	0.105	0.0812	0.115	0.0985
	(0.0475)	(0.0572)	(0.0517)	(0.0569)	(0.163)	(0.119)	(0.132)	(0.0906)	(0.0792)	(0.0674)	(0.0929)	(0.0799)
D-WD	-0.382*	-0.328***	-0.386*	-0.228***	-0.191***	-0.0862	-0.144***	0.0309	-0.302***	-0.117*	-0.327***	-0.105
	(0.194)	(0.0908)	(0.203)	(0.0678)	(0.0636)	(0.0732)	(0.0460)	(0.0532)	(0.109)	(0.0683)	(0.109)	(0.0700)
RecFor*D-WD	0.521**	0.366***	0.459**	0.246***	0.217***	0.0623	0.135***	-0.00494	0.352***	0.150*	0.338***	0.110
	(0.229)	(0.110)	(0.201)	(0.0932)	(0.0492)	(0.0865)	(0.0379)	(0.0555)	(0.116)	(0.0764)	(0.115)	(0.0795)
D-LD	0.0147	0.0368	0.0111	0.0142	-0.0938	-0.190***	-0.0736*	-0.171***	-0.0676	-0.0810	-0.0617	-0.0788
	(0.0166)	(0.0224)	(0.0176)	(0.0206)	(0.0603)	(0.0492)	(0.0416)	(0.0358)	(0.0470)	(0.0535)	(0.0442)	(0.0513)
RecFor*D-LD	-0.0153	-0.0400	0.00611	0.00721	0.0919	0.219***	0.0821*	0.180***	0.0893**	0.117**	0.0524	0.0750
	(0.0221)	(0.0262)	(0.0221)	(0.0258)	(0.0693)	(0.0457)	(0.0426)	(0.0394)	(0.0436)	(0.0549)	(0.0454)	(0.0541)

(Continued)

Diff. test												
F-WD vs F-LD	[60.43***]	[33.66***]	[64.91***]	[45.19***]	[2.46]	[0.81]	[8.80***]	[7.24***]	[6.57**]	[13.60***]	[5.14**]	[12.89***]
RecFor*F-WD	[84.77***]	[73.31***]	[78.04***]	[68.19***]	[1.17]	[0.76]	[3.23*]	[6.70**]	[9.59***]	[15.84***]	[6.08**]	[12.01***]
RecFor*F-LD												
F-WD vs	[2.73*]	[3.22*]	[4.58**]	[20.48***]	[5.92**]	[11.81***]	[19.15***]	[48.87***]	[0.96]	[9.76***]	[0.70]	[10.48***]
D-WD												
RecFor*F-WD	[2.94*]	[6.59**]	[7.16**]	[22.66***]	[7.29***]	[15.65***]	[11.82***]	[39.73***]	[0.88]	[8.34***]	[0.77]	[8.28***]
RecFor*D-WD												
LONAL	0.0770***	0.0500***	0.0201***	0.0170*	0 155**	0.140**	0.0003***	0.05.00**	0.0050***	0.0017***	0.0740***	0.0607***
LOWN	0.0772***	0.0589***	0.0281***	0.01/8*	0.155**	0.148**	0.0693***	0.0569**	0.0958***	0.091/***	0.0740***	0.068/***
T (A ()	(0.0123)	(0.0117)	(0.00956)	(0.00986)	(0.0606)	(0.0680)	(0.0226)	(0.0250)	(0.0307)	(0.0311)	(0.0239)	(0.0247)
Ln(Assets)	-0.00813***	-0.00869***	-0.00107	-0.000152	-0.00251	-0.00228	-0.00580**	-0.00389	-0.00915	-0.00357	-0.0102*	-0.00497
D .2.4	(0.00211)	(0.00223)	(0.00166)	(0.00177)	(0.00343)	(0.00303)	(0.00239)	(0.00245)	(0.00662)	(0.00637)	(0.00601)	(0.00544)
ROA	0.0642	0.0374	0.0220	0.00704	-0.144	-0.232	-0.0564	-0.0924	0.0862	0.0916*	0.0444	0.0461
	(0.0557)	(0.0540)	(0.0266)	(0.0269)	(0.146)	(0.159)	(0.0826)	(0.0839)	(0.0523)	(0.0530)	(0.0375)	(0.0384)
CASH	-0.0214	-0.0107	-0.0596***	-0.0540***	-0.0117	-0.0197	-0.0702**	-0.0707**	-0.0177	0.0190	-0.00149	0.0252
	(0.0247)	(0.0263)	(0.0173)	(0.0180)	(0.0450)	(0.0450)	(0.0318)	(0.0326)	(0.0322)	(0.0331)	(0.0254)	(0.0252)
LEVERAGE	-0.0165	-0.0258	0.00593	-0.00270	0.00800	0.00621	-0.0227	-0.0287	0.0577***	0.0549**	0.0370**	0.0332*
	(0.0228)	(0.0249)	(0.0175)	(0.0193)	(0.0322)	(0.0343)	(0.0195)	(0.0181)	(0.0212)	(0.0224)	(0.0164)	(0.0170)
MtBr	-0.00371	-0.00437	0.00420	0.00406	0.00376	0.0109	0.000638	0.00168	-0.000554	0.00115	-0.00157	0.000486
	(0.00328)	(0.00342)	(0.00286)	(0.00292)	(0.0143)	(0.0167)	(0.0109)	(0.0107)	(0.00406)	(0.00474)	(0.00319)	(0.00371)
Constant	1.005***	1.045***	0.954***	0.963***	0.850***	0.857***	1.002***	0.974***	0.968***	0.875***	1.030***	0.941***
	(0.0396)	(0.0402)	(0.0294)	(0.0297)	(0.0664)	(0.0629)	(0.0445)	(0.0436)	(0.110)	(0.105)	(0.103)	(0.0933)
Observations	5,463	5,391	7,125	7,008	273	273	755	755	571	575	795	802
R-squared	0.408	0.404	0.346	0.345	0.912	0.911	0.861	0.863	0.722	0.736	0.712	0.722
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Agenda FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors in parentheses

Regression results for the entire sample

This table presents results of regressions of VoteFor (approval rate: the number of votes casted For divided by the number of votes casted For and Against) for the entire same (data from the three countries are combined). F-WD (F-LD) means the percentage ownership by foreign institutions who have a well- (less-) diversified portfolio. D-WD (D-LD) indicates the percentage ownership of domestic institutions who have a well- (less-) diversified portfolio. #500IOWN (No#500IOWN) is the percentage ownership of institutions who hold shares of 500 or more (less than 500) companies in the Osiris shareholder data. NoBIOWN (BIOWN) is the percentage ownership of institutions who hold less than five percent (five percent or more) of the firm's shares. No1pIOWN (1pIOWN) is the percentage ownership by institutions who put less than one percent (one percent or more) portfolio weight on the firm. All the institutional ownership variables start with 'F' or 'D', meaning the percentage ownership of foreign or domestic institutions under the category. LOWN is the largest shareholder's percentage ownership. Ln(Assets) is natural logarithm of assets. ROA is operating income divided by assets. CASH is cash and equivalents scaled by assets. LEVERAGE is total liabilities divided by assets. MtBr is the total liabilities and market value of stocks scaled by assets. T-statistics computed by using firm-clustering standard errors are in parentheses. *Diff. test* in the mid of the table presents F-statistics for the null hypothesis that the coefficients of the variables are identical.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
VARIABLES	#Invest	#Invest	Block	Block	Weight	Weight	#Invest	#Invest	Block	Block	Weight	Weight
F-WD	F#500IOWN	F#500IOWN	FNoBIOWN	FNoBIOWN	FNo1pIOWN	FNo1pIOWN	F#500IOWN	F#500IOWN	FNoBIOWN	FNoBIOWN	FNo1pIOWN	FNo1pIOWN
F-LD	FNo#500IOWN	FNo#500IOWN	FBIOWN	FBIOWN	F1pIOWN	F1pIOWN	FNo#500IOWN	FNo#500IOWN	FBIOWN	FBIOWN	F1pIOWN	F1pIOWN
D-WD	D#500IOWN	D#500IOWN	DNoBIOW	DNoBIOW	DNo1pIOW	DNo1pIOW	D#500IOWN	D#500IOWN	DNoBIOW	DNoBIOW	DNo1pIOW	DNo1pIOW
			Ν	Ν	Ν	Ν			Ν	Ν	Ν	Ν
D-LD	DNo#500IOW	DNo#500IOW	DBIOWN	DBIOWN	D1pIOWN	D1pIOWN	DNo#500IOW	DNo#500IOW	DBIOWN	DBIOWN	D1pIOWN	D1pIOWN
	Ν	Ν					Ν	Ν				
RecFor	0.0469***	0.0724***	0.0312***	0.0572***	0.0450***	0.0728***	0.0397***	0.0654***	0.0250***	0.0500***	0.0357***	0.0623***
	(0.00523)	(0.00400)	(0.00542)	(0.00423)	(0.00537)	(0.00416)	(0.00564)	(0.00408)	(0.00590)	(0.00434)	(0.00567)	(0.00415)
F-WD	-0.725***	-0.538***	-0.625***	-0.476***	-0.596***	-0.414***	-0.835***	-0.617***	-0.655***	-0.491***	-0.725***	-0.538***
	(0.0482)	(0.0372)	(0.0462)	(0.0279)	(0.0413)	(0.0343)	(0.0613)	(0.0444)	(0.0516)	(0.0318)	(0.0413)	(0.0346)
UK*F-WD							0.379***	0.226***	0.180***	0.120**	0.345***	0.267***
							(0.0747)	(0.0586)	(0.0690)	(0.0478)	(0.0609)	(0.0503)
RecFor*F-WD	0.734***	0.537***	0.627***	0.484***	0.604***	0.415***	0.880***	0.663***	0.685***	0.550***	0.763***	0.573***
	(0.0475)	(0.0367)	(0.0449)	(0.0276)	(0.0408)	(0.0340)	(0.0607)	(0.0433)	(0.0493)	(0.0307)	(0.0404)	(0.0342)
UK*RecFor*F-W							-0.425***	-0.288***	-0.228***	-0.199***	-0.383***	-0.309***
D												
							(0.0738)	(0.0576)	(0.0657)	(0.0468)	(0.0591)	(0.0495)
F-LD	-0.0289	0.00105	-0.0161	-0.00512	-0.0362	-0.0270	-0.0266	-0.00109	-0.0253	-0.0175	-0.0163	-0.0150
	(0.0412)	(0.0254)	(0.0490)	(0.0267)	(0.0462)	(0.0267)	(0.0426)	(0.0253)	(0.0516)	(0.0259)	(0.0479)	(0.0269)
RecFor*F-LD	0.0224	0.000652	0.0129	-0.00658	0.0279	0.0283	0.0167	0.000738	0.0216	0.00611	0.00379	0.0143
	(0.0401)	(0.0259)	(0.0478)	(0.0271)	(0.0453)	(0.0268)	(0.0413)	(0.0255)	(0.0506)	(0.0262)	(0.0468)	(0.0269)

