FORUM POUR L'INVESTISSEMENT RESPONSABLE

MEASURING EFFECTIVENESS & THE INFLUENCE OF ENGAGEMENT

The *VOICE* Method: *Valuation of Influence in Corporate Engagement*

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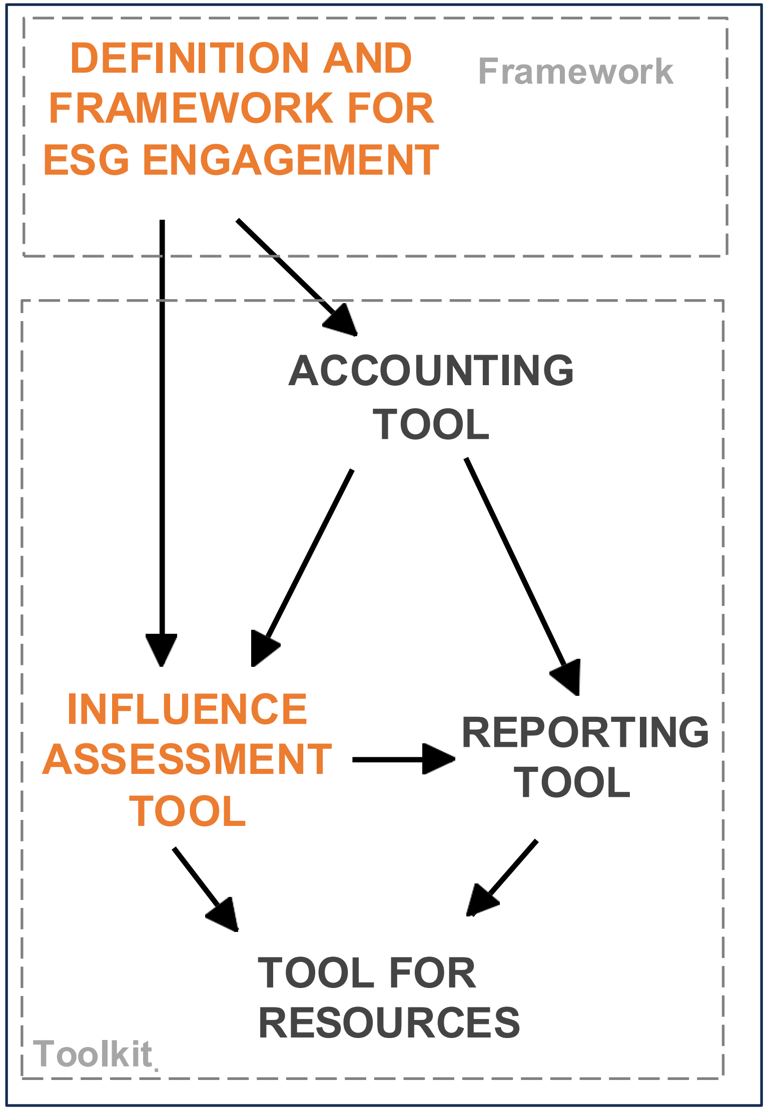
SUMMARY

- Introduction
- Motivation

- Definition (VOICE)
- Framework (VOICE)
- Accounting (VOICE)
- Measuring influence (VOICE)
- Reporting (VOICE)
- Resources (VOICE)

- Impact, ownership and socialisation



VOICE Method

INTRODUCTION

- **Structure**: A **multi-stakeholder collaborative** initiative bringing together French **asset owners**, **asset managers** and **engagement associations/platforms**, as well as **academics, with the aim of:**
  - Balance the perspectives of institutional investors and asset managers
  - Ensure a systemic view of the ESG engagement market
  - Combining academic rigour with practical relevance
  - Structuring the process and deepening practitioners' experience

- **Timetable**: Launch in **December 2024**, **first workshop in January 2025**, submission of the final report in **May 2026**

- **Relevance for professionals and engagement platforms**: against a backdrop of a proliferation of practices, there is growing interest in measuring the effectiveness and influence of engagement.

- **Academic relevance**: link to previous research carried out with the PRIs on engagement; impact of the research and ongoing analysis of the development of soft standards.

MOTIVATION

PROBLEMATIC ENGAGEMENT PRACTICES

Regulatory framework: SHRDII, governance codes, SRI label, etc.

Collaborative initiatives: CA100+, NA100+, NZAOA, **etc.**

Window-dressing or *'engagement-washing'* (e.g. justifying the retention of controversial issuers in the portfolio)

Confusion between dialogue and engagement, and a large number of declared engagements with no link to actual contribution

Formats and figures for engagement varying from one investor to another

Challenge of empirically demonstrating the impact and added value of engagement ('additionality')

Difficulty in distinguishing and reporting on the quality of engagements

Sub-optimal allocation of resources to engagement practices by investors investors and at the systemic level

LINKED TO TWO MAJOR CHALLENGES THAT REINFORCE EACH OTHER

Lack of a consensus definition of ESG engagement

Limiting the potential impact of engagement at a systemic level

Difficulties in measuring the influence of ESG engagement on target companies

A FRAMEWORK AND TOOLS TO ADDRESS THESE CHALLENGES

Framew ork

DEFINITION & ANALYTICAL FRAMEWORK FOR ENGAGEMENT

ACCOUNTING FOR ENGAGEMENT

MEASURING THE INFLUENCE OF ENGAGEMENTS

ENGAGEMENT REPORTING

RESOURCE ANALYSIS FOR ENGAGEMENT

SCOPE OF THE STUDY

- **Listed markets (equities and bonds)**
- **Active and passive management**
- **Individual and collective** engagement
- Engagement targeting **companies:** effectively excluding public policy
- **Influence:** excluding from the analysis any dialogues aimed at gathering information
- **On ESG issues**
- **Voting treated as a means of exerting influence**

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DEFINITION – VOICE (p. 6)

Conceptual definition of engagement

The practice whereby investors engage in an iterative and deliberate cycle of interactions with the companies in which they invest. Engagement is based on one or more specific and targeted objectives, with a view to influencing companies' transparency, operations and/or strategies on environmental, social and governance (ESG) issues, and with the aim of safeguarding and/or enhancing long-term value creation.

