

## Online Appendix 1: Differences between CEO activist firms and non-activist firms

This table compares firm and CEO characteristics for the group of firms whose CEOs undertake activism with the group of firms that do not engage in such activism.

|                                       | CEO. Activism |       |       | No CEO. Activism |        |       |
|---------------------------------------|---------------|-------|-------|------------------|--------|-------|
|                                       | N             | Mean  | SD    | N                | Mean   | SD    |
| Polarized Environment                 | 196           | 0.796 | 0.193 | 246              | 0.523  | 0.244 |
| Republican- Leaning CEO               | 196           | 0.789 | 0.105 | 246              | 0.572  | 0.118 |
| Democrat-Leaning Employees            | 196           | 0.431 | 0.133 | 246              | 0.353  | 0.236 |
| Shareholder Proposals-SRI             | 196           | 0.670 | 0.221 | 246              | 0.685  | 0.194 |
| Size                                  | 196           | 9.644 | 1.621 | 246              | 8.052  | 3.211 |
| ROA                                   | 196           | 0.113 | 0.060 | 246              | 0.088  | 0.117 |
| Board Size                            | 196           | 10.00 | 2.136 | 246              | 9.504  | 2.475 |
| Board Independence                    | 196           | 0.523 | 0.108 | 246              | 0.519  | 0.130 |
| Institutional Ownership               | 196           | 0.082 | 0.025 | 246              | 0.084  | 0.042 |
| CEO Age                               | 196           | 57.20 | 2.197 | 246              | 56.056 | 5.676 |
| CEO Tenure                            | 196           | 7.129 | 1.992 | 246              | 3.286  | 3.047 |
| % Directors Hired during CEO's tenure | 196           | 0.341 | 0.213 | 246              | 0.302  | 0.185 |

## Online Appendix 2A: Other CEO Statements Criteria

### A. CEO. Families

- i. Includes CEOs who speak of their parents, siblings, spouses, and children.
- ii. Includes CEOs who speak about deceased family members or ex-spouses.
- iii. Includes female CEOs who speak about motherhood.
- iv. Includes CEOs speaking about childhood experiences.
- v. Does not include female CEOs who campaign for public policies to mitigate maternity disadvantages in the workplace (these events are included in Activist Statements).

### B. CEO. Hobbies

- i. Includes CEOs speaking about their hobbies and pastimes. Events comprise CEOs speaking on books, movies, sports, daily routines, exercising, etc.

### C. CEO. Influences

- i. Includes CEOs speaking on individuals who have influenced them. Events include CEOs discussing their teachers, employers, public figures, etc.
- ii. Includes CEOs speaking on places and institutions that have been influential to them. Events comprise CEOs talking about cities, universities, and companies they have worked for in their career.
- iii. Includes CEOs speaking about their beliefs about humanity's future, advising job seekers and graduates, etc.

## **Online Appendix 2B: Prominent Examples of Non-Social Activism Statements by CEOs**

**February 27, 2020.** Satya Nadella, CEO of Microsoft, spoke about his interest in cricket at the Young Innovators Summit: “This is like picking religions. I would say Sachin yesterday, Virat today”.

**November 29, 2019.** Bob Iger, CEO of Walt Disney, spoke on his childhood and upbringing during an interview about his book: “My parents were quite honest with me. I was the oldest child of two. We have a younger sister, Carolyn. But it was made clear to me [my father] was ill and was seeing doctors. Doctors then were psychiatrists called shrinks, by the way, at that point, which was kind of a bad word, a stigma to it. He had electric shock therapy at one point”.

**April 5, 2018.** Tim Cook, CEO of Apple, spoke about Martin Luther King at a student symposium: “If you listen to him today, you feel like he is speaking about today”.

**February 12, 2018.** Gini Romnetty, CEO of IBM, spoke on the future of technology on a campus visit to Stanford University: “You have to bring [technology] safely into the world, or your job is not done.”

**April 9, 2016.** In a newspaper interview, Indra Nooyi, CEO of Pepsico, spoke about parenting her daughters: “Regret is too serious a word. Heartaches many times. It is not regret. I love what I’m doing. I may have regretted not doing it had I stayed at home and spent all the time there. Regret is a very complex word.”

