

THE VOICE METHOD*

the effectiveness
and influence
of engagement



➔ * VALUATION OF INFLUENCE IN CORPORATE ENGAGEMENT

With academic support of:

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measuring the effectiveness and influence of engagement

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SUMMARY

Asset owners and investment managers agree that **engagement is a powerful lever** for driving companies forward in **environmental, social and governance (ESG)** areas and **steering them towards a sustainable transition**. However, the practice of ESG engagement, which has become widespread globally over the last decade, now faces two major challenges that limit its impact:

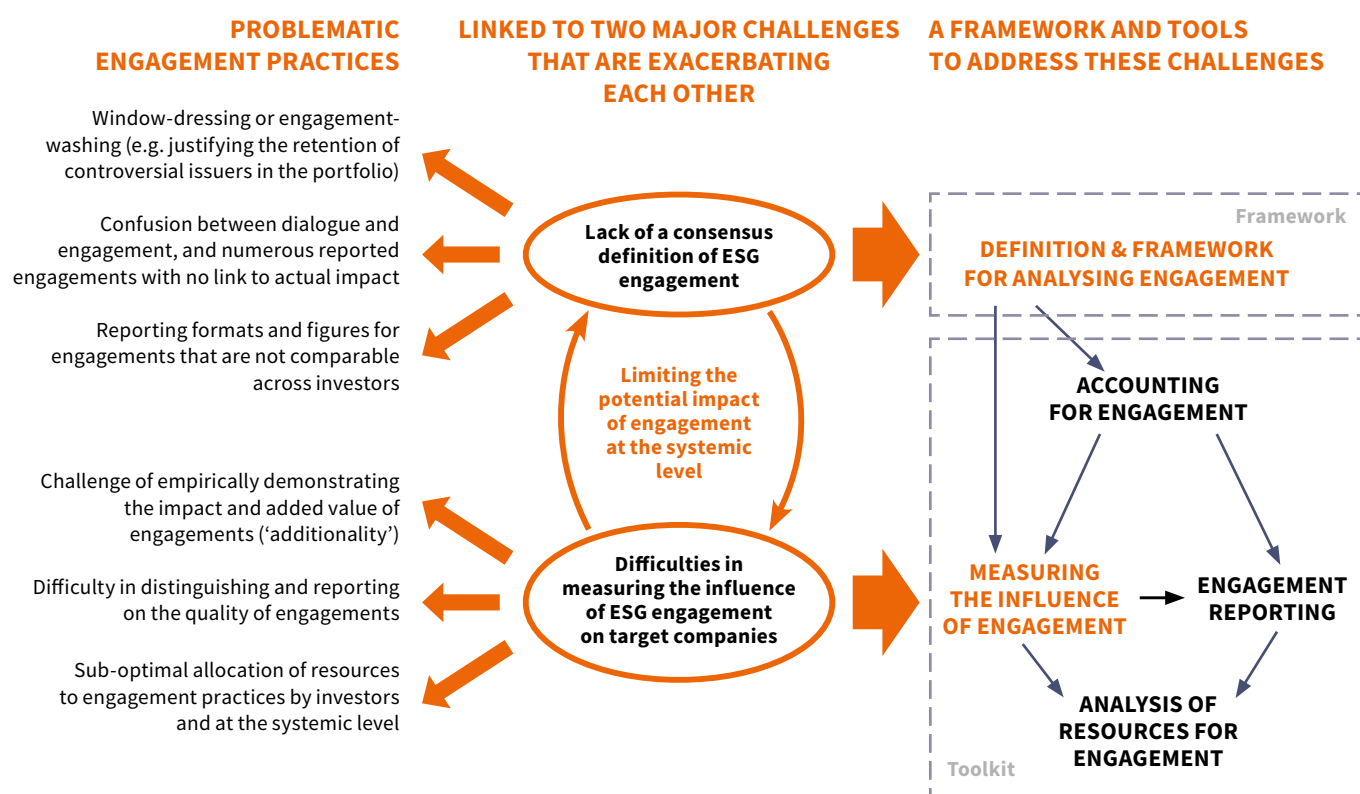
- **the lack of a consensus definition** of ESG engagement, which makes it difficult for asset owners to assess this practice and the quality of engagements;
- **the difficulty in measuring its influence** on the engaged companies, which makes it challenging for investors to demonstrate the added value of their engagement work.

These two challenges are compounding each other (Figure 1) and may fuel problematic engagement practices in the markets by allowing various forms of ‘engagement-washing’, when engagers¹:

- confuse dialogue with engagement, thereby counting one-off interactions or interactions which do not seek to achieve a change as engagements;
- report engagements with a focus on volume and quantity without addressing quality or results of engagement;
- use engagement as a justification for retaining companies in their portfolios that are controversial from an ESG perspective without a capacity to demonstrate tangible outcomes over time.

These challenges make it particularly complex for investment managers to demonstrate and justify the quality of their engagement practices, and for asset owners to measure that quality. This can lead to sub-optimal allocation of resources to engagement activities by investors, thereby reducing the impact of engagement.

FIGURE 1: DIAGNOSIS OF THE CHALLENGES OF ESG ENGAGEMENT AND AN APPROACH TO HELP RESOLVE THEM



1 The working group adopted this term to refer to any investor or service provider engaging a company.

This report addresses this dual challenge. It brings together academic and professional expertise in the field of ESG engagement to propose a **definition**, an **analytical framework** and an engagement **toolkit**, in order to:

- clarify the accounting of ESG engagements (**engagement accounting**);
- assess the influence of an engagement and provide empirical evidence of that influence (**measuring the influence of the engagement**);

- report on ESG engagement practices (**engagement reporting**);
- identify and mobilise the resources necessary for their implementation (**analysis of engagement resources**).

Having outlined the two major challenges of ESG engagement practices, this report defines ESG engagement, proposes an analytical framework, and provides a set of tools through these four instruments.

GLOSSARY

TERM	DEFINITIONS USED
Activities	Refer to the actions taken by the engager in the context of their interactions with the company.
Convergent loop	A convergent loop is a set of one or more connected activities that form a closed cycle, all working toward a specific objective and leading to a conclusion that the objective has been met or aligned.
Dialogue	Occasional interactions with the company and/or ongoing discussions that do not primarily aim to bring about change. Engagement involves forms of dialogue but differs from it in the intent to influence the company based on specific and explicit objectives. Dialogue may involve gathering information or building knowledge about companies' ESG practices and thus contribute to the preparation of an engagement.
Engagement	The practice by which investors conduct an iterative and intentional cycle of interactions with the companies in which they invest. Engagement is based on one or more specific and targeted objectives, with the aim of influencing companies' transparency, operations, and/or strategies on environmental, social, and governance (ESG) issues, and with the goal of protecting and/or enhancing long-term value creation. This general definition of engagement can be supplemented by an accounting definition of this practice, which allows for the identification, and thus to count and account for engagements. An engagement is initiated when three criteria are met: (a) a request for change directed at the company is formalized through one or more objectives; (b) this request is substantiated; (c) this request contains an explicit expectation of interaction with the company on the subject.
Engager	Any investor or service provider engaging a company in an influence objective is an "engager." The engager is directly engaging the company. An investor may engage a company either directly or indirectly, via a provider or an asset manager. In the latter case, the provider or asset manager will be designated as the engager.
Set of converging clues	A set of clues that, through their convergence and timing, demonstrate influence. The clues are thus considered evidence whose observation and convergence suggest the existence of the influence in question.
Impacts	Refers to concrete, sustainable, and structural transformations. These transformations result from the outcomes and apply equally to the company and its stakeholders.
Influence	Refers to a change that would not have occurred without the investor's intervention.
Inputs	Refers to all the resources an investor can gather and mobilize to carry out their engagement activities.
Lead, Co-lead, or equivalent	The engager leads engagement activities with the company, prepares interactions by setting the agenda, and ensures follow-up and reporting against set objectives. They invest more resources than support staff.
Objective	A projection of a desired future state for the engaged company. The report distinguishes three types of objectives: transparency, operational, and strategic.
Outcomes	Refer to the concrete changes in the company to which the outputs may have contributed.
Outputs	Are the direct and observable positive or negative effects of engagement interactions, whether these manifest within the company or with the investor. In this sense, they constitute relational and intermediate effects that pave the way for or enable concrete changes in the company's practices. They encompass not only the establishment of a dialogue channel, the placement of an issue on the agenda, or the generation of information, but also shifts in the willingness to act or in priorities.
Active Support	The supporter is involved in engagement activities with the company and supports the objectives championed by the coalition. They may contribute to research aimed at preparing the activities and participate in defining the engagement objectives or their evolution over time.
Passive Support, Signatory	The investor signs the coalition's general principles and objectives but does not participate in engagement activities with the company, or, alternatively, the investor does not play an active role in them. (example: signatory to Climate Action 100+ but not involved in a group that engages with a company).

INTRODUCTION

The creation of this [working group](#), the selection of its objectives and the scope of this report was informed by several observations.

PROBLEM STATEMENT

In recent years, investors and companies have witnessed a sharp rise in engagement activities without these being underpinned

by a recognised framework, which risks undermining their effectiveness.

An explosion in engagement activities but a lack of framework

In the context of listed markets, engagement strategies are gaining visibility, both positive and negative, due to:

- the accumulation of individual or bilateral engagements by investors (sometimes focusing on the same companies);
- regulatory² or voluntary constraints³;
- a backlash in the United States, the ESG backlash, and its impact on collaborative engagement in particular.

This results in inflation of reported figures, with a blurring of the lines between dialogue, that does not aim to influence companies, and engagement which does, and consequently a wide disparity in figures for equivalent asset amounts.

Quantitative assessment methods are all too often used at the expense of the quality and success of the engagement. They do not reflect the level of ambition, influence or involvement of the investor in each engagement.

This quantitative inflation is exacerbated by commercial offers regarding engagement, as well as the multiplication of collaborative initiatives. These can encourage ‘free-riding’ behaviour among investors which contributes to confusion regarding accounting and influence of engagement.

This lack of a reference point leads to significant disparity:

- in definitions of engagement activities ([Appendix 1](#));
- in investors’ objectives: influencing companies, with varying degrees of ambition, and/or occasional or regular dialogue to gather information to inform investment decisions;
- in the quality of reporting: tracking progress, the resources deployed, or simply the number of engagements undertaken;
- in the measurement of success: ranging from a low percentage to a large majority of successful engagements.

Risks and negative effects

This proliferation of engagements, lacking a clear framework, creates multiple risks in terms of:

- **resource allocation.** As engagement is a highly time-consuming activity, management may question the allocation of resources in the absence of evidence of their effectiveness and/or return on investment.
- **selection of investment managers.** It is difficult for asset owners to compare engagement figures across different entities and to assess the quality and effectiveness of engagement during tender processes.
- **credibility and access to companies.** Companies are increasingly criticising the ‘box-ticking’ nature of and the workload generated by certain engagements that are redundant and/or offer little added value to them⁴.