Accounting definition of engagement

An engagement is considered to have been initiated when three criteria are met:

a. a request for change within the company is formalised through one or more objectives;

b. this request is substantiated;

c. This request contains an explicit expectation of interaction with the company on this matter.

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DEVELOPMENT OF THE DEFINITION

Definitions by practitioners

Academic definitions (1)

A review of academic definitions of engagement (Chuah et al., 2024), drawing on the work of Chuah et al. (2025) and Marti et al. (2024) (*n* = 97)

Stakeholders (2)

Compilation of definitions of engagement from engagement platforms / investor associations (*n* = 10)

Working Group members (3)

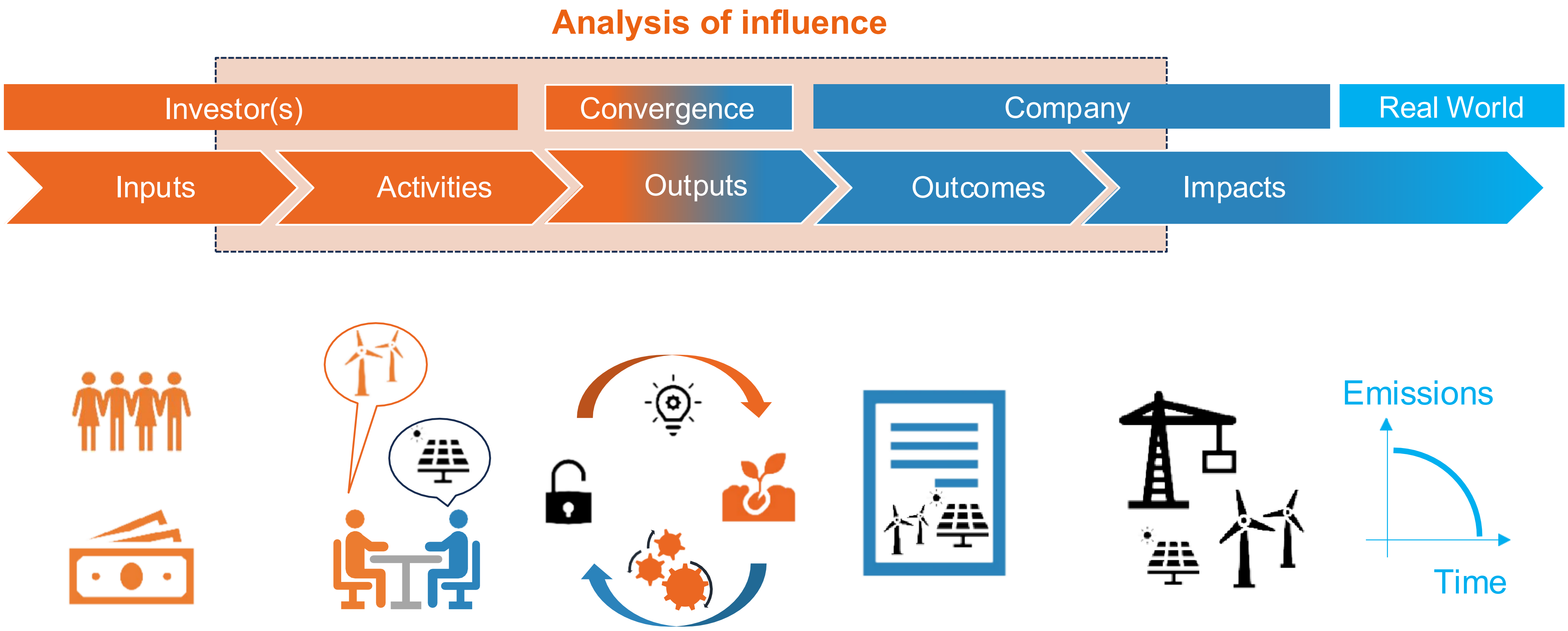
Formulation or compilation of the definitions of engagement used for each of the investors within the working group (*n* = 10)

The proposed definition was drawn up following two sessions of structured discussions led by the Working Group and is based on three sources of information

Analysis **of the similarities** and **differences** between these **117 definitions**
Identification of a **need** for **terminological clarification** and a distinction between the concepts of *stewardship*, *shareholder activism*, *dialogue* and *engagement,* which are often used interchangeably

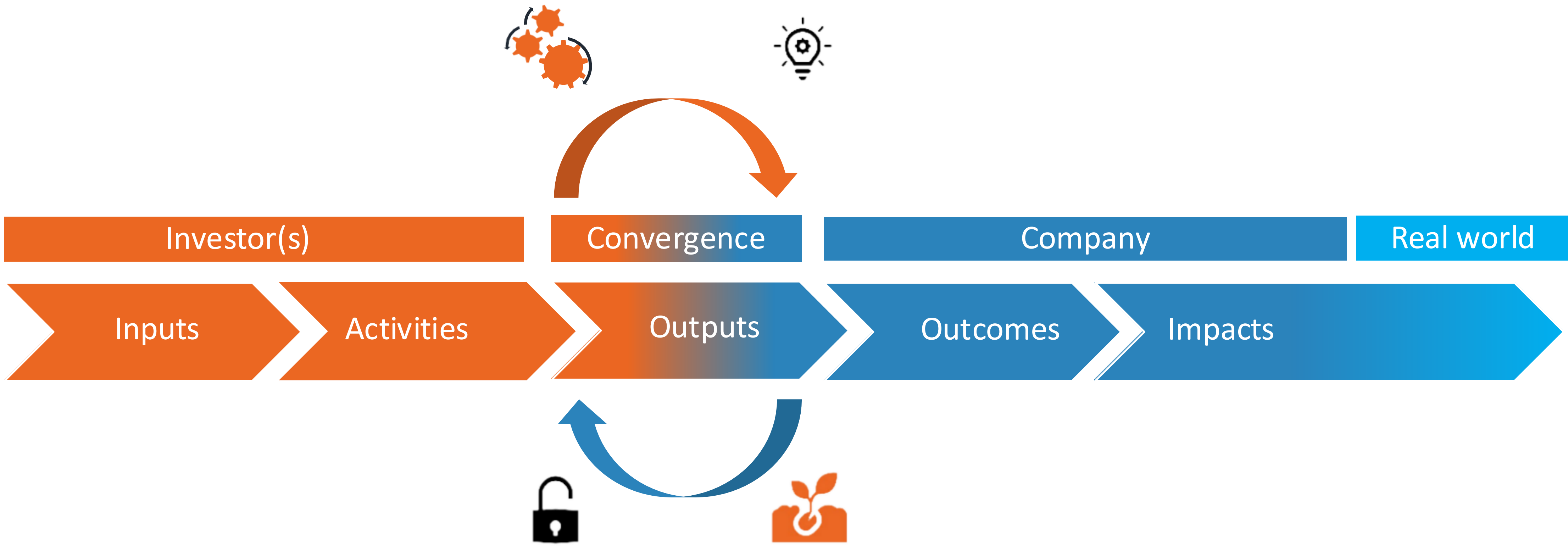
The working group's focus on engagement *in the strict sense* and **clarification of the boundaries of engagement** (what it is and what it is not)
Identification of **the lowest common denominator of all academic and practical definitions of engagement** as the **pursuit of influence**
Lexical analysis of practical definitions of engagement