(Continued)

D-WD	-0.315***	-0.227***	-0.285***	-0.226***	-0.170***	-0.157***	-0.387***	-0.270***	-0.328***	-0.274***	-0.217***	-0.203***
	(0.0464)	(0.0246)	(0.0467)	(0.0265)	(0.0289)	(0.0189)	(0.0574)	(0.0258)	(0.0497)	(0.0268)	(0.0333)	(0.0191)
RecFor*D-WD	0.325***	0.233***	0.288***	0.222***	0.178***	0.156***	0.401***	0.276***	0.337***	0.271***	0.230***	0.203***
	(0.0452)	(0.0248)	(0.0467)	(0.0267)	(0.0284)	(0.0192)	(0.0559)	(0.0257)	(0.0496)	(0.0268)	(0.0324)	(0.0193)
D-LD	0.00357	-0.0114	0.00409	-0.0144	-0.00217	-0.00354	-0.00143	-0.0197*	0.00289	-0.0191	-0.00664	-0.0111
	(0.0151)	(0.0120)	(0.0177)	(0.0129)	(0.0179)	(0.0145)	(0.0151)	(0.0119)	(0.0177)	(0.0124)	(0.0178)	(0.0140)
RecFor*D-LD	-0.00170	0.00724	0.00292	0.0161	0.00373	0.00606	0.00501	0.0161	0.00360	0.0193	0.00882	0.0138
	(0.0161)	(0.0123)	(0.0185)	(0.0133)	(0.0191)	(0.0148)	(0.0160)	(0.0121)	(0.0185)	(0.0127)	(0.0190)	(0.0142)
Diff. test												
F-WD vs F-LD	[103.75***]	[119.34***]	[82.25***]	[145.98***]	[73.81***]	[71.01***]	[101.14***]	[118.88***]	[80.02***]	[130.84***]	[115.60***]	[125.35***]
RecFor*F-WD	[110.34***]	[117.16***]	[86.62***]	[153.89***]	[79.18***]	[71.42***]	[118.25***]	[138.22***]	[94.68***]	[168.45***]	[138.68***]	[137.74***]
RecFor*F-LD			L 3									
F-WD vs	[31.02***]	[42.53***]	[18.63***]	[35.63***]	[59.72***]	[38.97***]	[25.81***]	[42.66***]	[16.82***]	[25.82***]	[89.65***]	[71.33***]
D-WD			L 3									. ,
RecFor*F-WD	[32.23***]	[40.65***]	[18.98***]	[38.79***]	[62.79***]	[39.92***]	[31.32***]	[55.26***]	[19.84***]	[43.27***]	[166.10***]	[87.27***]
RecFor*D-WD											. ,	
LOWN	0.0264***	0.00746**	0.0196***	0.00603*	0.0253***	0.00856***	0.0266***	0.00788**	0.0200***	0.00791**	0.0251***	
	(0.00406)	(0.00333)	(0.00388)	(0.00333)	(0.00402)	(0.00332)	(0.00411)	(0.00333)	(0.00394)	(0.00332)	(0.00404)	
Ln(Assets)	-0.000136	0.000715	0.000322	0.00141	-0.000475	0.00141	-0.000240	0.00125	-5.71e-05	0.00180	-0.000473	
· · · ·	(0.000675)	(0.00227)	(0.000696)	(0.00216)	(0.000688)	(0.00215)	(0.000664)	(0.00227)	(0.000693)	(0.00216)	(0.000659)	
ROA	0.0319***	0.0266***	0.0239**	0.0189**	0.0281**	0.0132*	0.0312***	0.0259***	0.0225*	0.0184**	0.0273**	
	(0.0114)	(0.00943)	(0.0115)	(0.00925)	(0.0118)	(0.00760)	(0.0116)	(0.00944)	(0.0116)	(0.00923)	(0.0120)	
CASH	-0.0136*	-0.0108	-0.0107	-0.00346	-0.0124*	-0.0196***	-0.0140**	-0.0109	-0.0112	-0.00528	-0.0127*	
	(0.00698)	(0.00774)	(0.00714)	(0.00776)	(0.00702)	(0.00680)	(0.00693)	(0.00780)	(0.00712)	(0.00781)	(0.00694)	
LEVERAGE	0.00270	-0.0137**	0.000621	-0.0137**	0.00223	-0.0121**	0.00255	-0.0144**	0.00102	-0.0143**	0.00156	
	(0.00425)	(0.00603)	(0.00446)	(0.00596)	(0.00433)	(0.00582)	(0.00431)	(0.00599)	(0.00450)	(0.00595)	(0.00437)	
MtBr	0.000781	0.000186	0.00107	0.00105	0.000656	0.000591	0.000791	0.000288	0.00101	0.00111	0.000681	
	(0.000879)	(0.000932)	(0.000920)	(0.000800)	(0.000881)	(0.000831)	(0.000897)	(0.000923)	(0.000935)	(0.000802)	(0.000898)	
Constant	0.924***	0.890***	0.936***	0.894***	0.932***	0.880***	0.931***	0.889***	0.944***	0.895***	0.940***	
	(0.0122)	(0.0330)	(0.0121)	(0.0313)	(0.0124)	(0.0314)	(0.0121)	(0.0329)	(0.0119)	(0.0312)	(0.0123)	

(Continued)

Observations	53,727	53,727	53,753	53,753	53,840	53,840	53,727	53,727	53,753	53,753	53,840
R-squared	0.373	0.305	0.375	0.305	0.367	0.298	0.378	0.309	0.377	0.308	0.373
Year FE	Yes										
Industry FE	Yes	No	Yes								
Agenda FE	Yes	No	Yes								
Country FE	Yes	No	Yes								
Firm-Agenda	No	Yes	No								
FE											

Robust standard errors in parentheses

[Supplementary Table Section]

Supplementary Table S1 Geographic distance and reliance on proxy advice

This supplementary table presents results of regressions of VoteFor (approval rate: the number of votes casted For divided by the number of votes casted For and Against) for French (Panel A) and UK (Panel B) companies. LD-WD (LD-LD) means the percentage ownership by foreign institutions from a country more than 3,000 km away from the firm's country, who have a well- (less-) diversified portfolio. SD-WD (SD-LD) indicates the percentage ownership of foreign institutions from a country located in 3,000 km or less from the firm's country, who have a well- (less-) diversified portfolio. D-WD (D-LD) indicates the percentage ownership by domestic institutions who have a well- (less-) diversified portfolio. #500IOWN (No#500IOWN) is the percentage ownership of institutions who hold shares of 500 or more (less than 500) companies in the Osiris shareholder data. NoBIOWN (BIOWN) is the percentage ownership of institutions who hold less than five percent (five percent or more) of the firm's shares. No1pIOWN (1pIOWN) is the percentage ownership by institutions who put less than one percent (one percent or more) portfolio weight on the firm. All the institutional ownership variables start with 'LD', 'SD', or 'D' meaning the far, close, or domestic country. LOWN is the largest shareholder's percentage ownership. Ln(Assets) is natural logarithm of assets. ROA is operating income divided by assets. CASH is cash and equivalents scaled by assets. LEVERAGE is total liabilities divided by assets. MtBr is the total liabilities and market value of stocks scaled by assets. T-statistics computed by using firm-clustering standard errors are in parentheses. Diff. test in the mid of the table presents F-statistics for the null hypothesis that the coefficients of the variables are identical.