- **credibility of collaborative engagements/investor coalitions.** Collaborative engagements/investor coalitions sometimes struggle to demonstrate their result, leading to the departure of certain players disappointed by the imbalance between commercial benefits and regulatory risks.
- **regulatory.** European bodies, such as the European Fund and Asset Management Association (EFAMA) and the European Securities and Markets Authority (ESMA), have identified a risk of ‘engagement-washing’: claims of influence made without empirical evidence (‘unsubstantiated claims’)⁵.

2 For instance, at the European level, see the [Shareholder Rights Directive II \(SRD II\)](#), and for the UK, see the [UK Stewardship Code](#).

3 For instance, see the [PRI Principles](#), the [EFAMA Stewardship code](#) or the [French SRI label](#).

4 See for instance, the [synthesis of companies-investors’ ESG workshops](#) published by the Frenchsif in 2026 May.

5 See, for example, [ESMA’s progress report on greenwashing dated 31 May 2023](#), p:41.

- **reputation.** The effectiveness of engagement activities is analysed by the media and questioned by NGOs, and even by some academics⁶.

Building on these findings, this report aims to practically address the challenges of accounting for and measuring the influence of engagement, which have so far been little addressed by other academic or practitioner reports. To this end, the following objectives have been set:

OBJECTIVES OF THE WORK

The first objective of this work is to propose **an enhanced definition** and a **framework for analysing engagement**.

The second objective is to **develop a set of tools** to:

- clarify the accounting treatment of ESG engagements (**engagement accounting**);
- assess the influence of engagement and provide empirical evidence of this influence (**measurement of the influence of engagement**);
- report on ESG engagement practices (**engagement reporting**);
- identify and mobilise the necessary resources (**analysis of engagement resources**).

Finally, this report aims to facilitate:

- the **comparability of investment managers' engagement capacity** for selection and appointment by asset owners, using a fair comparison method that takes into account both the **volume and quality of engagements carried out; where applicable, it may also be used by asset owners in connection with their direct investments**
- **standardisation of reporting** by management companies, funds and mandates;
- **the use of a shared engagement analysis framework among asset owners and investment managers, established at the initiative of the latter**, which can be used in calls for tenders, due diligence processes and, more broadly, in the monitoring of engagement and reports;
- the promotion of a common framework and tools at a **European level**.

SCOPE OF WORK AND SPECIFIC FEATURES

This report centers **asset owners**. The working group has focused its work according to the needs of these 'principals' in the investment chain.

The scope of study includes:

- **listed markets (equities and bonds)**, (excluding, at this stage⁷, private equity, private debt, sovereign debt and infrastructure);
- active and passive management;
- **individual and collaborative** engagement;
- engagement with **companies**, effectively excluding public policy;
- engagement actions aimed at **influencing** companies, disregarding for the purposes of analysis any dialogues whose objective is the collection of information without looking for influence on the company;

- **Corporate engagement**, excluding sector or thematic engagement;
- engagement aimed at influencing a company **on ESG issues**, i.e. distinct from purely financial matters such as EBITDA, debt, ROI and cash flow, even though ESG engagement may result in the creation of financial value.

In summary, the report focuses on **creating a framework** to harmonise the measurement, accounting and reporting of engagement activities and their influence, which could establish market standards. It aims to **promote high-quality engagements** that have a real and lasting influence on companies.

6 See for instance, publications of Simon Dietz et Nikolaus Hastreiter, 2026, "[Corporate net zero targets : have they achieved anything ?](#)", Grantham Research Institute on Climate Change and the Environment, working paper no.446 and Elroy Dimson, Oğuzhan Karakaş et Xi Li, 2026, "[Coordinated engagements](#)", ECGI, Finance Working paper n°721/2021 or Slager, R., Chuah, K., Gond, J.-P., Furnari, S., & Homanen, M. 2023, "[Tailor-to-target: Configuring collaborative shareholder engagement on climate change](#)", Management Science, 69(12), pp. 7151-7882. For a synthesis of engagement mechanisms, see : Emilio Marti, Martin Fuchs, Mark Desjardine, Rieneke Slager et Jean-Pascal Gond 2024, "[The impact of sustainable investing: A multidisciplinary review](#)", Journal of Management Studies, 61(5), pp. 2181-2211.

7 Further research into these asset classes could be carried out in the future, drawing on this report.

DEFINITION AND ANALYTICAL FRAMEWORK FOR ESG ENGAGEMENT - VOICE METHOD

Addressing the dual challenge of the lack of a consensus definition of engagement and the difficulty of measuring its influence on engaged companies (Figure 1) requires a definition of engagement that enables its accounting, as well as an analytical framework that allows its influence to be assessed.

DEFINITION OF ENGAGEMENT

According to academic and institutional literature on engagement practices (Appendix 1), engagement can be defined as follows:

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 the aim of influencing companies' transparency, operations and/or strategies on environmental, social and governance (ESG) issues, and with the aim of protecting and/or enhancing long-term value creation.

This **definition of engagement** recognises the central role of influence in engagement practices, highlighted in most academic and institutional definitions, whilst emphasising the importance of clarifying the objectives and themes of engagement. Influence corresponds to the effect of an investor's engagement on a company's decisions, practices or results, produced through the exercise of their relational capabilities⁸.

This definition affirms the relational dimension of engagement (engagement as a set of interactions) and its specific temporality (the iterative nature of engagement), two aspects which, although

central to engagement practice, rarely made explicit in definitions (Appendix 1).

This definition clearly distinguishes engagement from dialogue, which is a form of occasional or recurring interaction with companies—typically open-ended and generally aimed at gathering information or building knowledge—and whose objective is not to exert influence.

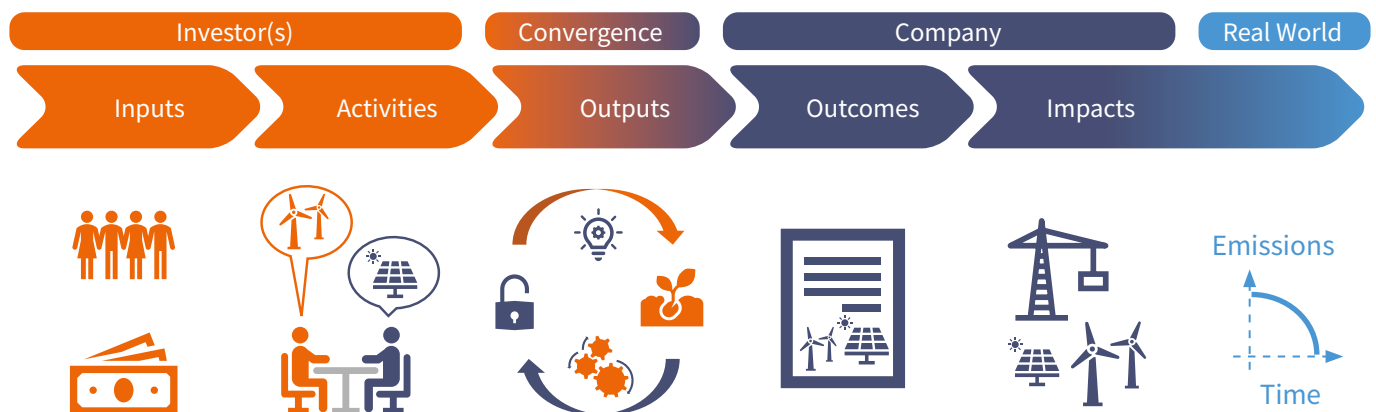
Engagement is a key component of the broader concept of stewardship⁹

The general definition of engagement above can be supplemented by an **accounting definition** of this practice, which makes it possible to identify, and thus to count and account for, engagements.

An engagement is initiated when three criteria are met: (a) a request for change within the organisation is formalised through one or more objectives; (b) this request is substantiated; (c) this request contains an explicit expectation of interaction with the organisation on the subject.

ANALYTICAL FRAMEWORK

➔ **FIGURE 2: ESG ENGAGEMENT ANALYSIS FRAMEWORK**



8. This focus on influence is detailed on the international study of Emilio Marti, Kevin Chuah and Jean-Pascal Gond, 2025, "Chains of influence. Global differences in ESG shareholder engagement and how active owners can leverages them", Bayes Business School.

9. See definition of stewardship by UN PRI in Table 3 and explanations in Appendix 1.

To account for ESG engagements, assess and demonstrate their influence, report on them, and allocate the necessary resources for their implementation, this report proposes a framework for analysing engagements derived from **theory of change** approaches¹⁰. It is structured around five elements: inputs, activities, outputs, outcomes and, finally, impacts. Together, these elements explain how an investor and a company converge in an engagement process and demonstrate an investor's influence on a focus company.

Figure 2 presents this analytical framework. Each element is defined below.

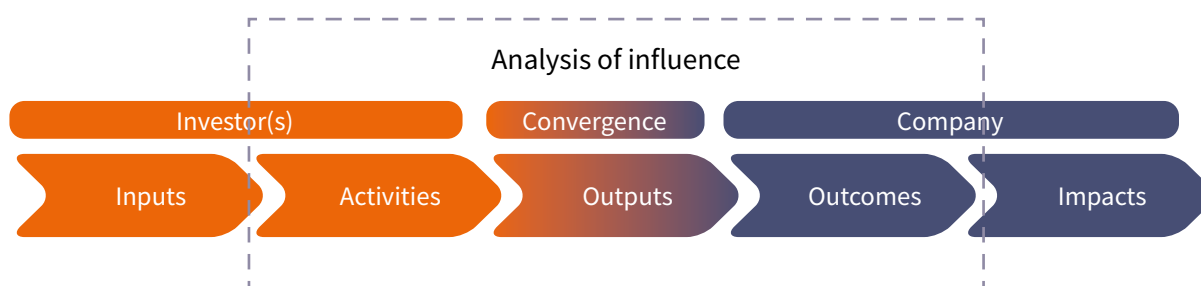
- **Inputs** refer to all the resources an investor can gather and mobilise to carry out their engagements. These may include, for example: specific knowledge of the company's situation, sector-specific or technical expertise, their legitimacy as a shareholder or debt holder, the governance mechanisms at their disposal, and their access to key individuals within the company.
- **Activities** refer to the actions undertaken by the engager in the context of their interactions with the company. These may include (but are not limited to): emails, in-person or virtual meetings, ongoing dialogue, formal letters, the filing of resolutions, interventions at general meetings, or legal proceedings.
- **Outputs** are the direct, observable positive or negative effects of engagement interactions, whether these manifest themselves within the company or among investors. In this sense, they constitute relational and intermediate effects, which pave the way for or enable concrete changes in the company's practices. They encompass not only the establishment of a communication channel, the inclusion of a topic on the agenda, or the production of information, but also shifts in the willingness to act or in priorities. Thus, on the company side, outputs may take the form of: (a) the company becoming aware of or acknowledging an issue; (b) a clarification of mutual positions or expectations; (c) a preliminary decision-making orientation (for example: agreeing to consider a policy change). From the investors' perspective, they may correspond

to: (a) a deeper understanding of the company's position on the engagement issue; (b) a readjustment of the engagement strategy; or (c) the consolidation of the legitimacy of their actions.