ANALYTICAL FRAMEWORK – VOICE (p.6)

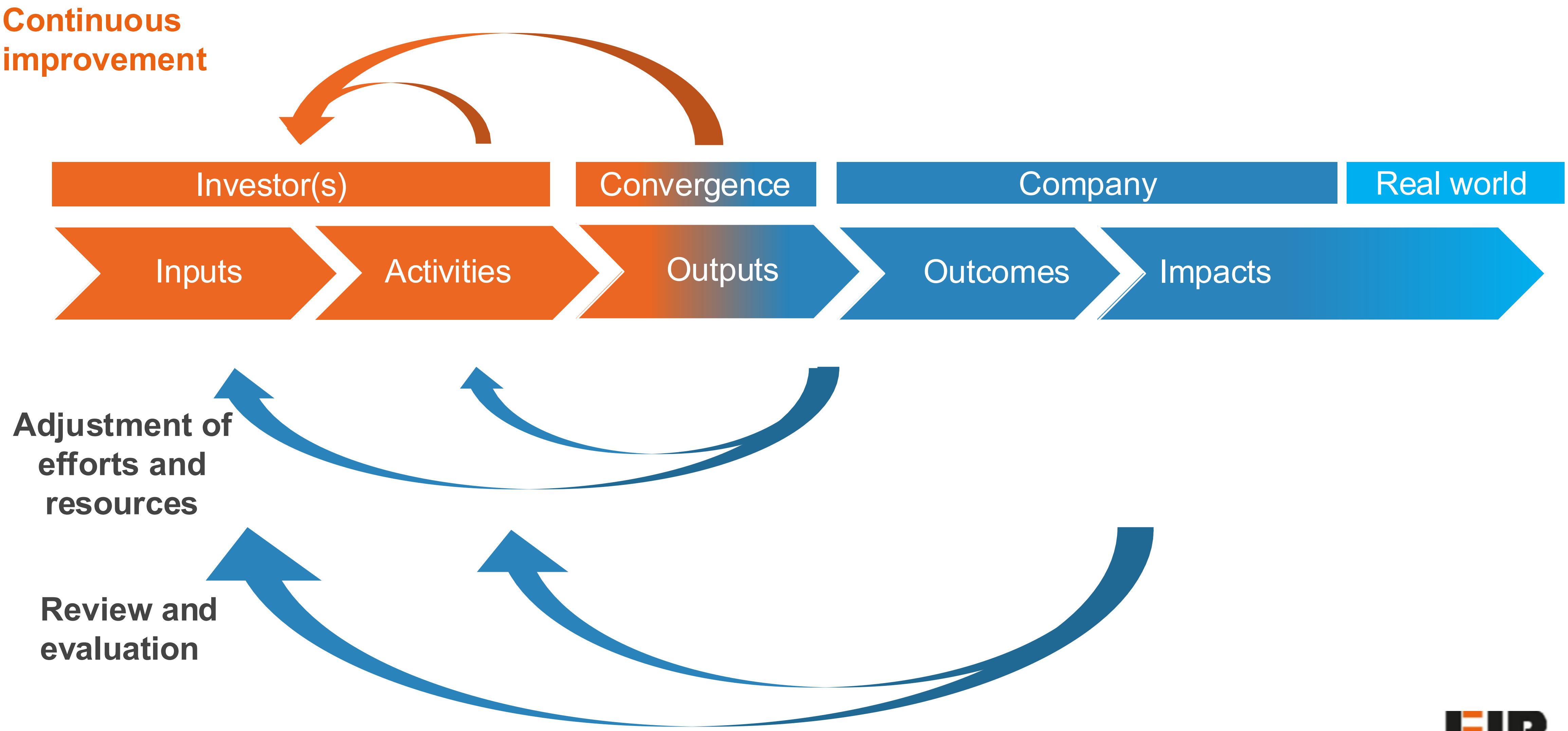


ANALYTICAL FRAMEWORK – ITERATIVITY (p. 8)

Influence resulting from alignment between the investor and the company through ESG engagement