Panel A: France						
	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	#Invest	#Invest	Block	Block	Weight	Weight
LD-WD	LD#500IWN	LD#500IWN	LDNoBIOWN	LDNoBIOWN	LDNo1pIOWN	LDNo1pIOWN
LD-LD	LDNo#500IOWN	LDNo#500IOWN	LDBIOWN	LDBIOWN	LD1pIOWN	LD1pIOWN
SD-WD	SD#500IOWN	SD#500IOWN	SDNoBIOWN	SDNoBIOWN	SDNo1pIOWN	SDNo1pIOWN
SD-LD	SDNo#500IOWN	SDNo#500IOWN	SDBIOWN	SDBIOWN	SD1pIOWN	SD1pIOWN
D-WD	D#500IWN	D#500IWN	DNoBIOWN	DNoBIOWN	DNo1pIOWN	DNo1pIOWN
D-LD	DNo#500IOWN	DNo#500IOWN	DBIOWN	DBIOWN	D1pIOWN	D1pIOWN
RecFor	0.0240***	0.0507***	0.0112	0.0404***	0.0279***	0.0592***
	(0.00613)	(0.00452)	(0.00679)	(0.00492)	(0.00716)	(0.00519)
LD-WD	-0.623***	-0.460***	-0.622***	-0.577***	-0.796***	-0.585***
	(0.0751)	(0.0617)	(0.117)	(0.0558)	(0.0818)	(0.0599)
RecFor*LD-WD	0.684***	0.522***	0.717***	0.653***	0.887***	0.669***
	(0.0767)	(0.0576)	(0.113)	(0.0553)	(0.0854)	(0.0592)
LD-LD	-0.101	-0.0634	0.0285	0.0164	0.0349	-0.0213
	(0.0994)	(0.0449)	(0.126)	(0.0440)	(0.128)	(0.0537)
RecFor*LD-LD	0.121	0.115***	-0.0453	-0.0144	-0.0312	0.0571
	(0.0970)	(0.0437)	(0.122)	(0.0424)	(0.123)	(0.0543)
SD-WD	-1.410***	-1.102***	-0.747***	-0.412***	-0.390*	-0.169
	(0.153)	(0.103)	(0.127)	(0.0758)	(0.230)	(0.120)
RecFor*SD-WD	1.422***	1.115***	0.763***	0.520***	0.389*	0.193
	(0.152)	(0.103)	(0.123)	(0.0715)	(0.232)	(0.125)
SD-LD	0.0359	0.0686***	0.00605	0.0106	0.0105	0.0372
	(0.0338)	(0.0169)	(0.0342)	(0.0153)	(0.0361)	(0.0326)
RecFor*SD-LD	-0.0218	-0.0535***	0.00961	-0.00735	-0.0153	-0.0298
	(0.0328)	(0.0161)	(0.0284)	(0.0137)	(0.0285)	(0.0345)
D-WD	-0.381**	-0.177***	-0.292***	-0.189***	-0.130***	-0.103***
	(0.180)	(0.0584)	(0.0821)	(0.0399)	(0.0493)	(0.0283)
RecFor*D-WD	0.424**	0.197***	0.319***	0.194***	0.199***	0.112***
	(0.180)	(0.0606)	(0.0862)	(0.0407)	(0.0512)	(0.0311)

Supplementary Table S1 (Continued)

D-LD	0.00527	-0.00720	0.0202	0.000270	-0.00772	-0.00857
	(0.0155)	(0.0113)	(0.0205)	(0.0121)	(0.0194)	(0.0136)
RecFor*D-LD	0.00326	0.00757	-0.0131	-0.00304	0.00839	0.0115
	(0.0184)	(0.0119)	(0.0236)	(0.0125)	(0.0230)	(0.0143)
Diff. test						
LD-WD vs LD-LD	18.21***	22.54***	15.46***	73.16***	27.27***	43.73***
RecFor*LD-WD vs	20.32***	25.01***	22.10***	87.54***	33.76***	47.84***
RecFor*LD-LD						
SD-WD vs SD-WD	16.01***	23.87***	0.33	2.28	1.93	7.26***
RecFor*LD-WD vs	14.57***	21.55***	0.05	1.57	2.78*	8.62***
RecFor*SD-WD						
SD-WD vs SD-LD	80.82***	117.40***	29.74***	28.91***	2.82*	2.82*
RecFor*SD-WD vs	79.88***	118.66***	33.12***	50.91***	3.04*	3.30*
RecFor*SD-LD						
SD-WD vs D-WD	15.31***	55.18***	7.70***	6.49**	1.04	0.27
RecFor*SD-WD vs	14.53***	54.02***	7.38***	14.62***	0.54	0.37
RecFor*D-WD						
LD-WD vs D-WD	1.48	10.59***	4.77**	31.78***	70.26***	57.06***
RecFor*LD-WD vs	1.67	14.06***	6.92***	42.80***	68.53***	78.71***
RecFor*D-WD						
LOWN	0.0270***	0.00435	0.0237***	0.00437	0.0291***	0.00425
	(0.00520)	(0.00395)	(0.00554)	(0.00407)	(0.00553)	(0.00404)
Ln(Assets)	0.000949	0.000822	0.000428	0.00425	-9.77e-05	0.00625*
	(0.000980)	(0.00392)	(0.00100)	(0.00393)	(0.000952)	(0.00368)
ROA	0.0334	0.0422*	0.0208	0.0284	0.0287	0.00332
	(0.0210)	(0.0222)	(0.0207)	(0.0216)	(0.0223)	(0.0155)
CASH	-0.0120	-0.00186	-0.0113	-0.00208	-0.0125	-0.0240*
	(0.0130)	(0.0148)	(0.0136)	(0.0151)	(0.0136)	(0.0129)
LEVERAGE	0.00715	-0.0115	0.00362	-0.0145	0.00576	-0.00613
	(0.0126)	(0.0120)	(0.0132)	(0.0122)	(0.0129)	(0.0119)
MtBr	5.03e-05	-0.00202	-0.000191	-9.96e-05	-0.000521	-0.000687
	(0.00175)	(0.00215)	(0.00183)	(0.00210)	(0.00181)	(0.00213)
Constant	0.920***	0.908***	0.950***	0.866***	0.945***	0.823***
	(0.0185)	(0.0554)	(0.0186)	(0.0558)	(0.0197)	(0.0521)
	•• • ••	• • • • • •		••••		
Observations	20,408	20,408	20,074	20,074	20,107	20,107
R-squared	0.350	0.278	0.346	0.274	0.336	0.260
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	No	Yes	No	Yes	No
Agenda FE	Yes	No	Yes	No	Yes	No
Firm-Agenda FE	No	Yes	No	Yes	No	Yes

Supplementary Table S1 (Continued)