- **Outcomes** refer to the concrete changes within the company to which outputs may have contributed. In this case, the changes stem from the company's adoption of the engagement objectives. The key difference from outputs lies in the fact that, in the case of outcomes, the company acts of its own accord: it implements changes in its communication, operations and/or strategy. Outcomes represent progress towards the objective, whereas outputs are more a matter of the company's reaction. Thus, outcomes may take the form, for example, of the revision of an internal policy (e.g. climate policy, responsible procurement, remuneration), the adaptation of an operational process (e.g. supplier monitoring, risk management) or the modification of governance mechanisms (e.g. committee mandates, ESG oversight by the board). The analytical framework proposed here focuses on outcomes observable at the company level, without taking into account the outcomes of engagement for the investor, such as, for example, a change in the internal ESG rating leading to the exclusion of the company, an overweight or underweight allocation of the company's securities in portfolios, or its eligibility for a sustainable fund.
- **Impact** refers to concrete, sustainable and structural transformations. These transformations result from the outcomes and apply equally to the company and its stakeholders. They may take the form, for example, of a reduction in greenhouse gas emissions, an improvement in social performance (training, workplace accidents), a reduction in physical or systemic risks, strategic alignment of investments with sustainability trajectories, and the creation of long-term value.

This report focuses primarily on the assessment and dynamic relationships between activities, outputs and outcomes (Figure 3). This analytical framework is consistent with the proposed definition and enables the influence of the engagement to be qualified.

➔ **FIGURE 3: SCOPE OF ANALYSIS OF INFLUENCE IN ESG ENGAGEMENT**



10 The theory of change is an evaluation framework developed in the 1990s within the international development sector, notably under the impetus of Carol Weiss and the Aspen Institute, to address a fundamental methodological frustration: how can one demonstrate that an intervention has caused a change rather than merely coinciding with it? Its structure is sequential and causal: inputs generate activities, which produce measurable outputs, which contribute to outcomes (changes in behaviour among the targeted stakeholders), ultimately contributing to a long-term systemic impact. Each link is based on explicit causal assumptions, the validity of which determines the robustness of the whole. Applied to shareholder engagement, this framework enforces an analytical discipline that the industry has long avoided: distinguishing engagement activity from its actual effect. An investor may produce abundant outputs (meetings, letters sent, resolutions tabled, etc.) without ever generating tangible outcomes regarding the company's behaviour. By imposing this level of detail, the theory of change reveals precisely where influence is emerging or lacking, and as such forms the natural analytical framework for a method such as VOICE. For further details, see: Weiss, C.H. (1995). 'Nothing as Practical as Good Theory: Exploring Theory-Based Evaluation for Comprehensive Community Initiatives with Children and Families', in J. P. Connell, A. C. Kubisch, L. B. Schorr, & C. H. Weiss (Eds.), *New Approaches to Evaluating Community Initiatives: Concepts, Methods, and Contexts* (pp. 65–92). Washington, DC: Aspen Institute.

THE LINK BETWEEN THE ANALYTICAL FRAMEWORK AND INFLUENCE

By defining **influence** as the ability of engagement to bring about change within a company, we can connect it to the elements of the analytical framework described above and demonstrate how they contribute to generating or strengthening influence.

The capacity to influence companies (including but not limited to the reputation and credibility of the investors driving the engagement effort or the size of a coalition) contributes to forming inputs; concrete actions (meetings, letters, interventions at meetings) aimed at building a capacity for influence correspond to activities; influence then manifests itself in observable changes in the company’s priorities or responsiveness, changes that can

be attributed with a degree of confidence to these efforts, which correspond to outputs; these outputs accumulate to potentially lead to a new policy, new capital expenditure, or one or more KPIs or objectives adopted by the company; these are the outcomes. In this report, the linear presentation of the analytical framework and tools must not, therefore, obscure the iterative nature of engagement practices. The ability of engagers to influence focus companies through ESG engagement is built up over cycles of interaction. It is never definitively secured; it requires continuous work.

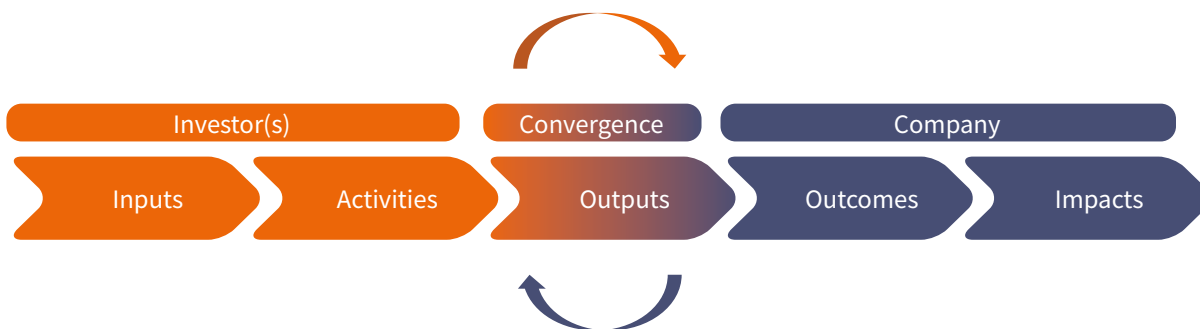
INFLUENCE AND ITS ITERATIVE AND CONVERGENT DIMENSION

Engagements that succeed in influencing companies often stem from an iterative process of convergence and mutual influence in which:

- The company adjusts its internal actions following discussions with investors.
- The engager may adjust their expectations depending on the situation and their understanding of the reality within the company.

This requires, in particular, a willingness to listen on both sides in order to understand the company, its obstacles and the investors’ expectations, as well as the ability to understand, negotiate and think creatively to find a solution to objectives that are sometimes incompatible or irreconcilable.

➔ FIGURE 4: INFLUENCE AS A PRODUCT OF ITERATION AND CONVERGENCE IN ESG ENGAGEMENT

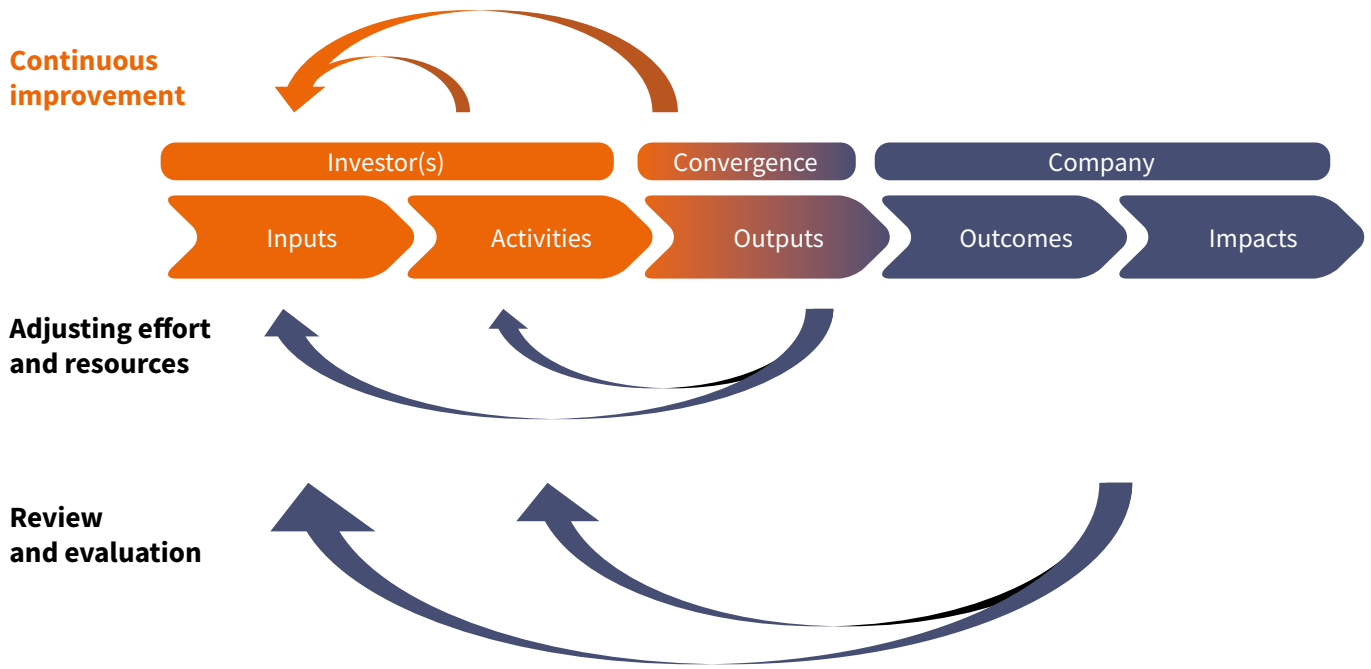


Other processes specific to engagement accentuate this iterative dimension and may play a role in its influence (Figure 5):

- adjusting the effort and/or resources allocated (upwards or downwards) based on feedback from the company;
- reviews and assessments to adjust engagement objectives (expectation-setting) if the resulting outcomes or impacts do not align with the original intent;
- continuous improvement as an internal process within the financial institution carrying out the engagement.

The framework for analyzing engagement proposed here is therefore not a “magic bullet” for bringing about change, but rather a tool for understanding how change can occur over time through the accumulation of iterations and cycles of interaction that gradually shape an investor’s influence over a company. This framework is accompanied by a set of tools designed, in particular, to facilitate the assessment of this influence.