### Online Appendix 3: Placebo Tests with Other CEO Statements

This table presents the economic effect of a placebo set of CEO statements. The events are described in the online appendices 4A and 4B. We present the event study results using equally weighted CARs for 7-day and 3-day event windows in panel A. In panel B, we present the effect on sales per employee. The control group contains firms whose CEOs have never engaged in social activism. All specifications are estimated with the full set of controls. For Panel A, p-values are in parentheses; for Panel B, robust standard errors clustered at the firm level are in parentheses. \*\*\*, \*\*, and \* represent statistical significance at 1%, 5%, and 10% levels, respectively.

| <b>Panel A</b>           | Equally weighted CARs |                  |
|--------------------------|-----------------------|------------------|
|                          | (+3, -3)              | (+1,-1)          |
| Other CEO Communications | 0.001<br>(0.228)      | 0.003<br>(0.208) |
| N                        | 103                   | 103              |

  

| <b>Panel B</b>                                       | (1)                | (2)              |
|--|--------------------|------------------|
|  | Sales per Employee |                  |
| Other CEO Communications                             | 0.008<br>(0.010)   | 0.006<br>(0.011) |
| Polarized Environment                                |                    | 0.011<br>(0.013) |
| Other CEO. Communications x<br>Polarized Environment |                    | 0.004<br>(0.007) |
| Control Variables                                    | Yes                | Yes              |
| Industry Dummies                                     | Yes                | Yes              |
| N  | 2,445              | 2,445            |
| Adjusted R <sup>2</sup>                              | 0.126              | 0.131            |

#### Online Appendix 4: Alternate Measures of Political Polarization

This table presents results with alternate measures of political polarization. The sample consists of 442 firms in the S&P index from 2014 to 2019. In column 1, we only show results using political polarization in the firms' headquarters states. In column 2, we use an alternate calculation of polarization excluding states where firms only have production facilities. Column 3 shows results, including the 41 direct political statements of the CEOs that are omitted from the baseline regressions. All specifications are estimated with the full set of controls. Robust standard errors clustered at the firm level are in parentheses. \*\*\*, \*\* and \* represent statistical significance at 1%, 5%, and 10% levels, respectively.

|                                 | CAR [-1,+1]         |                     |                    |
|---------------------------------|---------------------|---------------------|--------------------|
|                                 | (1)                 | (2)                 | (3)                |
| Polarized Headquarter           | 0.055**<br>(0.025)  |                     |                    |
| Polarization -Alternate Measure |                     | 0.126***<br>(0.034) |                    |
| Polarized Environment           |                     |                     | 0.109**<br>(0.048) |
| Republican-Leaning CEO          | 0.006***<br>(0.003) | 0.008**<br>(0.003)  | 0.006*<br>(0.004)  |
| First-Mover                     | 0.075**<br>(0.032)  | 0.072**<br>(0.033)  | 0.076*<br>(0.040)  |
| Shareholder Proposal-SRI        | 0.032**<br>(0.014)  | 0.031**<br>(0.013)  | 0.031**<br>(0.015) |
| Democrat-Leaning Employees      | 0.010<br>(0.010)    | 0.009<br>(0.007)    | 0.009<br>(0.012)   |
| Control Variables               | Yes                 | Yes                 | Yes                |
| Industry Dummies                | Yes                 | Yes                 | Yes                |
| Year Dummies                    | Yes                 | Yes                 | Yes                |
| N                               | 1,188               | 1,188               | 1,229              |
| Adjusted R <sup>2</sup>         | 0.260               | 0.302               | 0.256              |

## Online Appendix 5: Economic Effects of CEO Activism by Topics

In this table, I present the economic effects of CEO activism by topics (panel A) and types (panel B). The dependent variable in the cross-sectional regressions is sales per employee and includes the full set of controls and firm fixed effects. Robust standard errors clustered at the firm level are in the brackets \*\*\*, \*\*, and \*, representing statistical significance at 1%, 5%, and 10%, respectively.

| <b>Panel A</b>            | Sales per Employee |                    |                    |
|---------------------------|--------------------|--------------------|--------------------|
|                           | (1)                | (2)                | (3)                |
| Gender Activism           | 0.147**<br>(0.053) |                    |                    |
| LGBT Activism             |                    | 0.104**<br>(0.041) |                    |
| Religious/Racial Activism |                    |                    | 0.113**<br>(0.045) |
| Control Variables         | Yes                | Yes                | Yes                |
| Industry dummies          | Yes                | Yes                | Yes                |
| N                         | 2,445              | 2,445              | 2,445              |
| Adjusted R <sup>2</sup>   | 0.277              | 0.265              | 0.242              |