Panel B: UK						
	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	#Invest	#Invest	Block	Block	Weight	Weight
LD-WD	LD#500IWN	LD#500IWN	LDNoBIOWN	LDNoBIOWN	LDNo1pIOWN	LDNo1pIOWN
LD-LD	LDNo#500IOWN	LDNo#500IOWN	LDBIOWN	LDBIOWN	LD1pIOWN	LD1pIOWN
SD-WD	SD#500IOWN	SD#500IOWN	SDNoBIOWN	SDNoBIOWN	SDNo1pIOWN	SDNo1pIOWN
SD-LD	SDNo#500IOWN	SDNo#500IOWN	SDBIOWN	SDBIOWN	SD1pIOWN	SD1pIOWN
D-WD	D#500IWN	D#500IWN	DNoBIOWN	DNoBIOWN	DNo1pIOWN	DNo1pIOWN
D-LD	DNo#500IOWN	DNo#500IOWN	DBIOWN	DBIOWN	D1pIOWN	D1pIOWN
RecFor	0.0238	0.0267*	0.0188	0.0203	0.0330**	0.0353**
	(0.0156)	(0.0136)	(0.0158)	(0.0141)	(0.0159)	(0.0142)
LD-WD	-0.259***	-0.243***	-0.595***	-0.552***	-0.175***	-0.122*
	(0.0796)	(0.0711)	(0.0974)	(0.0952)	(0.0672)	(0.0625)
RecFor*LD-WD	0.273***	0.239***	0.587***	0.551***	0.186***	0.127**
	(0.0790)	(0.0706)	(0.0974)	(0.0945)	(0.0672)	(0.0622)
LD-LD	-0.131**	-0.0709	-0.0232	0.00121	-0.104	-0.101
	(0.0649)	(0.0675)	(0.0421)	(0.0413)	(0.0712)	(0.0716)
RecFor*LD-LD	0.115*	0.0706	0.0241	-0.00456	0.0819	0.0845
	(0.0624)	(0.0677)	(0.0417)	(0.0412)	(0.0687)	(0.0715)
SD-WD	-1.021***	-1.062***	-0.810***	-0.684***	-0.978***	-0.928***
	(0.180)	(0.170)	(0.155)	(0.152)	(0.157)	(0.126)
RecFor*SD-WD	1.001***	1.038***	0.787***	0.663***	0.949***	0.907***
	(0.181)	(0.170)	(0.153)	(0.153)	(0.155)	(0.126)
SD-LD	-0.275*	-0.173	-0.275**	-0.295***	-0.0874	-0.0336
	(0.161)	(0.114)	(0.136)	(0.113)	(0.157)	(0.115)
RecFor*SD-LD	0.251	0.165	0.256*	0.287**	0.0755	0.0340
	(0.161)	(0.114)	(0.138)	(0.113)	(0.158)	(0.117)
D-WD	-0.356***	-0.326***	-0.129**	-0.152***	-0.183***	-0.193***
	(0.0774)	(0.0785)	(0.0564)	(0.0527)	(0.0526)	(0.0510)
RecFor*D-WD	0.354***	0.329***	0.129**	0.141***	0.181***	0.186***
	(0.0778)	(0.0780)	(0.0561)	(0.0525)	(0.0528)	(0.0508)
D-LD	-0.0432	-0.0457	-0.0730*	-0.0657	-0.0501	-0.0505
	(0.0303)	(0.0334)	(0.0421)	(0.0436)	(0.0349)	(0.0379)
RecFor*D-LD	0.0401	0.0391	0.0714*	0.0659	0.0482	0.0471
	(0.0305)	(0.0334)	(0.0423)	(0.0436)	(0.0348)	(0.0379)

Supplementary Table S1 (Continued)

Diff. test						
LD-WD vs LD-LD	1.42	2.86*	29.20***	27.90***	0.65	0.05
RecFor*LD-WD vs	2.31	2.72*	28.12***	28.00***	1.47	0.21
RecFor*LD-LD						
LD-WD vs SD-WD	13.76***	17.00***	1.33	0.41	18.66***	25.11***
RecFor*LD-WD vs	12.59***	16.29***	1.16	0.30	17.21***	23.46***
RecFor*SD-WD						
SD-WD vs SD-LD	7.49***	14.44***	5.78**	3.98**	12.83***	21.41***
RecFor*SD-WD vs	7.44***	13.95***	5.70**	3.67*	12.22***	20.00***
RecFor*SD-LD						
SD-WD vs D-WD	10.83***	15.51***	14.29***	10.19***	19.64***	28.48***
RecFor*SD-WD vs	10.14***	14.28***	13.86***	9.72***	18.78***	27.27***
RecFor*D-WD						
LD-WD vs D-WD	0.55	0.45	12.94***	10.41***	0.01	0.61
RecFor*LD-WD vs	0.38	0.54	12.49***	11.10***	0.00	0.42
RecFor*D-WD						
LOWN	0.0173***	0.0124**	0.0134**	0.0102*	0.0173***	0.0136**
	(0.00608)	(0.00558)	(0.00606)	(0.00551)	(0.00598)	(0.00559)
Ln(Assets)	-0.00246***	0.00129	-0.00162*	0.00151	-0.00216**	0.00148
	(0.000830)	(0.00316)	(0.000848)	(0.00319)	(0.000840)	(0.00319)
ROA	0.00381	0.000219	0.00650	0.000185	0.00474	-0.00158
	(0.0104)	(0.00811)	(0.0101)	(0.00799)	(0.0103)	(0.00794)
CASH	-0.00487	-0.0120	-0.00289	-0.0148*	-0.00458	-0.0132*
	(0.00559)	(0.00740)	(0.00537)	(0.00759)	(0.00559)	(0.00753)
LEVERAGE	0.00235	-0.00983	0.00181	-0.00967	0.00208	-0.00975
	(0.00330)	(0.00619)	(0.00318)	(0.00633)	(0.00336)	(0.00620)
MtBr	0.000698	0.00113	0.000891	0.00105	0.000793	0.00104
	(0.000719)	(0.000802)	(0.000719)	(0.000830)	(0.000713)	(0.000765)
Constant	0.993***	0.937***	0.985***	0.941***	0.977***	0.926***
	(0.0217)	(0.0461)	(0.0212)	(0.0469)	(0.0211)	(0.0471)
Observations	20,375	20,375	20,490	20,490	20,478	20,478
R-squared	0.383	0.267	0.389	0.269	0.385	0.264
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	No	Yes	No	Yes	No
Agenda FE	Yes	No	Yes	No	Yes	No
Firm-Agenda FE	No	Yes	No	Yes	No	Yes

Robust standard errors in parentheses

Supplementary Table S2

US and non-US foreign institutions

This supplementary table presents results of regressions of VoteFor (approval rate: the number of votes casted For divided by the number of votes casted For and Against) for French (Panel A), Japanese (Panel B), and UK (Panel B) companies. F2-WD (F2-LD) means the percentage ownership by non-US foreign institutions, who have a well- (less-) diversified portfolio. US-WD (US-LD) indicates the percentage ownership of US institutions, who have a well- (less-) diversified portfolio. D-WD (D-LD) indicates the percentage ownership by domestic institutions who have a well- (less-) diversified portfolio. #500IOWN (No#500IOWN) is the percentage ownership of institutions who hold shares of 500 or more (less than 500) companies in the Osiris shareholder data. NoBIOWN (BIOWN) is the percentage ownership of institutions who hold less than five percent (five percent or more) of the firm's shares. No1pIOWN (1pIOWN) is the percentage ownership by institutions who put less than one percent (one percent or more) portfolio weight on the firm. All the institutional ownership variables start with 'LD', 'SD', or 'D' meaning the far, close, or domestic country. LOWN is the largest shareholder's percentage ownership. Ln(Assets) is natural logarithm of assets. ROA is operating income divided by assets. CASH is cash and equivalents scaled by assets. LEVERAGE is total liabilities divided by assets. MtBr is the total liabilities and market value of stocks scaled by assets. T-statistics computed by using firm-clustering standard errors are in parentheses. Diff. test in the mid of the table presents F-statistics for the null hypothesis that the coefficients of the variables are identical.