➔ **FIGURE 5:** THE 'LOOPS' OF ADJUSTMENT, IMPROVEMENT AND EVALUATION OF ENGAGEMENT EXPECTATIONS



A TOOLKIT FOR ESG ENGAGEMENT - VOICE METHOD

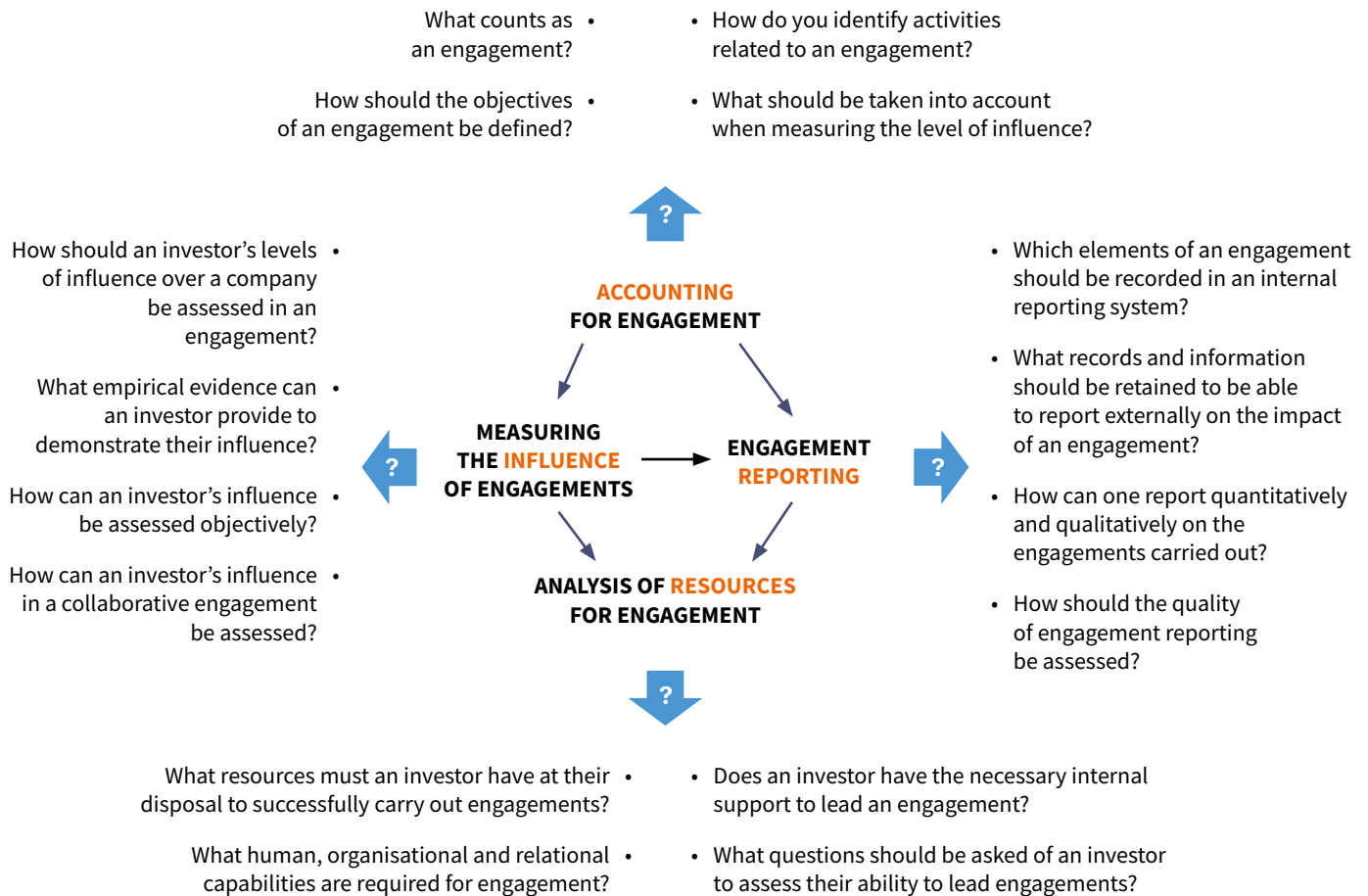
Proposing a definition and an analytical framework makes it possible to develop a set of tools designed to better assess engagements. By clarifying the definition of engagements, their identification—and therefore their accounting treatment—is made easier.

1. The first tool therefore concerns the **accounting treatment of engagements**, providing a set of concepts for counting and recording them accurately.
2. The second tool is based on the analytical framework. By specifying the elements of an engagement and how these elements interact, it enables the **assessment of their influence** and the identification of the empirical evidence required to demonstrate them to third parties, once these engagements have been accounted for.

3. The tool for assessing the influence of engagements, combined with engagement accounting, enables the third tool: more accurate and convincing internal and external **reporting on engagement**.
4. Finally, by clarifying how to measure the influence of engagements and facilitating their reporting, we can analyse **the resources** required to implement influential engagements. This is the purpose of the fourth tool.

Figure 6 clarifies the relationships between these tools whilst indicating the questions they help to answer.

➔ **FIGURE 6: IDENTIFYING THE RIGHT TOOL FOR YOUR QUESTIONS ABOUT ENGAGEMENT**



1. ESG ENGAGEMENT ACCOUNTING TOOL

As previously mentioned, it is important to establish a common framework for accounting for engagement in order to best measure the influence that engagers can have on companies through this activity and to assess it in a standardised and comparable manner.

Four concepts form the basis of a standardised accounting framework for engagement:

- A **company** is the legal entity that is the subject of the engagement.
- An **engagement** is considered to have been initiated, i.e. counted as '1', according to the accounting definition proposed above, when three criteria are met: (a) a formal request for change made to the company through setting one or more objectives, (b) this request is substantiated, and (c) it mentions an explicit expectation of interaction with the company on the subject.
- An **objective** is a projection of a desired future state of the engaged company. It is used to guide the company's actions and enable the assessment of engagement progress through the achievement of a result. An objective may be associated with a deadline for its achievement. The report presents below a typology of objectives consistent with the definition of engagement adopted, then examines the factors to be

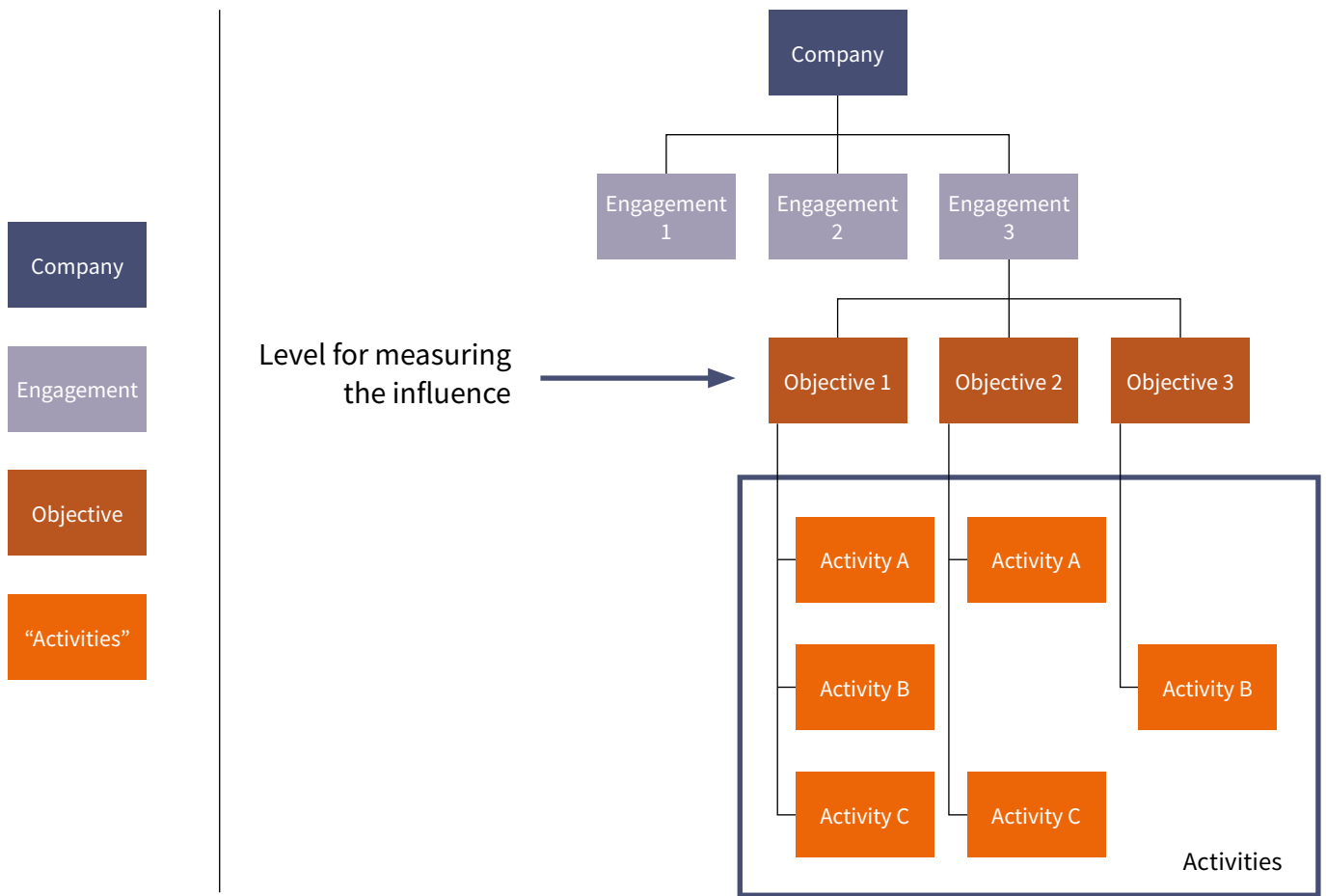
considered when assessing the extent to which they have been achieved (**measurement of influence**).

- An **activity**, as defined within the proposed analytical framework (**Figure 2**), corresponds to an action undertaken by the investor through their interactions with the company. Activities may include (but are not limited to): emails, in-person or virtual meetings, ongoing exchanges, official letters, filing shareholder resolutions, interventions at general meetings, or litigation.

A company may be the subject of one or more engagements. An engagement may comprise one or more objectives. An objective may be the subject of one or more activities. An activity may be associated with one or more objectives. **Figure 7** illustrates this hierarchy of the four proposed concepts and their relationships. These concepts are used to develop tools for assessing the influence of engagement and for reporting on engagement.

As shown in **Figure 7**, **influence is measured at objective level**. Since an engagement may comprise several objectives, each with varying degrees of achievement, it seems preferable to measure influence at the objective level (**see: section on influence**). The assessment of influence is carried out once the objective has been closed. It is also at the objective level that reporting accounting

➔ **FIGURE 7: FOUR CONCEPTS FOR ACCOUNTING ENGAGEMENTS**



will take place, regardless of the number of interactions during a given year (see: [section on reporting](#)).

The classification and assessment of target achievement are therefore essential for the accounting and reporting of ESG engagements. The study distinguishes between three types of engagement objectives:

- **transparency objectives**, i.e. requests for the publication of raw data;
- **operational performance objectives**, i.e. calls for a change in the company’s operational behaviour;

- **the strategic development objective**, when - to the extent permitted by applicable corporate governance frameworks and legislation - the engagement relates to elements of the strategy on sustainability issues, which may include elements of its governance (encouraging the creation of a climate strategy oversight mechanism or the definition of a climate strategy, for example)

The table ‘[ESG Pillars and Typology of Objectives](#)’ in [Annex 2](#) presents an example of an objective by type and by ESG pillar.

Achievement of the objective must be verifiable by means of a quantitative and/or qualitative indicator that is factual and objective.

2. TOOL FOR ASSESSING THE INFLUENCE OF ESG ENGAGEMENT

The ESG engagement influence assessment tool is designed to help asset owners and investment managers measure, objectify, produce empirical evidence of and/or report on the influence they may have had on companies in relation to ESG issues. As a reminder, **influence is measured at the level of objectives**. Starting from the objective, five levels of influence are defined. These are assessed when **the objective is closed** (whether or not the objective has been achieved), based on activities, outputs and outcomes.