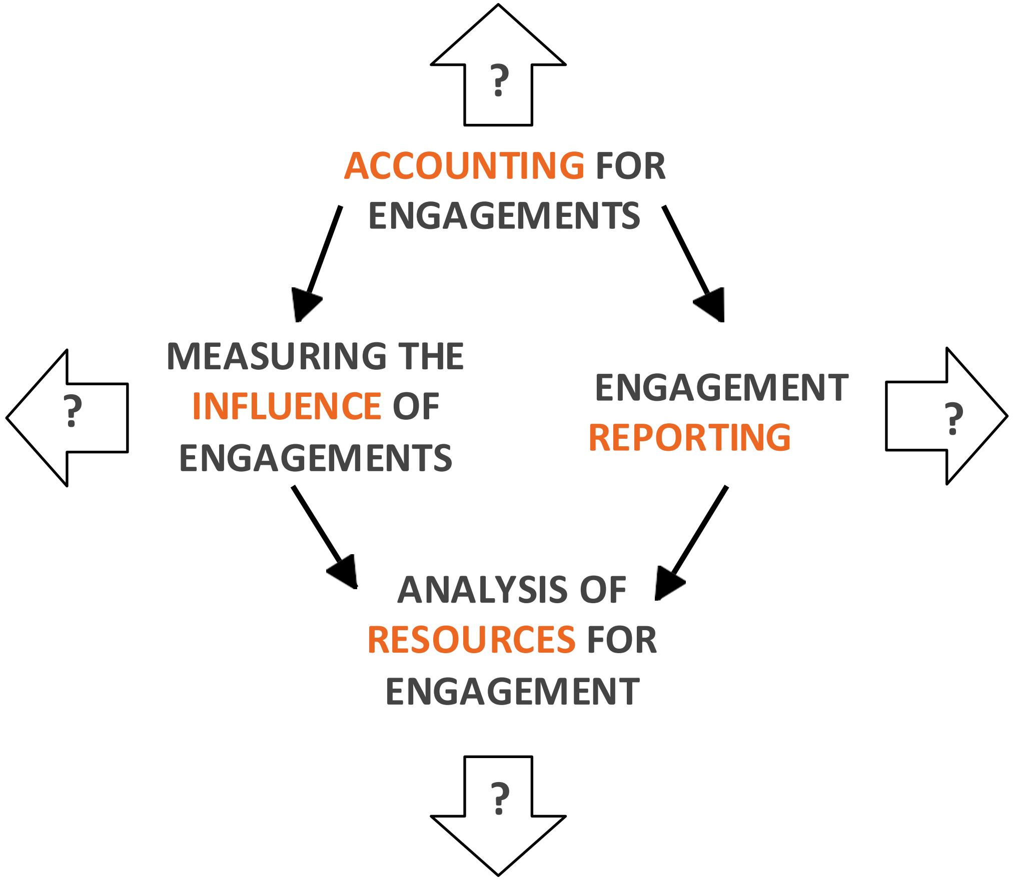


ANALYTICAL FRAMEWORK – ITERATIVITY (p. 9)



QUESTIONS FROM THE TOOLKIT (p. 10)

- What **counts** as an engagement ?
- **What factors should be taken into account** when measuring the level of influence?



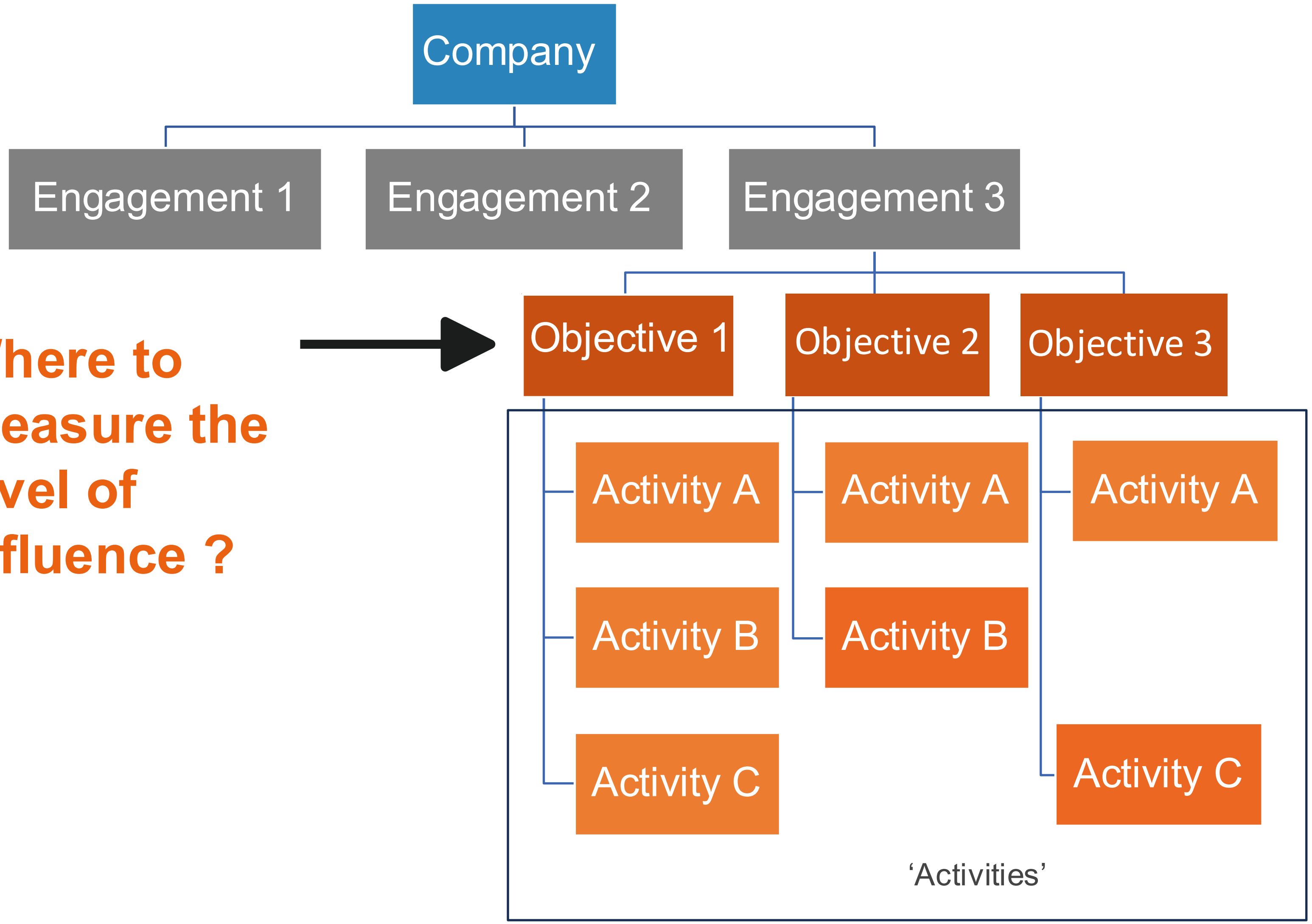
- How can an investor assess the **extent of** their **influence** over a company during an engagement?
- What **empirical evidence** can an investor provide to demonstrate their influence?