Panel A: France						
	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	#Invest	#Invest	Block	Block	Weight	Weight
F2-WD	F2D#500IWN	F2#500IWN	F2NoBIOWN	F2NoBIOWN	F2No1pIOWN	F2No1pIOWN
F2-LD	F2No#500IOWN	F2No#500IOWN	F2BIOWN	F2BIOWN	F21pIOWN	F21pIOWN
US-WD	US#500IOWN	US#500IOWN	USNoBIOWN	USNoBIOWN	USNo1pIOWN	USNo1pIOWN
US-LD	USNo#500IOWN	USNo#500IOWN	USBIOWN	USBIOWN	US1pIOWN	US1pIOWN
D-WD	D#500IWN	D#500IWN	DNoBIOWN	DNoBIOWN	DNo1pIOWN	DNo1pIOWN
D-LD	DNo#500IOWN	DNo#500IOWN	DBIOWN	DBIOWN	D1pIOWN	D1pIOWN
RecFor	0.0242***	0.0516***	0.0118*	0.0407***	0.0193***	0.0466***
	(0.00631)	(0.00468)	(0.00662)	(0.00484)	(0.00634)	(0.00464)
F2-WD	-1.042***	-0.741***	-0.572***	-0.429***	-0.728***	-0.649***
	(0.140)	(0.0939)	(0.102)	(0.0600)	(0.102)	(0.0648)
RecFor*F2-WD	1.052***	0.802***	0.587***	0.503***	0.734***	0.698***
	(0.135)	(0.0875)	(0.0981)	(0.0591)	(0.101)	(0.0647)
F2-LD	0.00999	0.0320	-0.0158	-0.00743	0.0144	0.0552
	(0.0416)	(0.0263)	(0.0574)	(0.0264)	(0.0459)	(0.0346)
RecFor*F2-LD	0.0127	-0.0116	0.0337	0.00421	0.00141	-0.0130
	(0.0419)	(0.0272)	(0.0544)	(0.0256)	(0.0452)	(0.0328)
US-WD	-0.702***	-0.537***	-0.771***	-0.578***	-0.775***	-0.519***
	(0.0834)	(0.0707)	(0.108)	(0.0655)	(0.0735)	(0.0618)
RecFor*US-WD	0.781***	0.586***	0.870***	0.646***	0.860***	0.572***
	(0.0860)	(0.0673)	(0.105)	(0.0652)	(0.0763)	(0.0598)
US-LD	-0.0967	-0.0634	-0.0172	-0.0536	-0.183*	-0.0739
	(0.117)	(0.0475)	(0.133)	(0.0467)	(0.0962)	(0.0581)
RecFor*US-LD	0.112	0.0994**	0.00502	0.0466	0.173**	0.110*
	(0.112)	(0.0478)	(0.130)	(0.0461)	(0.0876)	(0.0589)
D-WD	-0.392**	-0.193***	-0.283***	-0.187***	-0.105**	-0.0904***
	(0.180)	(0.0591)	(0.0817)	(0.0404)	(0.0430)	(0.0268)
RecFor*D-WD	0.441**	0.218***	0.304***	0.184***	0.171***	0.0854***
	(0.181)	(0.0614)	(0.0861)	(0.0413)	(0.0469)	(0.0295)
D-LD	0.00711	-0.00661	0.0176	0.00111	-0.00932	-0.00325
	(0.0159)	(0.0113)	(0.0201)	(0.0122)	(0.0193)	(0.0134)
RecFor*D-LD	0.000454	0.00395	-0.00941	-0.00449	0.00912	0.00603
	(0.0187)	(0.0119)	(0.0233)	(0.0125)	(0.0226)	(0.0138)
Supplementary Table S2 (Continued)

Diff. test						
F2-WD vs F2-LD	49.22***	69.58***	22.07***	39.99***	47.19***	99.01***
RecFor*F2-WD vs	48.70***	82.24***	23.98***	58.76***	44.57***	93.51***
RecFor*F2-LD						
F2-WD vs US-WD	3.28*	2.48	1.21	2.05	0.10	1.65
RecFor*F2-WD vs	2.12	3.07*	2.60	1.87	0.67	1.59
RecFor*US-WD						
US-WD vs US-LD	24.02***	24.96***	26.77***	41.94***	19.05***	24.05***
RecFor*US-WD vs	28.20***	27.35***	35.24***	50.82***	27.69***	24.89***
RecFor*US-LD						
US-WD vs D-WD	2.39	13.11***	13.23***	28.14***	64.70***	40.46***
RecFor*US-WD vs	2.79	15.23***	17.40***	37.50***	63.55***	52.55***
RecFor*D-WD						
F2-WD vs D-WD	6.68**	22.59***	3.66*	9.57***	28.82***	62.92***
RecFor*F2-WD vs	6.01**	27.64***	3.45*	16.32***	22.05***	72.15***
RecFor*D-WD						
LOWN	0.0282***	0.00403	0.0227***	0.00406	0.0265***	0.00438
	(0.00547)	(0.00437)	(0.00537)	(0.00411)	(0.00539)	(0.00413)
Ln(Assets)	0.000632	0.000913	0.000750	0.00319	0.000478	0.00768**
	(0.000999)	(0.00424)	(0.00101)	(0.00398)	(0.000951)	(0.00371)
ROA	0.0341	0.0421*	0.0199	0.0252	0.0311	0.000389
	(0.0215)	(0.0226)	(0.0211)	(0.0218)	(0.0224)	(0.0155)
CASH	-0.0129	-0.00548	-0.00972	0.0118	-0.0112	-0.0206
	(0.0131)	(0.0151)	(0.0136)	(0.0154)	(0.0134)	(0.0126)
LEVERAGE	0.00764	-0.0126	0.00237	-0.0149	0.00712	-0.00328
	(0.0125)	(0.0121)	(0.0134)	(0.0124)	(0.0129)	(0.0123)
MtBr	-0.000239	-0.00260	-7.61e-05	0.00260	-0.00107	-0.000483
	(0.00176)	(0.00231)	(0.00175)	(0.00207)	(0.00169)	(0.00207)
Constant	0.929***	0.910***	0.946***	0.879***	0.947***	0.813***
	(0.0187)	(0.0603)	(0.0179)	(0.0565)	(0.0190)	(0.0523)
Observations	19,933	19,933	19,800	19,800	19,702	19,702
R-squared	0.346	0.269	0.345	0.271	0.345	0.273
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	No	Yes	No	Yes	No
Agenda FE	Yes	No	Yes	No	Yes	No
Firm-Agenda FE	No	Yes	No	Yes	No	Yes

Robust standard errors in parentheses

Supplementary Table S2 (Continued)

Panel B: Japan						
<u> </u>	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	#Invest	#Invest	Block	Block	Weight	Weight
F2-WD	F2D#500IWN	F2#500IWN	F2NoBIOWN	F2NoBIOWN	F2No1pIOWN	F2No1pIOWN
F2-LD	F2No#500IOWN	F2No#500IOWN	F2BIOWN	F2BIOWN	F21pIOWN	F21pIOWN
US-WD	US#500IOWN	US#500IOWN	USNoBIOWN	USNoBIOWN	USNo1pIOWN	USNo1pIOWN
US-LD	USNo#500IOWN	USNo#500IOWN	USBIOWN	USBIOWN	US1pIOWN	US1pIOWN
D-WD	D#500IWN	D#500IWN	DNoBIOWN	DNoBIOWN	DNo1pIOWN	DNo1pIOWN
D-LD	DNo#500IOWN	DNo#500IOWN	DBIOWN	DBIOWN	D1pIOWN	D1pIOWN
RecFor	0.104***	0.114***	0.109***	0.113***	0.103***	0.112***
	(0.00941)	(0.0104)	(0.0115)	(0.0125)	(0.00946)	(0.0100)
F2-WD	-1.159***	-1.123***	-0.524***	-0.489***	-0.883***	-0.881***
	(0.217)	(0.223)	(0.160)	(0.157)	(0.187)	(0.184)
RecFor*F2-WD	1.044***	1.071***	0.550***	0.557***	0.853***	0.880***
	(0.210)	(0.219)	(0.155)	(0.152)	(0.188)	(0.184)
F2-LD	0.0693	0.170	-0.124	0.0282	0.0857	0.156
	(0.154)	(0.126)	(0.211)	(0.203)	(0.128)	(0.142)
RecFor*F2-LD	0.0102	-0.0797	0.111	-0.0192	-0.0450	-0.0823
	(0.150)	(0.125)	(0.197)	(0.195)	(0.126)	(0.138)
US-WD	-0.612***	-0.400***	-0.605***	-0.447***	-0.510***	-0.330***
	(0.132)	(0.110)	(0.143)	(0.140)	(0.126)	(0.108)
RecFor*US-WD	0.630***	0.433***	0.543***	0.483***	0.511***	0.352***
	(0.133)	(0.115)	(0.144)	(0.141)	(0.125)	(0.110)
US-LD	-0.0960	-0.210	-0.315**	-0.302**	-0.270*	-0.367**
	(0.110)	(0.137)	(0.128)	(0.124)	(0.160)	(0.167)
RecFor*US-LD	0.0823	0.197	0.359***	0.299**	0.240	0.357**
	(0.107)	(0.142)	(0.126)	(0.129)	(0.152)	(0.178)
D-WD	-0.128***	-0.0986***	-0.0630	-0.0502	-0.105***	-0.0931***
	(0.0342)	(0.0333)	(0.0528)	(0.0569)	(0.0305)	(0.0309)
RecFor*D-WD	0.119***	0.0885***	0.0351	0.0412	0.0943***	0.0722**
	(0.0316)	(0.0310)	(0.0508)	(0.0555)	(0.0302)	(0.0295)
D-LD	-0.0982***	-0.102***	-0.151***	-0.130***	-0.167***	-0.135**
	(0.0329)	(0.0371)	(0.0374)	(0.0366)	(0.0558)	(0.0529)
RecFor*D-LD	0.102***	0.0908**	0.164***	0.124***	0.182***	0.158***
	(0.0331)	(0.0363)	(0.0359)	(0.0361)	(0.0508)	(0.0496)