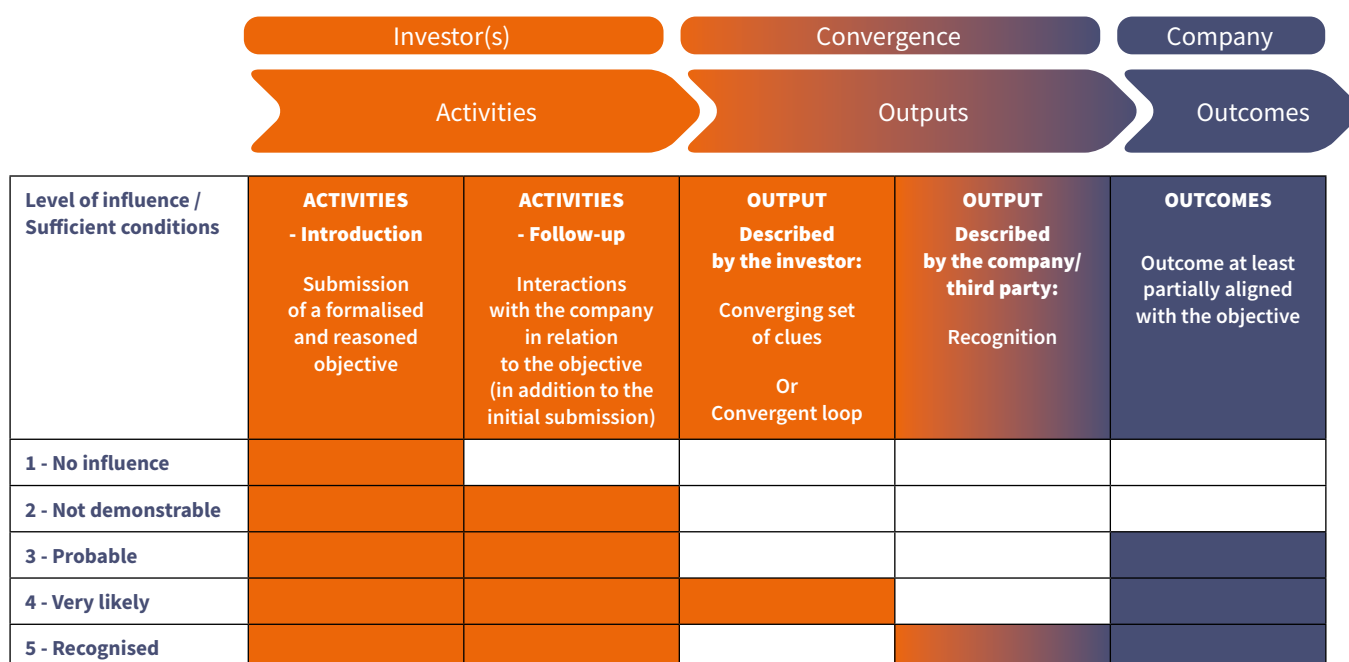
If the engager observes that the set objective has been partially or fully achieved, it is legitimate for them to assess their influence. To this end, this report therefore proposes five levels of influence, based on **a set of specific conditions** required to substantiate a given level of influence. It is a step-by-step scale: to move to the next level, the preceding level is required.

- 1. No influence:** sending a formalised objective along with a rationale initiates an engagement This is an **initiation activity**. However, it does not allow one to claim any influence. Without specific follow-up and without an outcome, there is ‘no influence’.
- 2. Undemonstrable influence:** if a **follow-up activity** related to the objective follows the initiation, the engager may claim ‘undemonstrable influence’.
- 3. Probable influence:** once the company has implemented a change that corresponds to the objective, with an **outcome** that is at least partially aligned with the objective and within a timeframe consistent with that of the engagement, the engager can claim ‘probable influence’.

- 4. Highly probable influence:** when the investor can describe **a set of converging clues** or a series of interactions that have produced **outputs (convergent loop)**, they may claim ‘highly probable influence’.
- 5. Recognised influence:** When a company acknowledges, privately or publicly, the added value of one or more investors’ engagement in terms of **output**, they may claim “recognised influence”, the most compelling expression of influence.

Figure 8 summarises the conditions required to achieve each level of influence.

FIGURE 8: INFLUENCE ANALYSIS GRID



It is worth recalling the importance of the concept of **output** in the notion of influence. It is in this result that the notion of influence is realised¹⁰. The concept of **output** does not feature in influence levels 1 to 3 because, even though influence is presumed at level 3, it has not been observed or demonstrated. However, **to achieve ‘highly probable influence’ (level 4) or ‘recognised influence’ (level 5), the investor must describe how their activities have influenced their counterparts within the company.**

- Output described based on investor accounts:**
 - The description will need to present a **body of converging evidence** indicating a high probability of influence or
 - The description will attest of observed influence - reciprocal or only from the company to the investor - by describing a **convergent loop** (see Figure 13)
- Output described based on company feedback:** the investor may justify recognised influence if the company acknowledges such influence.

Illustrating the **elements required to demonstrate the presence of each of the five levels of influence** helps to understand how their structure is based on the concepts of the proposed analytical framework. These **levels are useful if the company has progressed in relation to the objectives set.**

10 A development that would not have occurred in the absence of the investor’s intervention.

Given current engagement practices, levels 4 and 5 still account for only a minority of engagement cases. Regarding outcomes, levels 3 to 5 involve engagements with outcomes, with a greater or lesser likelihood of influencing the outcome.

Level 1: No influence

Sending a formalised objective along with a rationale initiates an engagement. This is an **initiation activity**. However, this does not allow one to claim any influence if there is no further interaction

after the initiation and there is no outcome. Upon closure of the objective, it is considered that there is ‘no influence’ (Figure 9).

➔ **FIGURE 9: ENGAGEMENT WITHOUT INFLUENCE**

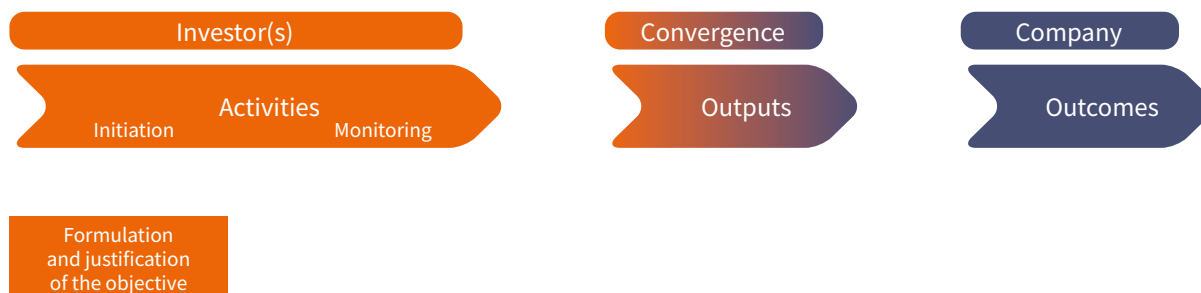


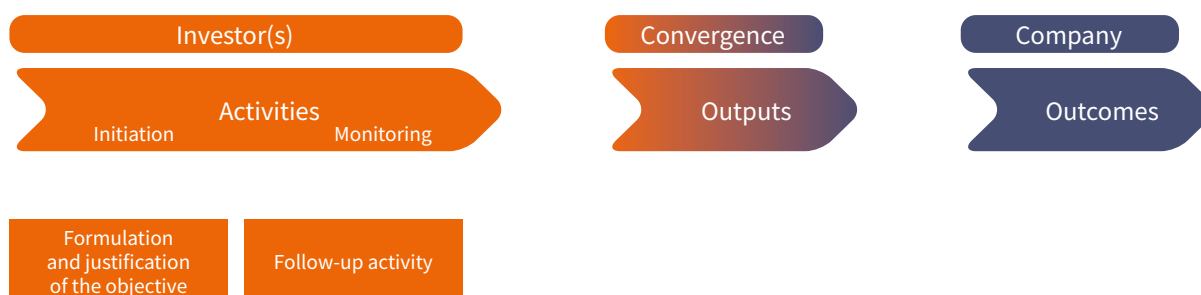
Illustration: Following the closure of the objective, the investor can demonstrate that they sent an email to the investor relations team meeting the necessary conditions to consider the engagement as initiated. In accordance with the accounting definition of engagement, this email must include a formalised request for change addressed to the company, comprising one or more objectives, which is substantiated and contains an explicit expectation of interaction with the company on the matter.

Level 2: Non-demonstrable influence

Upon closure of the objective, one or several **follow-up activities related to the objective have taken place after initiation, but**

without an outcome, allows for a claim of ‘non-demonstrable influence’ (Figure 10).

➔ **FIGURE 10: ENGAGEMENT WITH NO DEMONSTRABLE INFLUENCE**



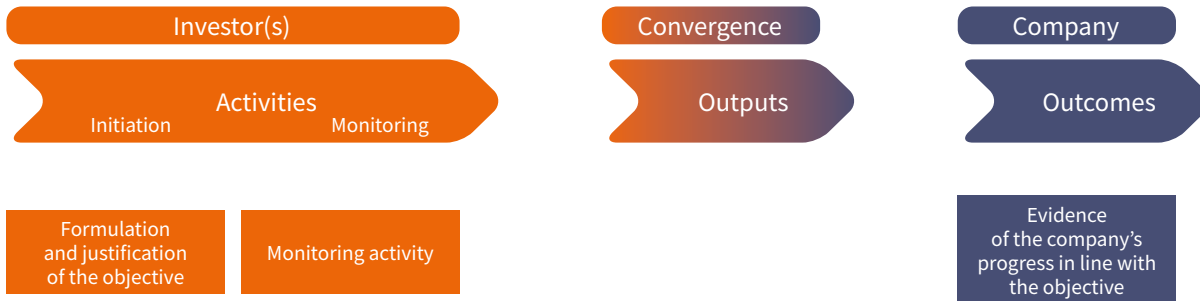
Example: Upon closure of the objective, the engager can demonstrate that, after the first email sent to investor relations contacts, one or more exchanges (via video conferences or meetings) were organised between the investor relations team and the investor. In the case of ‘undemonstrable influence’, the company has made progress in its thinking regarding the objective. There is no outcome.

Level 3: Probable influence

Upon closure of the objective, as long as the company has implemented, within a timeframe consistent with that of the engagement, a change (outcome) that corresponds at least in part

to the objective, the investor may claim “probable influence”, as shown in [Figure 11](#).

FIGURE 11: ENGAGEMENT WITH PROBABLE INFLUENCE



Example 1: Upon closure of the objective, the engager can demonstrate that there is a degree of correspondence between the objective set for the company and the progress made: the investor requested the establishment of an ESG committee within the board of directors, and this corresponds to the evolution of the board’s ‘strategy’ committee into a ‘strategy and ESG’ committee .