- How **can we report** on the engagement undertaken, both quantitatively and qualitatively?
- How can **we assess the quality of reporting** on engagements?

- What **personal**, **organisational** and **interpersonal skills** are required for engagement?
- What questions should you ask an investor to **assess their ability to lead engagement initiatives**?

ACCOUNTING TOOL (p. 11)

4 levels of accountability



Where to measure the level of influence ?

- Transparency
- Operational performance
- Strategic development

MEASURING THE INFLUENCE OF ENGAGEMENT (p.12)

Overview

Investor(s)		Convergence		Company
ACTIVITIES		OUTPUTS		OUTCOMES

Degree of influence / Sufficient conditions	ACTIVITIES - Introduction Submission of a formalised and justified objective	ACTIVITIES – Monitoring Interactions with the company in relation to the objective (in addition to the initial submission)	OUTPUT Described by the investor: Converging set of clues OR Convergent loop	OUTPUT Described by the company **Recognition**	OUTCOMES Result **at least** partially in line with the objective
1 – None influence	V				
2 – Not demonstrable	V	V			
3 – Probable	V	V			V
4 – Very likely	V	V	V		V
5 – Recognised	V	V		V	V

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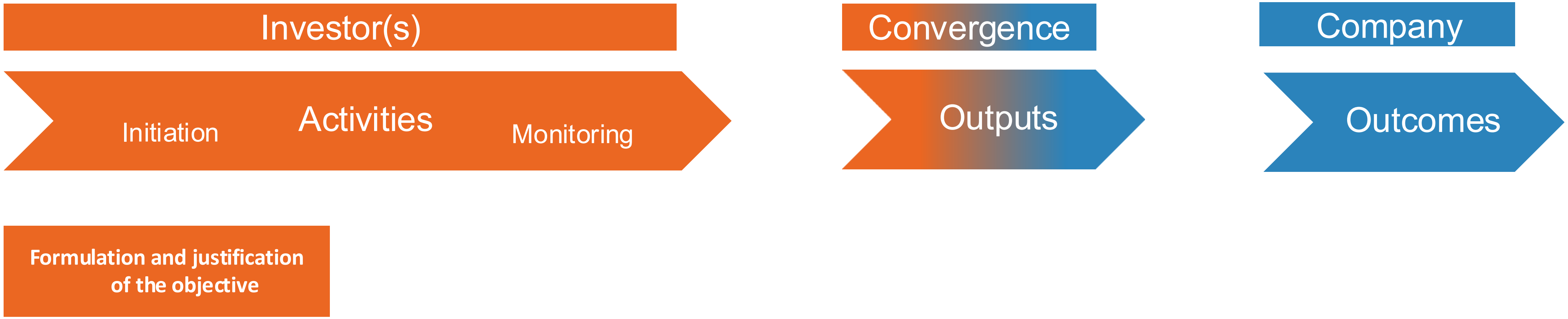
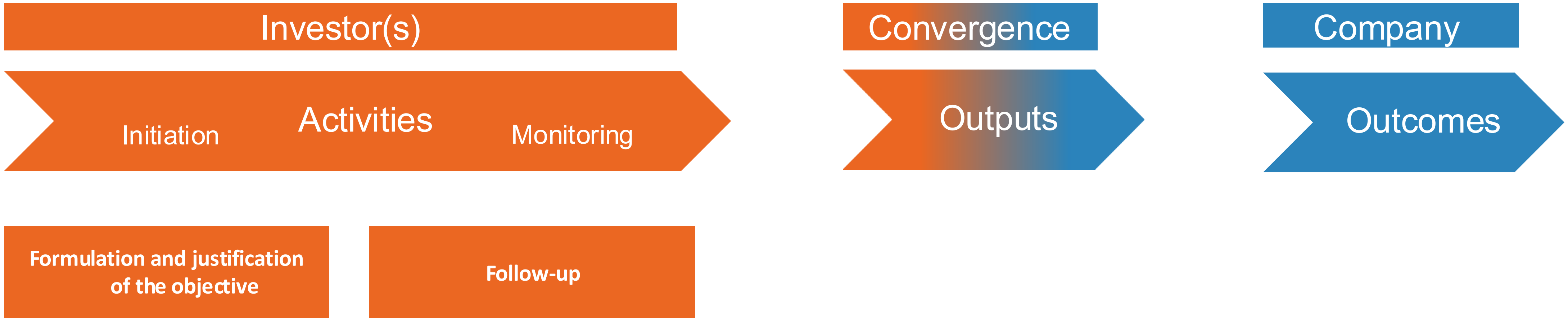
MEASURING THE INFLUENCE OF ENGAGEMENT (p.13)

Level 1: No influence



MEASURING THE INFLUENCE OF ENGAGEMENT (p.13)

Level 2: Undemonstrable influence



MEASURING THE INFLUENCE OF ENGAGEMENT (p.14)

Level 3: Likely influence

Investor(s)

Activities

Initiation

Monitoring

Formulation and justification of the objective

Monitoring

Convergence

Outputs

Company

Outcomes

Evidence of the company's progress towards the objective

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MEASURING THE INFLUENCE OF ENGAGEMENT (p.15)

Level 4: Very likely influence

A set of converging clues

Investor(s)

Activities

Initiation

Monitoring

Convergence

Outputs

Company

Outcomes

Formulation and justification of the objective

Process and Milestones

Value added by the investor

Role of the investor within the coalition (if applicable)

Escalation (if applicable)

Increase in resources (where applicable)

The set of converging clues (activities and outcomes) suggests that investors influence the company in terms of OUTPUT