Supplementary Table S2 (Continued)

Diff. test						
F2-WD vs F2-LD	19.32***	29.34***	2.31	4.29**	19.18***	22.29***
RecFor*F2-WD vs	14.02***	22.97***	3.01*	5.65**	15.71***	18.91***
RecFor*F2-LD						
F2-WD vs US-WD	4.13**	7.70***	0.10	0.03	2.63	5.44**
RecFor*F2-WD vs	2.44	5.98***	0.00	0.09	2.28	4.98**
RecFor*US-WD						
US-WD vs US-LD	7.97***	1.01	2.60	0.64	1.25	0.04
RecFor*US-WD vs	7.96***	1.45	1.02	1.00	1.70	0.00
RecFor*US-LD						
US-WD vs D-WD	12.72***	6.73***	14.18***	8.57***	9.57***	4.60**
RecFor*US-WD vs	13.66***	8.14***	12.22***	10.04***	10.13***	6.04**
RecFor*D-WD						
F2-WD vs D-WD	20.18***	20.07***	7.34***	6.76***	15.91***	17.42***
RecFor*F2-WD vs	17.71***	19.20***	9.89***	9.93***	15.03***	18.28***
RecFor*D-WD						
LOWN	0.0346***	0.0261**	0.0337***	0.0306***	0.0360***	0.0271**
	(0.0128)	(0.0113)	(0.0122)	(0.0113)	(0.0127)	(0.0125)
Ln(Assets)	-0.00440***	0.00259	-0.00390***	0.000558	-0.00549***	-0.000821
	(0.00135)	(0.00865)	(0.00129)	(0.00924)	(0.00162)	(0.00976)
ROA	0.203***	0.172***	0.188***	0.186***	0.196***	0.189***
	(0.0519)	(0.0403)	(0.0500)	(0.0401)	(0.0527)	(0.0410)
CASH	-0.0520***	-0.0492**	-0.0521***	-0.0587**	-0.0490***	-0.0636**
	(0.0187)	(0.0244)	(0.0189)	(0.0245)	(0.0187)	(0.0252)
LEVERAGE	-0.00463	0.00892	-0.00163	-0.00180	0.00188	-0.00339
	(0.0122)	(0.0208)	(0.0114)	(0.0284)	(0.0117)	(0.0281)
MtBr	0.00277	0.00742*	0.00228	0.00556	0.00129	0.00327
	(0.00511)	(0.00382)	(0.00495)	(0.00378)	(0.00529)	(0.00428)
Constant	0.931***	0.777***	0.920***	0.816***	0.946***	0.845***
	(0.0281)	(0.145)	(0.0296)	(0.151)	(0.0317)	(0.160)
Observations	13,042	13,042	13,446	13,446	13,422	13,422
R-squared	0.608	0.525	0.606	0.516	0.606	0.519
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes		Yes		Yes	
Agenda FE	Yes		Yes		Yes	
Firm-Agenda FE		Yes		Yes		Yes

Robust standard errors in parentheses

Supplementary Table S2 (Continued)

Panel C: UK						
	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	#Invest	#Invest	Block	Block	Weight	Weight
F2-WD	F2D#500IWN	F2#500IWN	F2NoBIOWN	F2NoBIOWN	F2No1pIOWN	F2No1pIOWN
F2-LD	F2No#500IOWN	F2No#500IOWN	F2BIOWN	F2BIOWN	F21pIOWN	F21pIOWN
US-WD	US#500IOWN	US#500IOWN	USNoBIOWN	USNoBIOWN	USNo1pIOWN	USNo1pIOWN
US-LD	USNo#500IOWN	USNo#500IOWN	USBIOWN	USBIOWN	US1pIOWN	US1pIOWN
D-WD	D#500IWN	D#500IWN	DNoBIOWN	DNoBIOWN	DNo1pIOWN	DNo1pIOWN
D-LD	DNo#500IOWN	DNo#500IOWN	DBIOWN	DBIOWN	D1pIOWN	D1pIOWN
RecFor	0.0252*	0.0291**	0.0189	0.0215*	0.0366**	0.0448***
	(0.0145)	(0.0116)	(0.0142)	(0.0122)	(0.0155)	(0.0120)
F2-WD	-0.498***	-0.493***	-0.653***	-0.561***	-0.292***	-0.260***
	(0.171)	(0.140)	(0.133)	(0.106)	(0.100)	(0.0843)
RecFor*F2-WD	0.508***	0.497***	0.626***	0.536***	0.288***	0.252***
	(0.170)	(0.141)	(0.131)	(0.107)	(0.0998)	(0.0839)
F2-LD	-0.0840	-0.0464	0.00381	0.00259	-0.122	-0.102
	(0.111)	(0.0811)	(0.0991)	(0.0782)	(0.119)	(0.0824)
RecFor*F2-LD	0.0507	0.0238	-0.0183	-0.0109	0.0849	0.0805
	(0.109)	(0.0824)	(0.0988)	(0.0794)	(0.116)	(0.0845)
US-WD	-0.400***	-0.337***	-0.617***	-0.569***	-0.360***	-0.227**
	(0.115)	(0.112)	(0.126)	(0.125)	(0.101)	(0.0930)
RecFor*US-WD	0.405***	0.322***	0.613***	0.568***	0.369***	0.226**
	(0.115)	(0.112)	(0.126)	(0.124)	(0.101)	(0.0929)
US-LD	-0.269**	-0.345*	-0.141	-0.134	-0.274	-0.545**
	(0.135)	(0.183)	(0.0931)	(0.106)	(0.174)	(0.221)
RecFor*US-LD	0.265**	0.351*	0.145	0.123	0.260	0.533**
	(0.134)	(0.184)	(0.0919)	(0.106)	(0.173)	(0.222)
D-WD	-0.371***	-0.344***	-0.117**	-0.137***	-0.228***	-0.237***
	(0.0794)	(0.0847)	(0.0587)	(0.0531)	(0.0517)	(0.0541)
RecFor*D-WD	0.370***	0.346***	0.117**	0.126**	0.224***	0.232***
	(0.0802)	(0.0845)	(0.0585)	(0.0528)	(0.0519)	(0.0542)
D-LD	-0.0542*	-0.0515	-0.0786**	-0.0682	-0.0658*	-0.0498
	(0.0287)	(0.0331)	(0.0395)	(0.0418)	(0.0377)	(0.0372)
RecFor*D-LD	0.0485*	0.0445	0.0769*	0.0689	0.0628*	0.0468
	(0.0290)	(0.0329)	(0.0399)	(0.0420)	(0.0376)	(0.0371)

Supplementary Table S2 (Continued)

Diff. test						
F2-WD vs F2-LD	3.39*	5.96**	10.81***	12.64***	1.63	2.41
RecFor*F2-WD vs	4.16**	6.54**	10.48***	11.52***	2.35	2.79*
RecFor*F2-LD						
F2-WD vs US-WD	0.17	0.58	0.03	0.00	0.23	0.07
RecFor*F2-WD vs	0.19	0.72	0.00	0.03	0.33	0.04
RecFor*US-WD						
US-WD vs US-LD	0.43	0.00	8.48***	5.95**	0.15	1.59
RecFor*US-WD vs	0.50	0.01	8.18***	6.20**	0.24	1.48
RecFor*US-LD						
US-WD vs D-WD	0.03	0.00	10.27***	8.52***	1.04	0.01
RecFor*US-WD vs	0.05	0.02	10.08***	9.00***	1.26	0.00
RecFor*D-WD						
F2-WD vs D-WD	0.38	0.79	10.64***	11.06***	0.26	0.05
RecFor*F2-WD vs	0.46	0.81	9.89***	10.14***	0.26	0.03
RecFor*D-WD						
LOWN	0.0201***	0.00964*	0.0140**	0.00669	0.0211***	0.0117**
	(0.00633)	(0.00581)	(0.00629)	(0.00574)	(0.00638)	(0.00571)
Ln(Assets)	-0.00301***	0.000421	-0.00170**	0.000752	-0.00250***	0.000232
	(0.000903)	(0.00374)	(0.000834)	(0.00347)	(0.000873)	(0.00350)
ROA	0.00895	0.00580	0.00794	-0.000722	0.00787	0.00367
	(0.0108)	(0.00847)	(0.0102)	(0.00814)	(0.0103)	(0.00812)
CASH	-0.00381	-0.0132*	-0.000756	-0.0163**	-0.00289	-0.0146*
	(0.00540)	(0.00779)	(0.00553)	(0.00750)	(0.00528)	(0.00755)
LEVERAGE	0.00190	-0.0104	0.00237	-0.0111*	0.00265	-0.00968
	(0.00362)	(0.00658)	(0.00344)	(0.00664)	(0.00362)	(0.00648)
MtBr	0.000304	0.000533	0.000800	0.000724	0.000459	9.20e-05
	(0.000723)	(0.000736)	(0.000704)	(0.000635)	(0.000726)	(0.000669)
Constant	0.995***	0.944***	0.984***	0.953***	0.976***	0.934***
	(0.0212)	(0.0533)	(0.0201)	(0.0494)	(0.0216)	(0.0500)
Observations	18,902	18,902	20,009	20,009	19,923	19,923
R-squared	0.375	0.256	0.387	0.263	0.375	0.252
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	No	Yes	No	Yes	No
Agenda FE	Yes	No	Yes	No	Yes	No
Firm-Agenda FE	No	Yes	No	Yes	No	Yes