Example 2: An engager sends a letter to a national oil company based in South America, asking it to join the OGMP 2.0 initiative and providing justification for the request (initiation activities). A meeting is organized with the company during which the engager can express and justify their expectations (follow-up activities). The company takes note of the expectations and arguments. Fifteen months later, the engager learns from the press that the company has joined the initiative (aligned outcome).

Level 4: Very likely influence

Level 4A – Converging clues(CC)

We define a **cluster of converging clues** as:

A set of clues which, through their convergence and timing, demonstrate influence. The clues are then considered as evidence whose observation and convergence suggest the existence of the influence in question. The clues can relate to activities, outcomes and (particularly) outputs¹².

To claim a ‘highly probable influence’ using a set of converging clues, the investor must describe, in an engagement case study, the elements presented in [Appendix 3](#), which are positioned within the analytical framework as shown in [Figure 12](#).

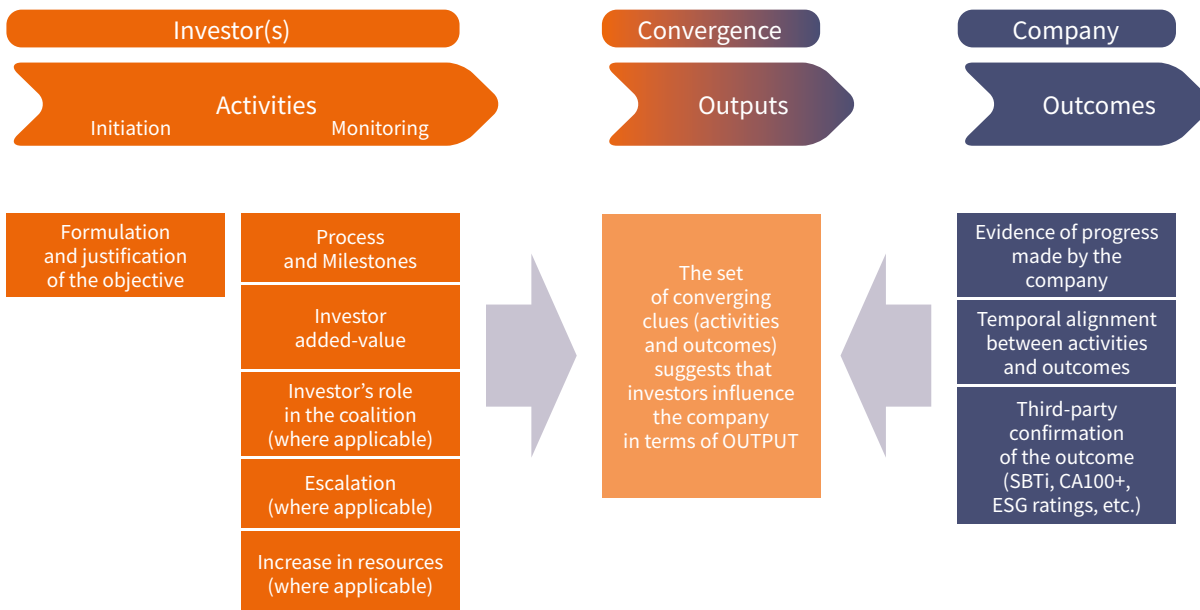
Example 1: As the leader of a coalition, over the past two years, the engager has met with the company on several occasions with various representatives at different levels of the organisation. The subject concerned a controversy relating to harassment. The engager was able to provide added value (methodology, benchmarking, best practices) to the company. A letter was sent to the board of directors supporting the investor group’s expectations. The company implemented the expected change after two years (timing alignment). The company’s ESG rating improved in the sub-theme associated with the objective (confirmation of the outcome).

12 The concept of a ‘Set of clues’ has its roots in legal tradition, where it refers to the reasoning by which a judge reconstructs the truth from indirect evidence, the coherent accumulation of which is sufficient to establish a conviction. It was the historian Carlo Ginzburg who provided the most rigorous formulation of this concept in ‘Traces: Roots’ ‘an indexical paradigm’ (1979): a mode of knowledge based on the interpretation of specific details in order to reconstruct a reality that has never been directly observable.

Example 2: An investor contacts a company’s investor relations team by email with the aim of strengthening the independence of the Board of Directors and establishing independent committees. This leads to a 30-minute online discussion with investor relations during which the engager explains their voting policy on the subject. Subsequently, the company proactively approaches the **engager** to arrange a one-hour discussion with the Chairman of the Board. The following year, the company announces the creation of an independent Nomination and Remuneration Committee.

In this example, the engager has indirectly witnessed the company’s evolution, through changes in both the framework of the dialogue (format and duration) and the stakeholders involved.

FIGURE 12: ENGAGEMENT WITH A VERY LIKELY INFLUENCE DUE TO A BODY OF CONVERGING CLUES



Difference between the converging clues and the convergent loop

In the examples mentioned above, as the engager has not directly witnessed the company’s internal developments, they can only describe a ‘cluster of converging clues’ that suggests the influence of investors on the achievement of the objective. This is the main

difference from the convergent loop described below, in which the investor directly witnesses the resolution of a situation that was preventing the company from moving forward and enables a shift in the company’s thinking and positions.

Level 4B – Convergent loop

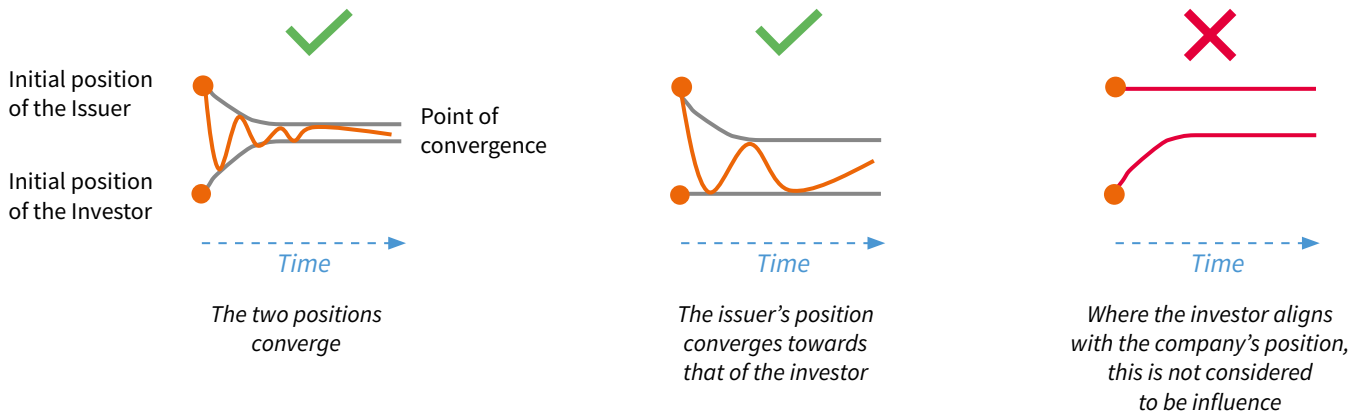
Given the iterative and convergent nature of influence, **a convergent loop is a set of one or more connected activities that form a closed cycle**, all working toward a specific objective and leading to a conclusion that the objective has been met or aligned. **These convergent loops are illustrated in Figure 13.**

aligned with the investor’s demands and the company’s reality. A shared objective is then achieved. This is a **convergent loop**.

NB: It may be that the company’s position has converged with the engager’s position without the latter having changed.

Through reciprocal influence at the output level, the investor’s objective and the company’s position have converged; the engager has been both a witness to and a participant in this convergence; the obstacle preventing the company’s development has been removed; or the outcome is moving towards a new objective more

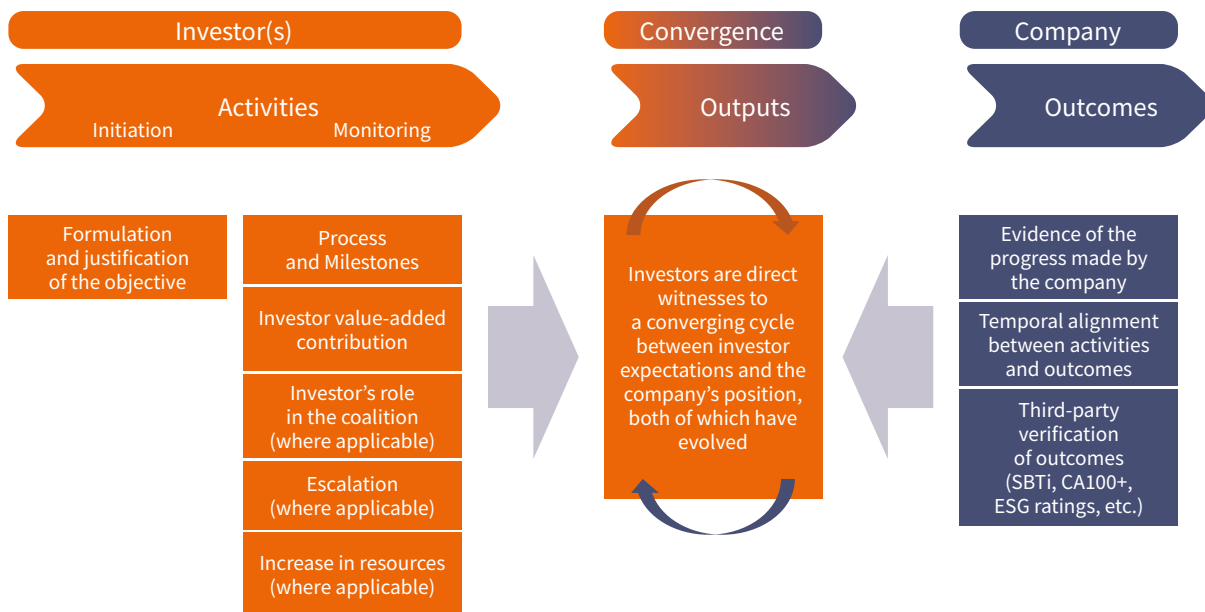
FIGURE 13: TYPES OF CONVERGENT LOOPS: CHANGES IN THE POSITIONS OF INVESTORS AND COMPANIES



The convergent loop reflects the change observed during discussions with the company. We are therefore at the output level.

To qualify a 'highly probable influence' using a convergent loop, the engager must describe the elements presented in [Appendix 3](#) in line with the analytical framework as shown in [Figure 14](#):

FIGURE 14: ENGAGEMENT WITH A VERY LIKELY INFLUENCE DUE TO A CONVERGENT LOOP



Example: A company approached regarding its plan to close its coal-fired power stations refused to engage in any dialogue on the matter. Recognising the significant social implications involved (the company was based in a country where several million people depend on coal and where trade unions are very powerful), the engager was open to finding further evidence of the company's willingness to embrace a transition strategy. For its part, the company was keen to demonstrate its commitment to moving forward within these parameters. The solution reached after several hours of discussion was for the company to communicate its CO₂ emissions trajectory taking into account the future closure of power stations but without providing a detailed plan for each individual plant, in order to allow the company time to define this in consultation with the social partners.