Evidence of progress made by the company

Temporal alignment between activities and outcomes

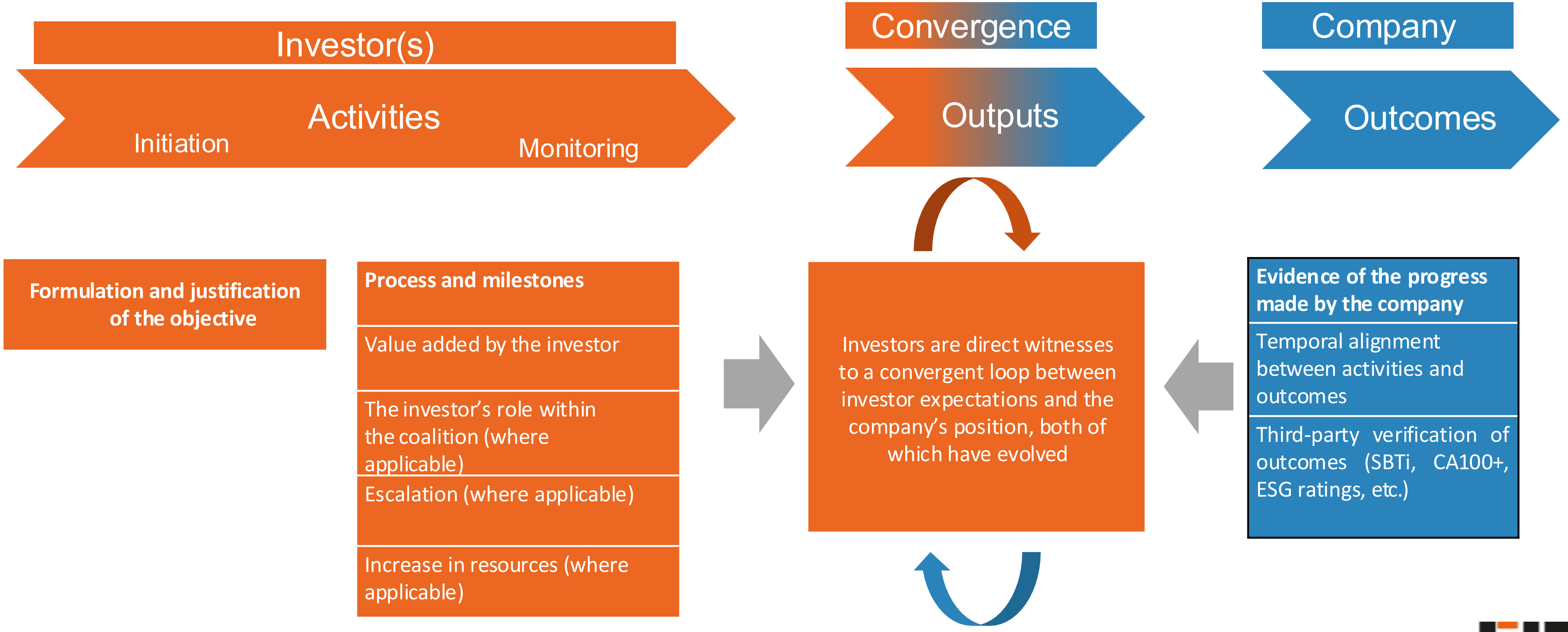
Third-party verification of outcomes (SBTi, CA100+), ESG ratings, etc.

Legal basis for the set of clues = prior probabilities or converging evidence or corroborating evidence

MEASURING THE INFLUENCE OF ENGAGEMENT (p.16)

Level 4: Very likely influence

Convergent loop (witness)



MEASURING THE INFLUENCE OF ENGAGEMENT (p.17)

Level 5: Recognised

Certified and validated by the company, privately or publicly

Investor(s)

Activities

Initiation

Monitoring

Convergence

Outputs

Company

Outcomes

Formalisation and justification justification of the objective

Process and Milestones

Value added by the investor

Investor's role within the coalition (where applicable)

Escalation (where applicable)

Increase in resources (where applicable)

Recognition of the company in private or in public

Evidence of progress made by the organisation

Timing alignment between activities and outcomes

Third-party verification of outcomes (SBTi, CA100+), ESG ratings, etc.

INFLUENCE ASSESSMENT TOOL (p. 18)

Summary

Investor(s)

Activities

Initiation

Monitoring

Convergence

Outputs

Company

Outcomes

4A

The set of converging clues (activities and outcomes) suggests that investors influence the company at the OUTPUT level

1

Formulation and justification of the objective

2

Process and Milestones

Value added by the investor

The investor's role within the coalition (where applicable)

Escalation (where applicable)

Increase in resources (where applicable)

4B

Investors are direct witnesses to a converging loop between investor expectations and the company's position, both of which have evolved

5

Private or public recognition of the organisation

3

Evidence of progress made by the company

Temporal alignment between activities and outcomes

Third-party verification of outcomes (SBTi, CA100+, ESG ratings, etc.)

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MEASURING THE INFLUENCE OF ENGAGEMENT (p. 18)

Required evidence for influence levels 4 and 5

FRAMEWORK	REQUIRED ELEMENTS	SET OF CLUES	CONVERGENT LOOP	RECOGNITION
ACTIVITIES - Introduction	Formalisation and reasoned justification of the objective	V	V	V
ACTIVITIES - Monitoring	Process and Milestones	V	V	V
	Investor's Value Addition	V	V	V
	Collaborative / Direct engagement (see section on role in collaborative engagements/investor coalitions)	V	V	V
	Escalation (where applicable)	V	V	V
	Increase in resources (where applicable)	V	V	V
OUTPUT	Description of the set of converging clues	V		
	Joint reflection / Negotiation / Joint brainstorming to find a solution. Description of the obstacle / barrier / initial blockage.		V	
	Description of what would not have happened without the engagement, as acknowledged by the stakeholders within the company			V
OUTCOME	Evidence of the progress made by the company	V	V	V
	Temporal alignment between activities and outcomes	V	V	V
	Other evidence of progress (free text)	*Free text*	*Free text*	*Free text*