  

| <b>Panel B</b>          | Sales per Employee |                    |                    |
|-------------------------|--------------------|--------------------|--------------------|
|                         | (1)                | (2)                | (3)                |
| Press Conference        | 0.118**<br>(0.044) |                    |                    |
| Social Media            |                    | 0.115**<br>(0.046) |                    |
| Others                  |                    |                    | 0.108**<br>(0.039) |
| Control Variables       | Yes                | Yes                | Yes                |
| Industry dummies        | Yes                | Yes                | Yes                |
| Firm Fixed Effects      | No                 | No                 | No                 |
| N                       | 2,445              | 2,445              | 2,445              |
| Adjusted R <sup>2</sup> | 0.198              | 0.209              | 0.162              |

## Online Appendix 6: Tone of Activist Statements

This table presents the effect of the CEO's activist statements with negative tones on abnormal returns (column 1) and sales per employee (column 2). If the fraction of negative words in the statement is higher than 10%, we classify the statement as a Negative Statement. We provide cross-sectional estimates with the full set of control variables and industry dummies. Robust standard error clustered at the firm level is in parentheses. \*\*\*, \*\* and \* represent statistical significance at 1%, 5%, and 10% levels, respectively.

|                    | CAR(-1,+1)          | Sales Per Employee  |
|--------------------|---------------------|---------------------|
|                    | (1)                 | (2)                 |
| Negative Statement | 0.015***<br>(0.004) | 0.108***<br>(0.041) |
| Control Variables  | Yes                 | Yes                 |
| Industry Dummies   | Yes                 | Yes                 |
| Year Dummies       | Yes                 | Yes                 |
| N                  | 1,188               | 2,445               |
| Adjusted- $R^2$    | 0.263               | 0.289               |

## Online Appendix 7: Difference in Media Coverage

This table presents the differences in media coverage of three recent social debates. We present a representative headline and the tone of coverage for all articles on these issues published in the Republican-leaning Wall Street Journal (WSJ) and the Democrat-leaning New York Times (NYT) in the fifteen-day period following the first article.

Consistent with Goldman et al. (2023), Tone is measured as  $\frac{\text{Positive Words} - \text{Negative Words}}{\text{Positive Words} + \text{Negative Words}}$ , using the Loughran-McDonald dictionary to classify positive and negative words.

|  | WSJ  |      | NYT  |      |
|--|--|------|--|------|
|  | Example<br>Headline  | Tone | Example<br>Headline  | Tone |
| <b>George Floyd Death and Protests</b>                             | “Protests Sparked by George Floyd Death Descend Into Violence Despite Curfews. | -16  | “Protests Swell Across America as George Floyd Is Mourned Near His Birthplace.”            | -19  |
| <b>Repeal of California Board Gender Quota</b>                     | “Judge Strikes Down California Law Mandating Women on Boards”                  | -15  | “Another California board diversity law was struck down, but it already had a big impact.” | -28  |
| <b>Supreme Court ruling affirming nationwide same-sex marriage</b> | “Supreme Court Rules Gay Marriage Is a Nationwide Right”                       | -3   | “Supreme Court Ruling Makes Same-Sex Marriage a Right Nationwide”                          | -2   |

### Online Appendix 8: Test for Bad Controls - Shareholder Proposals

In this table, we test whether Shareholder Proposals-SRI is a bad control. We show the determinants of CEO activism without (column 1) and with Shareholder Proposals-SRI as a control variable and the cross-sectional CAR regressions without (column 3) and with (column 4) as a control variable. We provide cross-sectional estimates with the full set of control variables and industry dummies. Robust standard error clustered at the firm level is in parentheses. \*\*\*, \*\* and \* represent statistical significance at 1%, 5%, and 10% levels, respectively.