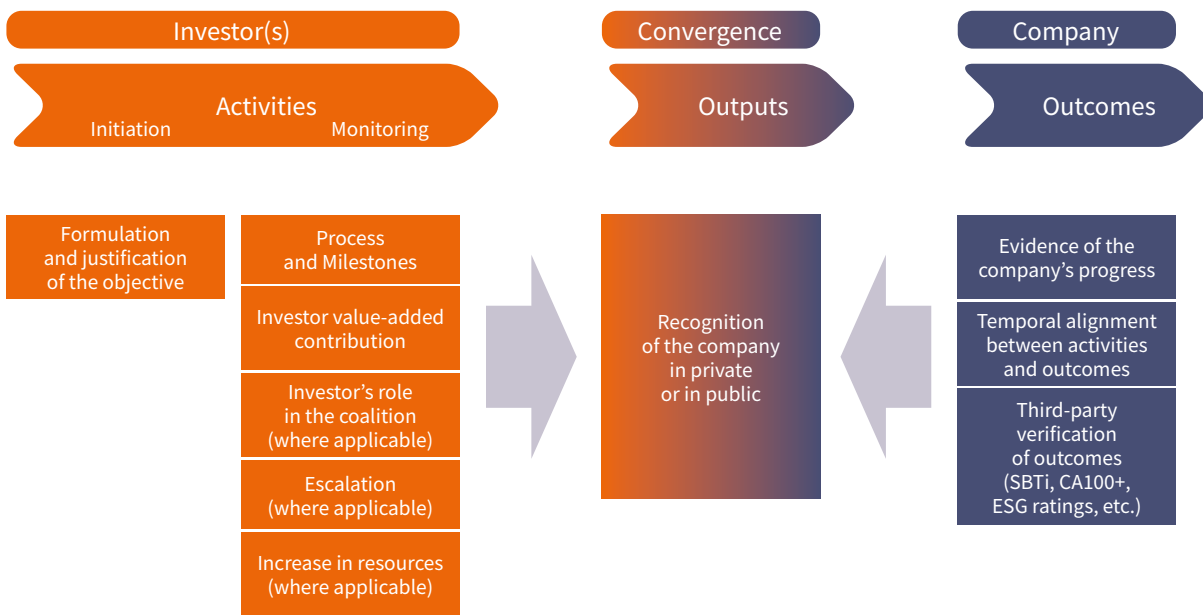
In this example, the engager witnessed the evolution of the company's position and played a direct role in shaping its thinking by removing the obstacles that were hindering progress.

Level 5: Recognised influence

This refers to a private document (email) or public document (joint statement, quote from a public document, public acknowledgement at the AGM) issued by the company and recognising the added value of engagement by the investor or coalition of investors. A joint declaration may take place after the withdrawal of a resolution.

To claim ‘recognised influence’ based on the company’s own admission, this recognition must correspond to the elements outlined in [Annex 3](#), consistent with the analytical framework as shown in [Figure 15](#).

FIGURE 15: ENGAGEMENT WITH RECOGNISED INFLUENCE



Example 1: A group of investors engaged a heat-producing company on its climate transition plan from 2022 onwards. The final plan, published in February 2025, incorporated more granular information on emissions by activity, increased transparency regarding the emissions reduction strategy and, ultimately, a validation of the science-based targets. In June 2025, this company and the group of investors published a joint statement explicitly acknowledging the role of investor dialogue in improving the clarity and robustness of the plan.

Example 2: A coalition of investors aims for a company to join an industry initiative. After a series of meetings, the company realises the value of this initiative and sends the following message:

Dear [engagers]

Thank you for your kind note; I am truly grateful.

I sincerely appreciate that you considered [the company] and took the initiative to facilitate the discussion regarding [the initiative].

Thanks to your efforts, a broader range of opportunities has now opened up for [the company] in terms of collaboration and progress towards our emissions-reduction goals, as we continue to assess pathways that support our climate work and [initiative]-related considerations.

All the best,

[Head of Investor Relations]

The message can be put into context and serve as evidence of the added value provided by the investor coalition.

Summary

Figure 16 summarises the elements required to claim each of the five levels of influence.

FIGURE 16: SUMMARY OF THE LEVELS OF INFLUENCE

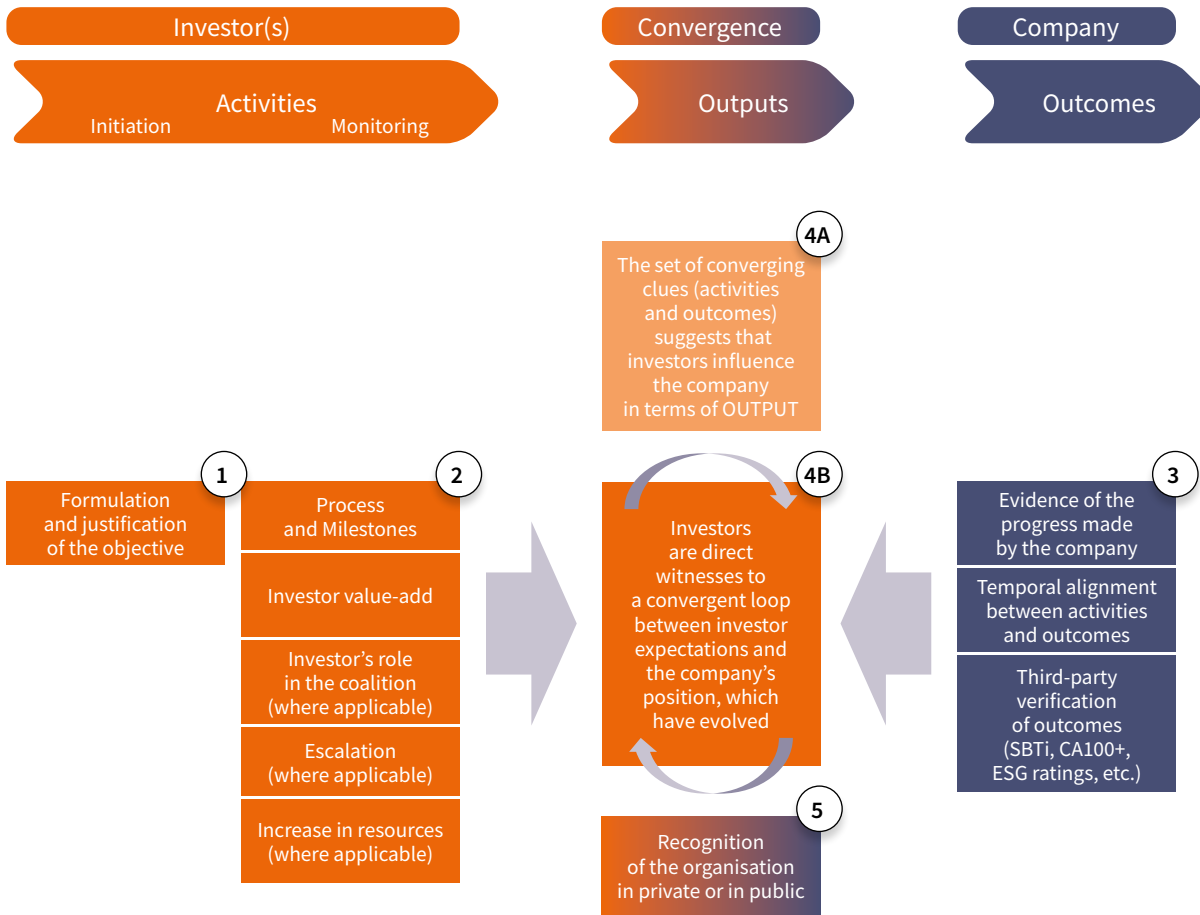


Table 1 summarises the elements required to claim a level 4 or 5 influence.

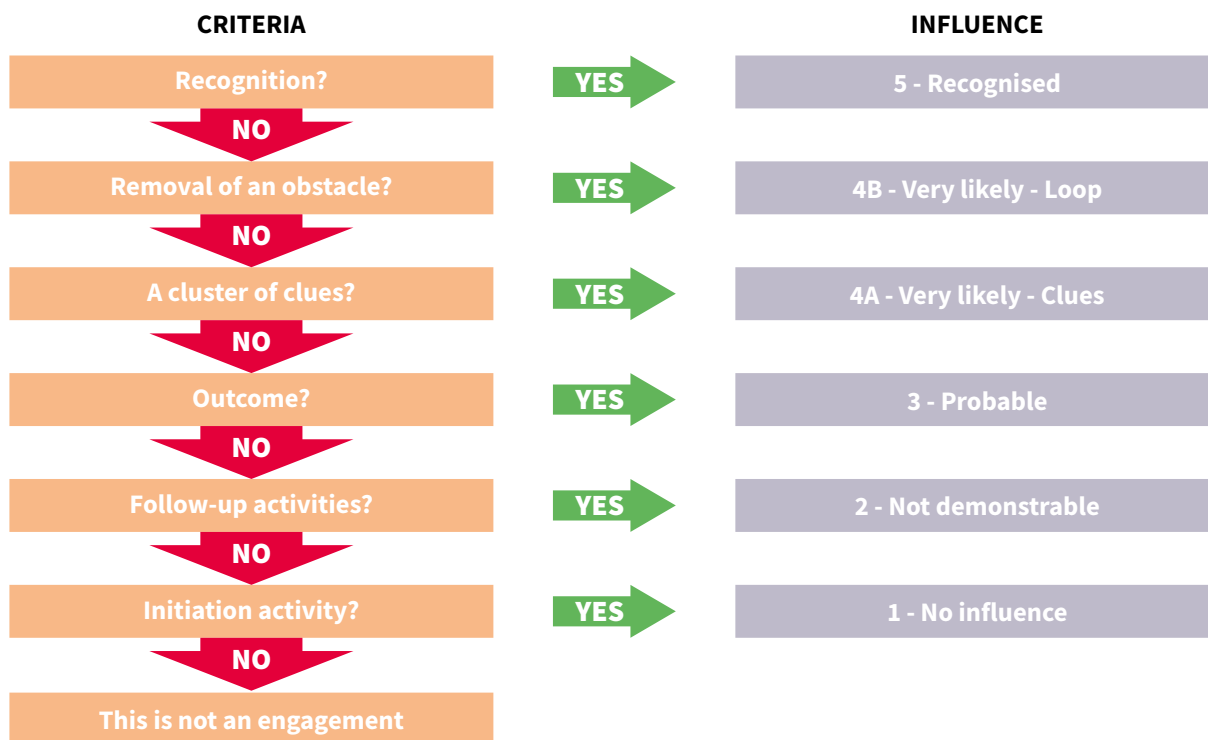
TABLE 1: SUMMARY OF THE REQUIRED ELEMENTS FOR DESCRIBING LEVEL 4 OR 5 INFLUENCE

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

Appendix 3, 'Description of elements required to measure influence levels 4 and 5', details the measurement elements which are common to the convergence of evidence, the convergent loop and recognition by the company.