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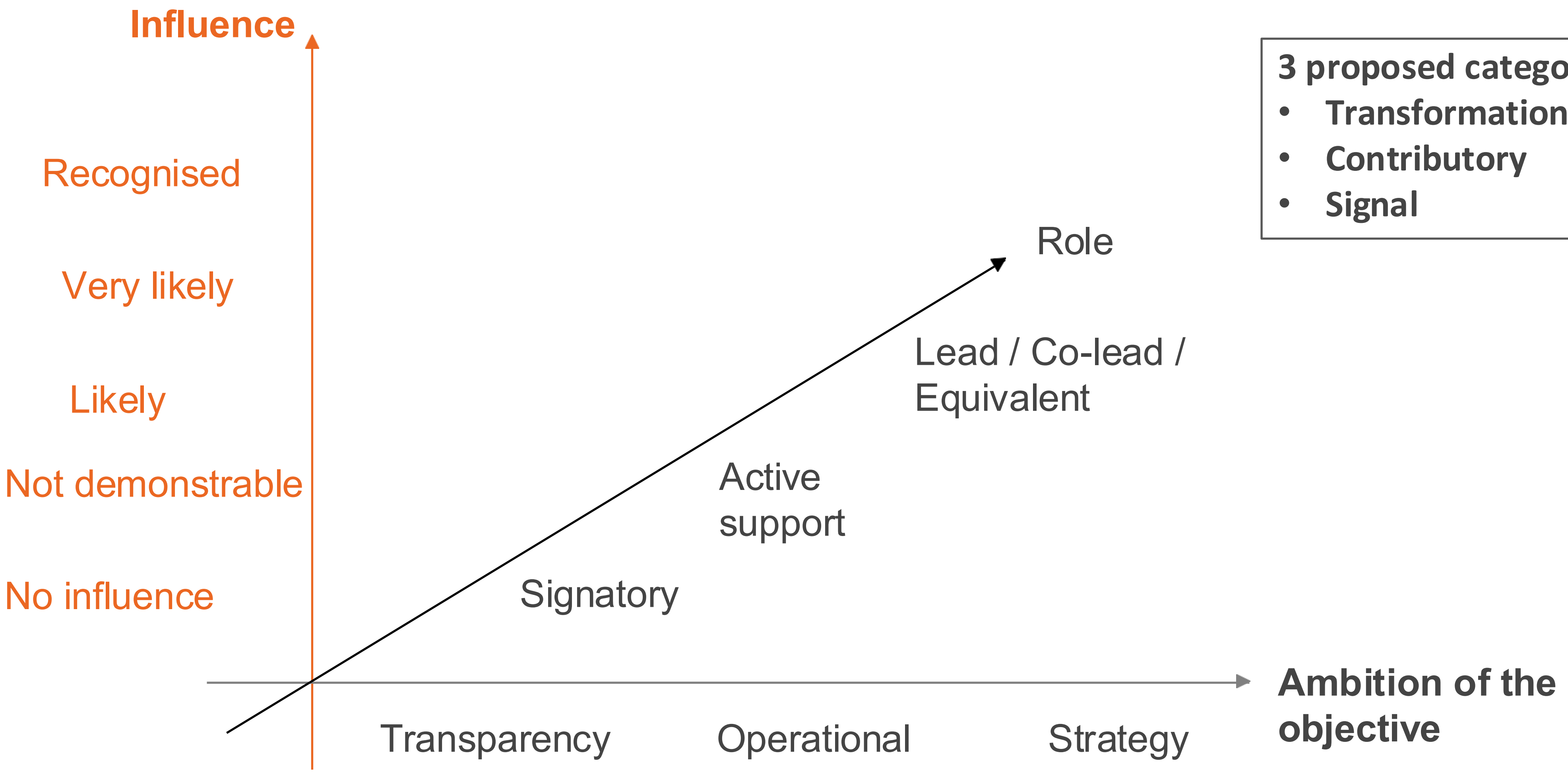
MEASURING THE INFLUENCE OF ENGAGEMENT (p. 22)

Extension: categorisation of engagements (according to ambition, influence and role)



3 proposed categories (p. 32)
- **Transformation**
- **Contributory**
- **Signal**

REPORTING TOOL (p. 21)

ACCOUNTING CATEGORY	ATTRIBUTES (COLUMNS IN THE EXCEL FILE)	OPTIONS (IN EACH CORRESPONDING CELL)
Issuer	Company name	Legal name
Engagement *(see accounting criteria for defining an engagement in the accounting section)*	ESG theme of the engagement	Multiple selections possible: • E • S • G
	Engagement theme	See proposed classification below
	Context / engagement rationale	Free text
	Start date of engagement	DD/MM/YYYY
	Role of the engager (see relevant section in the 'Influence' section)	Bilateral/Direct/Individual Collaborative • Lead, Co-Lead, Equivalent • Active support • Passive support, Signatory
Objective *(see accounting definition of an objective)*	Description of the objective	Free text
	Type (see accounting section)	• Transparency • Operational • Strategy
	Company's receptiveness to the objective	• Very good • Good • Neutral • Insufficient • Refusal/Blockage
	Escalation(s) action(s) taken	Yes/No – Brief description where applicable
	Status of the objective	• Initiated • In progress • Closed (i.e., work on this objective has ceased following success or failure) • Abandoned (i.e., work on this objective has ceased because the objective or the approach to the work is no longer relevant)
	Result (at objective level)	• Deterioration • Objective not achieved • Objective partially achieved • Objective achieved • Objective abandoned

ACCOUNTING CATEGORY	ATTRIBUTES (COLUMNS IN THE EXCEL FILE)	OPTIONS (IN EACH CORRESPONDING CELL)
If objective closed	Objective closure date	Date DD/MM/YYYY
If objective closed	Outcome	Brief description of the outcome(s)
	Influence (see Influence section)	• No influence • Not demonstrable • Probable • Very likely • Recognised
	Evidence of influence (see 'Influence' section)	• **No influence**: NA • **Not demonstrable**: N/A • **Likely**: Provide/describe evidence of the company's progress • **Highly probable**: Briefly outline the mandatory elements and keep on file a case study demonstrating the required elements described in the influence section, level 4 – highly probable (body of converging evidence or feedback loops) • **Recognised (private)**: Copy an extract from the private acknowledgement. Keep the documents. They must be available on request. • **Recognised (public)**: Provide the link to the public elements