|                            | CEO Activism        |                     | CAR[-1,+1]          |                     |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
|                            | (1)                 | (2)                 | (3)                 | (4)                 |
| Polarized Environment      | 3.510***<br>(0.817) | 3.510***<br>(0.819) | 0.111***<br>(0.030) | 0.108***<br>(0.029) |
| Republican-Leaning CEO     | 0.873***<br>(0.255) | 0.874***<br>(0.258) | 0.008**<br>(0.004)  | 0.008**<br>(0.004)  |
| First-Mover                | 0.082**<br>(0.035)  | 0.082**<br>(0.035)  | 0.076**<br>(0.032)  | 0.076**<br>(0.035)  |
| Shareholder Proposal-SRI   |                     | 0.094<br>(0.061)    |                     | 0.076**<br>(0.035)  |
| Democrat-Leaning Employees | 0.049**<br>(0.024)  | 0.047*<br>(0.024)   | 0.007<br>(0.007)    | 0.007<br>(0.008)    |
| High Competitive           | 0.097**<br>(0.042)  | 0.098**<br>(0.042)  | 0.015**<br>(0.006)  | 0.015**<br>(0.006)  |
| MTB                        | 0.110***<br>(0.032) | 0.110***<br>(0.032) | 0.024***<br>(0.006) | 0.024***<br>(0.005) |
| Size                       | 1.438***<br>(0.488) | 1.424***<br>(0.432) | 0.024**<br>(0.009)  | 0.019**<br>(0.007)  |
| Customer Facing            | 0.035**<br>(0.015)  | 0.035**<br>(0.015)  | 0.023**<br>(0.011)  | 0.022**<br>(0.010)  |
| Other Control Variables    | Yes                 | Yes                 | Yes                 | Yes                 |
| Industry dummies           | No                  | No                  | No                  | No                  |
| Year Dummies               | Yes                 | Yes                 | Yes                 | Yes                 |
| N                          | 2,445               | 2,445               | 1,188               | 1,188               |
| Adjusted-R <sup>2</sup>    | 0.384               | 0.384               | 0.236               | 0.255               |

### Online Appendix 9: Fama-French (1993) Model

In this table, I present estimates from the event study using equally weighted CARs (panel A) and value-weighted CARs (panel B). The estimation period is from day 250 to day 7 before CEO activism events. CAR is estimated using the market model. P-values are in parentheses.

|              | Equally weighted CARs |          | Value Weighted CARs |           |
|--------------|-----------------------|----------|---------------------|-----------|
|              | (+3,-3)               | (+1,-1)  | (+3,-3)             | (+1,-1)   |
| CEO Activism | 0.11%***              | 0.15%*** | 0.10%***            | 0.016%*** |



### Online Appendix 10: Propensity Score Matched Sample

In this table, we present estimates using a propensity score-matched sample. In the first panel, we show linear probability models for the likelihood of CEO activism. In the second panel, we show heterogeneous returns to CEO activism, conditional on firm and CEO characteristics. All specifications are estimated with the full set of controls. Robust standard errors clustered at the firm level are in parentheses. \*\*\*, \*\* and \* represent statistical significance at 1%, 5%, and 10% levels, respectively.

|                            | CEO Activism        |                     | CAR [-1,+1]         |                     |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
|                            | (1)                 | (2)                 | (3)                 | (4)                 |
| Polarized Environment      | 3.619***<br>(0.874) | 3.654***<br>(0.808) | 0.119***<br>(0.028) | 0.121***<br>(0.031) |
| Republican-Leaning CEO     | 0.886***<br>(0.235) | 0.883***<br>(0.231) | 0.008**<br>(0.003)  | 0.009**<br>(0.003)  |
| First-Mover                | 0.089**<br>(0.039)  | 0.089**<br>(0.035)  | 0.089**<br>(0.036)  | 0.086**<br>(0.034)  |
| Shareholder Proposal-SRI   | 0.096<br>(0.058)    | 0.092<br>(0.055)    | 0.035**<br>(0.013)  | 0.034**<br>(0.013)  |
| Democrat-Leaning Employees | 0.066**<br>(0.023)  | 0.067**<br>(0.025)  | 0.012<br>(0.012)    | 0.012<br>(0.010)    |
| High Competitive           | -                   | 0.109**<br>(0.043)  | -                   | 0.020**<br>(0.009)  |
| Control Variables          | Yes                 | Yes                 | Yes                 | Yes                 |
| Industry Dummies           | Yes                 | No                  | Yes                 | No                  |
| Year Dummies               | Yes                 | Yes                 | Yes                 | Yes                 |
| N                          | 1,066               | 1,066               | 1,066               | 1,066               |
| Adjusted R <sup>2</sup>    | 0.448               | 0.422               | 0.304               | 0.273               |