Robust standard errors in parentheses

Supplementary Table S3 Operating performance change surrounding meetings that receive Against recommendations

This supplementary table presents return on assets (ROA; earnings before tax divided by assets) for sample companies surrounding a year when the firm receives Against recommendation from the ISS. Year 0 is the year of shareholder meeting for which the firm receives Against recommendation. Industry adjusted ROA is ROA less the country-industry median ROA (we compute the country-industry median by using all firms in Osiris database from France, Japan, and UK). We also assign a matched firm, which does not receive Against recommendation at the year, to each of firms receiving Against recommendation (Against firms). The matched firm is the same country-industry firm, which is closest in ROA to the Against firm. Matching adjusted ROA is ROA deducted by ROA of the matched firm. We allow a single company to be assigned as a matched firm to multiple Against firms. Firms with Against recommendations are divided into two groups (High F#500IOWN and Low F#500IOWN) based on F#500IOWN. The most right columns (Difference test) present t/Z-statistics for the null hypothesis that the mean/median is identical between Low and High F#500IOWN firms.

	All meetings with ISS Against recommendation							Low F#500IC	OWN	High F#500IOWN		Difference test	
	Year -1	Year 0	Year +1	Year +2	Year +3	Change:	Change:	Change:	Change:	Change:	Change:	Change:	Change:
						Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to
						Year +1	Year +3	Year +1	Year +3	Year +1	Year +3	Year +1	Year +3
Panel A: Fra	nce												
ROA													
Mean	0.028	0.022	0.018	0.024	0.030	-0.010**	-0.012**	-0.017***	-0.023*	-0.004	-0.003		
t-statistics						-2.52	-1.94	-2.26	-1.84	-1.14	-0.62	-1.60	-1.61
Median	0.044	0.043	0.043	0.044	0.045	-0.001**	-0.003*	-0.002*	-0.005	0.000	-0.001		
Z-statistics						-2.067	-1.82	-1.72	-1.07	-1.26	-1.60	-0.60	-0.15
Ν	963	958	959	700	463	959	463	482	220	477	243		
Industry adju	sted ROA												
Mean	0.002	0.001	0.0006	0.008	0.015**	-0.002	0.002	-0.004	-0.007	0.000	0.010		
t-statistics	0.55	0.31	0.12	1.46	2.16	-0.44	0.35	-0.53	-0.51	0.10	1.95	-0.51	-1.27
Median	0.007	0.008	0.008	0.011	0.011	0.0004	0.0008	-0.001	-0.001	0.001	0.004		
Z-statistics	5.76	6.00	6.09	7.00	6.27	0.13	1.30	-0.26	0.62	0.54	1.25	-0.48	-0.37
Ν	963	958	959	700	463	959	463	482	220	477	243		
Matching adj	iusted ROA												
Mean	-0.032***	-0.033***	-0.019**	-0.019*	-0.034	0.011	-0.012	-0.002	-0.031	0.023***	0.007		
t-statistics	-4.89	-4.06	-2.26	-1.96	-1.88*	1.54	-0.67	-0.18	-0.96	2.90	0.50	-1.83*	-1.09
Median	-0.010***	-0.008***	0.0002	0.002	-0.009***	0.009***	0.002	0.006	0.002	0.011***	0.002		
Z-statistics	-4.82	-2.59	-0.71	-0.56	-2.37	3.07	1.11	1.08	0.44	3.33	1.04	-1.37	-0.54
Ν	375	363	349	235	145	349	145	174	72	175	73		

Supplementary Table S3

(Continued)

	All meetings	with ISS Again	nst recommenda	ation				Low FINST5	000WN	High FINSTS	5000WN	Difference te	st
	Year -1	Year 0	Year +1	Year +2	Year +3	Change:	Change:	Change:	Change:	Change:	Change:	Change:	Change:
						Year -1 to	Year -1 to	Year -1 to	Year -1 to				
						Year +1	Year +3	Year +1	Year +3	Year +1	Year +3	Year +1	Year +3
Panel B: Jap	an												
ROA													
Mean	0.043	0.043	0.047	0.049	0.048	0.004**	0.007**	0.005**	0.005	0.003	0.009**		
t-statistics						2.17	2.11	2.39	1.10	0.87	2.00	0.79	-0.58
Median	0.038	0.040	0.042	0.047	0.047	0.004***	0.011***	0.005***	0.011***	0.003	0.009***		
Z-statistics						3.53	4.96	3.45	3.80	1.56	3.15	1.02	0.04
Ν	473	473	473	379	308	473	308	237	168	236	140		
Industry adji	isted ROA												
Mean	0.002	-0.002	0.000	0.000	-0.002	-0.001	-0.005	0.000	-0.007	-0.003	-0.004		
t-statistics	0.85	-0.70	0.15	0.09	-0.56	-0.79	-1.61	-0.03	-1.46	-0.99	-0.76	0.75	-0.47
Median	-0.001	-0.001	0.000	0.000	0.000	-0.001	-0.0004	0.000	0.002	-0.004	-0.002		
Z-statistics	-0.20	-0.66	0.05	0.83	0.64	-0.90	-0.28	0.34	0.07	-1.40	-0.43	1.45	0.28
Ν	473	473	473	379	308	473	308	237	168	236	140		
Matching ad	justed ROA												
Mean	-0.003*	-0.004	-0.004	-0.001	-0.007*	-0.0006	-0.006	0.002	-0.004	-0.003	-0.009		
t-statistics	-1.96	-1.42	-1.41	-0.18	-1.67	-0.25	-1.37	0.62	-0.54	-0.89	-1.51	1.08	0.63
Median	0.000	-0.001	-0.002	0.001	-0.006	-0.0005	-0.003	0.000	-0.001	-0.001	-0.008		
Z-statistics	-1.60	-1.03	-1.28	0.38	-1.39	-0.34	-0.98	0.34	0.15	-0.79	-1.56	0.87	1.21
Ν	330	330	330	272	218	330	218	162	117	168	101		

Supplementary Table S3

(Continued)

	All meetings with ISS Against recommendation						Low FINST5	000WN	High FINST500OWN		Difference test		
	Year -1	Year 0	Year +1	Year +2	Year +3	Change:	Change:	Change:	Change:	Change:	Change:	Change:	Change:
						Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to
						Year +1	Year +3	Year +1	Year +3	Year +1	Year +3	Year +1	Year +3
Panel C: UK													
ROA													
Mean	0.079	0.074	0.069	0.069	0.062	-0.009	-0.02**	-0.010	-0.019	-0.008	-0.022**		
t-statistics						-1.28	-2.28	-0.79	-1.25	-1.29	-2.20	-0.17	0.14
Median	0.065	0.069	0.071	0.071	0.065	0.001	-0.004	0.004	0.000	0.000	-0.004		
Z-statistics						-0.21	-1.35	0.34	-0.61	-0.73	-1.33	0.84	0.44
Ν	309	305	301	238	173	301	173	148	84	153	89		
Industry adju	sted ROA												
Mean	0.061***	0.060***	0.057***	0.060***	0.052***	-0.003	-0.015*	-0.001	-0.015	-0.005	-0.015		
t-statistics	8.44	7.39	7.20	8.30	5.73	-0.44	-1.75	-0.11	-1.11	-0.71	-1.38	0.25	0.001
Median	0.044***	0.046***	0.045***	0.052***	0.033***	0.004	-0.004	0.009	-0.007	0.000	0.000		
Z-statistics	9.76	9.26	9.14	8.50	6.21	0.51	-1.24	0.90	-1.18	-0.29	-0.53	1.05	-0.51
Ν	306	305	301	238	173	298	172	147	83	151	89		
Matching adj	iusted ROA												
Mean	0.016**	0.031**	0.019*	0.012	0.008	0.008	0.004	0.016	0.017	-0.001	-0.010		
t-statistics	2.41	2.47	1.80	1.06	0.53	0.80	0.28	0.98	0.71	-0.12	-0.57	0.88	0.88
Median	0.001	0.006	0.007	0.002	-0.005	-0.003	0.002	-0.002	0.010	-0.003	-0.006		
Z-statistics	1.14	1.61	1.35	0.64	0.16	0.34	0.12	0.40	0.75	-0.11	-0.77	0.50	0.95
Ν	210	197	189	134	92	189	92	99	49	90	43		