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RESOURCE TOOL (p. 24)

More generic resources (useful in all engagement processes)

Position-related resources

MANDATE AND LEGITIMACY AUTHORISATION FOR ACTIVE ENGAGEMENT
Investor status
(shareholder/bondholder)
Analysis of conflicts of interest
(*independence*)
Specific rights of shareholders/bondholders
Effective participation
Discretionary management
Shared ownership
Freedom to divest
Conditional additional investment
Involvement of potential beneficiaries

PARTICIPATION IN ENGAGEMENT INITIATIVES
Role (lead/co-lead/equivalent)
Time allocated

The investor's internal resources (strategic alignment and human capital)

LINK BETWEEN RESPONSIBLE MANAGEMENT AND A LEADING ENGAGEMENT
Engagement driven by the interests of clients and/or various stakeholders (regulation, labels, etc.)

ESG/RI POLICY AND/OR INVESTOR ENGAGEMENT STRATEGY
Support from senior management and/or portfolio managers
The role of senior management and the board of directors
Escalation procedure

MOTIVATION / TRIGGERS
Internal factors (ESG research on portfolio companies) and **external factors** (opportunities for collective engagement)

HUMAN RESOURCES
Quality, experience, expertise
Portfolio manager's involvement
Seniority, expertise, skills, cultural aspects

MEANS OF ENGAGEMENT
Teams + Training
Software
Budget
Data providers, external research

ORGANISATIONAL SKILLS/NETWORKING
Ability to organise and coordinate both internally and externally

Resources related to the situation

KNOWLEDGE, INFORMATION AND RESEARCH ON THE ISSUER AND THE ISSUE
Analysis of the issuer
Significance of the issue for the target

MOBILISING RESOURCES AND/OR SUPPORT FROM STAKEHOLDERS
To obtain information or for future alliances

PREPARATION AND STRATEGY
Engagement objectives and interim milestones
Timeline / Escalation strategies

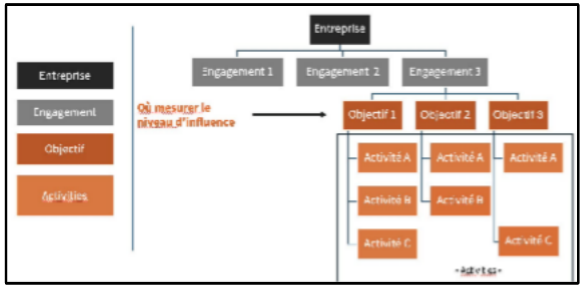
LEVEL OF ACCESS / QUALITY OF RELATIONSHIPS / TRUST BUILT THROUGH ENGAGEMENT EXPERIENCE

More specific resources (specific to a particular engagement process)

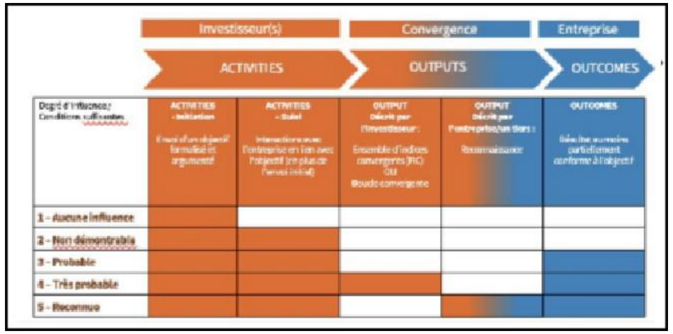
Prerequisites for the role, reflecting the position within the investment chain and the motivation for engagement

Personal, organisational and interpersonal skills, as well as knowledge that can be applied in the engagement processes

OVERVIEW OF TOOLS

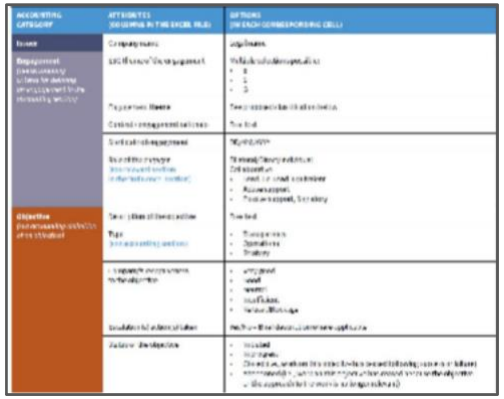


ENGAGEMENT ACCOUNTING



MEASURING THE INFLUENCE OF ENGAGEMENT

ENGAGEMENT REPORTING



ANALYSIS OF RESOURCES FOR THE ENGAGEMENT

IMPACT, OWNERSHIP AND SOCIALISATION

Achievements

Testing of the tools by working group members during the course of the work.

The Working Group invites asset owners, asset managers and, more broadly, those *engagers*, to **gradually integrate the VOICE method** into their tools for managing and monitoring engagements.

Definition adopted by the FIR as its 'official definition' of ESG engagement.

Next steps

To consolidate the uptake of the framework and tools in the French market.

To support the cross-border uptake of the framework and tools.

CONCLUSION: INNOVATIONS

Analytical framework

- Scope of the study on **influence**
- The concepts of the **theory of change**
- **Outputs** as the site of reciprocal influence
- Influence as an **iterative process**

Accounting

- **Definition** of engagement
- 4 levels of **accountability**
- **The objective** at which influence occurs
- 3 **levels of ambition** for a goal

Influence

- **5** complementary **levels of influence**
- **A cluster of converging indicators** and **a convergent loop**

Reporting & Categorisation

- **3 levels of involvement** in collaborative engagements
- ***Reporting*** framework
- 3-dimensional categorisation: **ambition, influence and role**

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IN THE PRESS

Internationally

In France