Supplementary Table S4 Operating performance change surrounding initial meetings that receive Against recommendations

This supplementary table presents return on assets (ROA; earnings before tax divided by assets) for sample companies surrounding a year when the firm receives Against recommendation from the ISS. To focus on the initial Against recommendation for the firm, firm-years for which the firm receives the second and subsequent Against recommendations during the sample period are removed from the analysis. Year 0 is the year of shareholder meeting for which the firm receives its first Against recommendation. Industry adjusted ROA is ROA less the country-industry median ROA (we compute the country-industry median by using all firms in Osiris database from France, Japan, and UK). We also assign a matched firm, which does not receive Against recommendation, to each of firms receiving Against recommendation (Against firms). The matched firm is the same country-industry firm, which is closest in ROA to the Against firm. Matching adjusted ROA is ROA deducted by ROA of the matched firm. We allow a single company to be assigned as a matched firm to multiple Against firms. Firms with Against recommendations are divided into two groups (High F#500IOWN and Low F#500IOWN) based on F#500IOWN. The most right columns (Difference test) present t/Z-statistics for the null hypothesis that the mean/median is identical between Low and High F#500IOWN firms.

	All meetings with ISS Against recommendation						Low FINST5	000WN	High FINST500OWN		Difference test		
	Year -1	Year 0	Year +1	Year +2	Year +3	Change:	Change:	Change:	Change:	Change:	Change:	Change:	Change:
						Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to
						Year +1	Year +3	Year +1	Year +3	Year +1	Year +3	Year +1	Year +3
Panel A: Fran	nce												
ROA													
Mean	0.022	0.015	0.009	0.014	0.016	-0.014**	-0.014	-0.022**	-0.028	-0.007	-0.002		
t-statistics						-2.41	-1.31	-2.36	-1.26	-0.91	-0.36	-1.27	-1.16
Median	0.041	0.044	0.039	0.043	0.041	-0.001	0.002	-0.002	0.001	0.001	0.002		
Z-statistics						-1.11	-0.20	-1.51	-0.15	-0.05	-0.20	-1.03	0.03
Ν	312	310	310	268	238	310	238	156	113	154	125		
Industry adju	sted ROA												
Mean	-0.002	-0.009	-0.013	-0.004	0.002	-0.012	-0.002	-0.018*	-0.012	-0.005	0.007		
t-statistics	-0.40	-0.99	-1.53	-0.43	0.20	-1.85	-0.14	-1.84	-0.50	-0.65	0.97	-1.03	-0.81
Median	0.003*	0.007**	0.002	0.010***	0.006***	-0.001	0.003	-0.003	0.004	0.001	0.001		
Z-statistics	1.79	2.17	1.05	3.13	3.03	-0.69	1.28	-1.56	1.03	0.20	0.78	-0.88	0.38
Ν	312	310	310	268	238	310	238	156	113	154	125		
Matching adj	usted ROA												
Mean	-0.033**	-0.040**	-0.031*	-0.047**	-0.067*	0.001	-0.043	-0.012	-0.071	0.016	-0.010		
t-statistics	-2.51	-2.47	-1.95	-2.08	-1.86	0.07	-1.22	-0.64	-1.14	1.01	-0.41	-1.11	-0.87
Median	-0.011**	-0.015**	-0.013*	-0.010	-0.022***	0.002	-0.008	0.003	-0.008	-0.001	-0.003		
Z-statistics	-2.44	-2.13	-1.85	-1.52	-2.73	0.34	-0.32	-0.15	-0.45	0.63	-0.02	-0.63	-0.25
Ν	110	106	101	79	69	101	69	55	37	46	32		

Supplementary Table S4

(Continued)

	All meetings with ISS Against recommendation						Low FINST5	000WN	High FINST500OWN		Difference test		
	Year -1	Year 0	Year +1	Year +2	Year +3	Change:	Change:	Change:	Change:	Change:	Change:	Change:	Change:
						Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to	Year -1 to
						Year +1	Year +3	Year +1	Year +3	Year +1	Year +3	Year +1	Year +3
Panel B: Jap	pan												
ROA													
Mean	0.045*	0.043	0.045	0.052	0.051	0.000	0.006*	0.000	0.003	0.000	0.010*		
t-statistics						0.05	1.85	0.08	0.68	0.001	1.90	0.045	-1.02
Median	0.037	0.035	0.038	0.046	0.047	0.003	0.009***	0.004	0.008	0.002	0.009**		
Z-statistics	1.15	-0.59	-0.59	0.88	0.43	0.73	2.86	0.71	1.56	0.33	2.42	0.22	-0.73
Ν	182	182	182	176	167	182	167	91	88	91	79		
Industry adjı	usted ROA												
Mean	0.007	0.001	0.001	0.005	0.002	-0.006*	-0.007*	-0.004	-0.009	-0.007	-0.005		
t-statistics	1.81	0.39	0.37	1.49	0.49	-1.71	-1.87	-1.00	-2.02	-1.38	-0.77	0.50	-0.55
Median	0.000	-0.003	-0.002	0.000	0.000	-0.004**	-0.004*	-0.002	-0.005	-0.006*	-0.003		
Z-statistics	1.15	-0.59	-0.59	0.88	0.43	-2.22	-1.72	-1.12	-1.56	-1.96	-0.85	0.80	-0.49
Ν	182	182	182	176	167	182	167	91	88	91	79		
Matching ad	justed ROA												
Mean	0.001	0.000	0.002	0.007	-0.003	0.001	-0.004	0.004	-0.001	-0.001	-0.007		
t-statistics	0.35	-0.12	0.48	1.33	-0.72	0.32	-0.87	0.87	-0.23	-0.20	-0.97	0.65	0.59
Median	0.000	0.000	0.001	0.007	-0.007	0.001	-0.004	0.000	-0.004	0.001	-0.004		
Z-statistics	-0.47	-0.30	0.28	1.26	-0.90	0.45	-0.92	0.69	-0.25	-0.07	-0.99	0.54	0.53
Ν	129	129	129	126	121	129	121	63	63	66	58		

Supplementary Table S4 (Continued)

	All meetings v	vith ISS Agains	t recommendati	on				Low FINSTS	5000WN	High FINST	5000WN	Difference te	st
	Year -1	Year 0	Year +1	Year +2	Year +3	Change:	Change:						
						Year -1 to	Year -1 to						
						Year +1	Year +3	Year +1	Year +3	Year +1	Year +3	Year +1	Year +3
Panel C: UK													
ROA													
Mean	0.069	0.071	0.060	0.070	0.056	-0.008	-0.011	-0.007	-0.007	-0.009	-0.014		
t-statistics						-0.84	-0.95	-0.33	-0.32	-1.02	-1.05	0.09	0.29
Median	0.057	0.064	0.063	0.068	0.062	0.004	0.006	0.008	0.004	0.001	0.011		
Z-statistics						0.13	-0.29	0.83	0.29	-0.24	-0.11	0.83	0.35
Ν	158	156	156	129	106	156	106	78	53	78	53		
Industry adjust	ted ROA												
Mean	0.055***	0.056***	0.045***	0.064***	0.049***	-0.009	-0.005	-0.006	0.002	-0.012	-0.012		
t-statistics	6.48	5.77	3.75	7.60	3.98	-0.82	-0.39	-0.30	0.13	-1.24	-0.78	0.28	0.60
Median	0.030***	0.040***	0.031***	0.043***	0.031***	0.008	0.007	0.019	0.010	0.000	0.005		
Z-statistics	5.91	6.07	5.75	6.72	4.62	0.51	0.24	1.01	0.44	-0.35	-0.06	1.13	0.24
Ν	157	156	156	129	106	155	105	77	52	78	53		
Matching adju	sted ROA												
Mean	0.013	0.017	0.020	0.032*	0.030	0.006	0.021	0.007	0.038	0.004	0.000		
t-statistics	1.38	1.28	1.49	1.92	1.50	0.47	1.05	0.43	1.27	0.23	-0.00	0.13	0.96
Median	0.001	0.004	0.014*	0.020	0.008	0.000	0.005	-0.007	0.011	0.011	-0.004		
Z-statistics	0.71	1.09	1.80	1.53	1.17	0.34	0.76	-0.05	1.27	0.37	-0.34	-0.27	0.93
Ν	104	99	100	77	59	100	59	55	32	45	27		