The diagram (Figure 17) below shows a decision tree for determining the level of influence.

FIGURE 17: DECISION TREE FOR ASSESSING THE LEVEL OF INFLUENCE



As mentioned in the description of the elements required to demonstrate influence, this will depend in particular on the role of the engager within collaborative engagements.

Nature of the engagement and role within collaborative engagements

In order to determine the level of influence of the engager, it is important to understand their role within an investor coalition. It is therefore important to classify the nature of the engagement (individual or collaborative) and to specify the various possible roles within collaborative engagements/investor coalitions. The distinction between these roles depends on the activities carried out by the engager. This avoids relying solely on the terms used within collaborative engagements/investor coalitions, which are likely to vary.

- Bilateral / Individual / Direct Engagement: an investor carries out an engagement with a company on their own
- Collaborative engagements: several investors collaboratively carry out the same engagement
 - **Lead, Co-lead or equivalent:** The engager leads engagement activities with the company, prepares interactions by setting the agenda, and ensures monitoring and reporting against the set objectives. They invest more resources than supporting members.

- **Active supporter:** The engager is involved in engagement activities with the company and support the objectives championed by the coalition. They may contribute to research aimed at preparing activities and participate in defining the engagement objectives or their evolution over time.
- **Passive supporter, signatory:** The investor endorses the coalition's general principles and objectives but does not participate in engagement activities with the company, or, alternatively, the investor plays no active role. (Example: a signatory to Climate Action 100+ , not involved in a group engaging with a company).

Within coalitions, signatory or passively supporting investors cannot claim to have level 4 (highly likely) or level 5 (recognised) influence. This is because, compared to leads, co-leads or equivalent, as well as active supporters, the level of value they add does not entitle them to claim this level of influence.

Validation by the investment manager's internal governance body

It is good practice to propose that the investment manager's internal governance body validate the reported levels of influence, particularly for levels 4 and 5.

3. ESG ENGAGEMENT REPORTING TOOL

Reporting incorporating the assessment of influence

The working group proposes a standardised reporting methodology to account for the engagement activities carried out by investment managers. This standardised reporting methodology incorporates the elements previously outlined regarding the effectiveness and influence of engagement, which are crucial to approach the measurement of the specific contribution of engagement where it comes to changing corporate practices.

As previously mentioned, assessing the effectiveness and influence of engagement activities is a complex and multi-faceted process. The proposed method enables this process to be broken down and analysed with greater precision. **The evaluation is the responsibility of the engager.** It is their role to apply the methodologies made available by the French SIF (FIR) in this report in order to ensure the greatest possible transparency of this evaluation. A degree of subjectivity remains inevitable, however. This is why it is requested to draw on a range of qualitative and quantitative factors — for example, the number of activities, the existence of a body of converging evidence, as well as the analysis of outputs and iterative improvement loops (convergent loops). **These form the basis for assessing the level of influence achieved.**

This method is freely available, with users expected to follow the recommendations governing its use (definitions, accounting rules, elements required to qualify a level of achievement, etc.). The definitions and grids may not be modified or adapted. The use of this method also requires users to explicitly state: “Reporting carried out in accordance with the FIR– engagement assessment method **VOICE**¹³”. As this framework is declaratory in nature, it will be essential for asset owners to actively engage management companies regarding the demonstration of engagements classified as successful, particularly when an investor involved in an engagement claims a high level of influence.

This framework offers several benefits:

- **For asset owners:** to have an overview of the engagement activities carried out as part of their mandates, based on a standardised and widely recognised methodology, enabling them to assess the effectiveness of these initiatives. This framework also provides asset owners with a tool for comparing the effectiveness and influence of investment managers during new tender processes or for monitoring their asset management companies (dedicated funds, open-ended funds).
- **For investment managers:** to rely on a single reporting framework for asset owners, reducing the proliferation of formats and generating significant time savings.

To encourage wider adoption of the concepts and tools in this report, the asset owners and investment managers in the working group encourage:

- **asset owners** to ask the investment managers to which they have delegated mandates (and, where applicable, for the dedicated funds or open-ended funds they hold) for engagement reporting aligned with this framework;
- **investment managers** to be able to produce, for the relevant mandates and funds, reporting aligned with this framework for asset owners.

The authors of the report encourage the implementation of this framework in engagement reports covering financial years from 2027 onwards and, where possible, from 2026.

This framework will be reviewed in light of the feedback the working group is able to gather.

13 VOICE means *Valuation of Influence in Corporate Engagement*.

➔ **TABLE 2: CATEGORIES OF THE REPORTING TOOL**

ACCOUNTING CATEGORY	ATTRIBUTES (COLUMNS IN THE EXCEL FILE)	OPTIONS (IN EACH CORRESPONDING CELL)
Issuer	Company name	Legal name
Engagement <i>(see accounting criteria for defining an engagement in the accounting section)</i>	ESG theme of the engagement	Multiple selections possible: <ul style="list-style-type: none"> • 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 <i>(see relevant section in the 'Influence' section)</i>	Bilateral/Direct/Individual Collaborative <ul style="list-style-type: none"> • Lead, Co-Lead, Equivalent • Active support • Passive support, Signatory
Objective <i>(see accounting definition of an objective)</i>	Description of the objective	Free text
	Type <i>(see accounting section)</i>	<ul style="list-style-type: none"> • Transparency • Operational • Strategy
	Company's receptiveness to the objective	<ul style="list-style-type: none"> • Very good • Good • Neutral • Insufficient • Refusal/Blockage
	Escalation(s) action(s) taken	Yes/No – Brief description where applicable
	Status of the objective	<ul style="list-style-type: none"> • 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)	<ul style="list-style-type: none"> • Deterioration • Objective not achieved • Objective partially achieved • Objective achieved • Objective abandoned
Activities <i>(see accounting definition of an activity)</i>	Number of activities linked to an objective	Number of activities
If objective closed	Objective closure date	Date DD/MM/YYYY
If objective closed	Outcome	Brief description of the outcome(s)
	Influence <i>(see Influence section)</i>	<ul style="list-style-type: none"> • No influence • Not demonstrable • Probable • Very likely • Recognised
	Evidence of influence <i>(see 'Influence' section)</i>	<ul style="list-style-type: none"> • 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

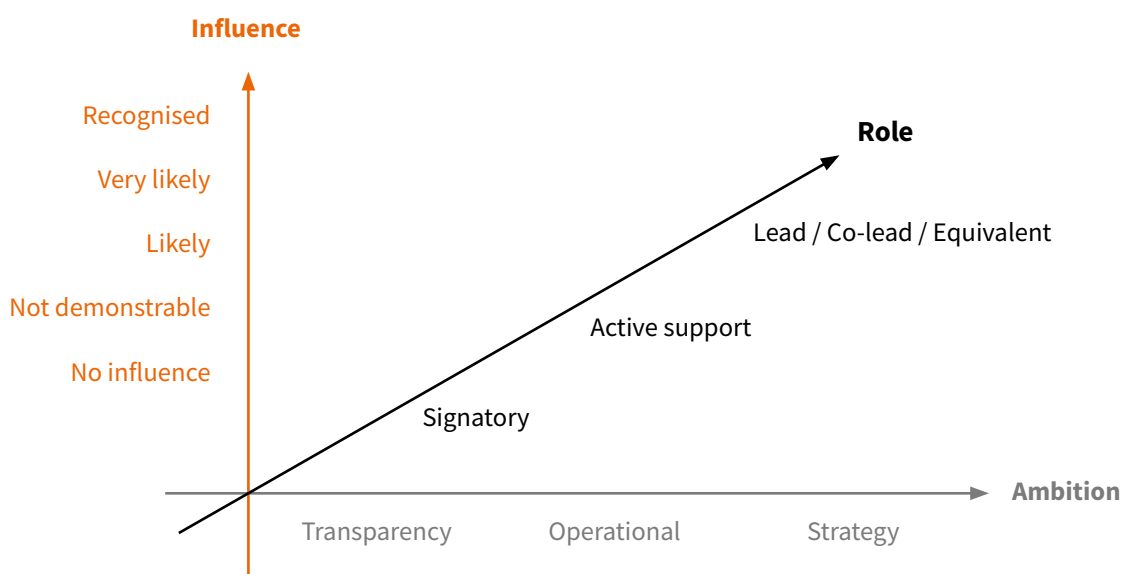
ENGAGEMENT THEMES (FIR classification ¹⁴)	
→	Climate Mitigation & Paris Alignment
→	Climate Adaptation & Resilience
→	Natural Capital, Land Use & Biodiversity Preservation
→	Resources Management: Waste & Circular Economy
→	Pollution: Air, water & land
→	Human Capital Management
→	Human Rights and Fundamental Rights
→	Consumer Protection, Product Responsibility & Access
→	Digital Responsibility, Social Impact of Technology and AI
→	Communities & stakeholder relations
→	Governance Structure, Board Effectiveness & Executive Remuneration
→	Business Ethics, Corporate Conduct, Anti-corruption, Audit
→	Tax & Accounting Practices
→	Shareholder rights
→	Other

Engagement levels overview grid

When carrying out an overall assessment of an engager, for example during a tender process, it is useful to group their completed engagements by category. This provides a clear and compre-

hensive overview of the work they have carried out. Among the elements identified previously, three key criteria, linked to objectives, stand out when assessing the level of effort and results:

➔ **FIGURE 18: CATEGORISATION OF ENGAGEMENTS ACCORDING TO LEVELS OF INFLUENCE, ROLE AND AMBITION**



14 Based on a review of several existing categorisations such as Bloomberg, ESRS/CSRD, SASB or also internal investor managers classification.

- **the ambition of the objective** (strategic / operational / transparency);
- **the influence** (recognised / very likely / likely / not demonstrable / no influence);
- **the role of the engager** (bilateral engagement or, if collaborative: lead, co-lead or equivalent / active support / passive support).

Engagements can therefore be categorised as follows:

- **transformational engagements**, characterised by high ambition, high influence and high involvement;
- **contributory engagements**, where one of these three criteria is weaker but not zero;
- **signal engagements**, where two of the three criteria are weaker but not zero.

An example of detailed categories and visual representation is provided in [Appendix 5](#).

Every different category of engagement is considered to be important and should be valued. Asset owners do not expect an engager to undertake only transformative engagements: these are only relevant for issues considered to be major and when numerous conditions are met ([Appendix 5](#)). Furthermore, transformative engagements require significant resources (time, expertise, etc.) on the part of both the engager and the company; they therefore do not represent the majority of engagements. Furthermore, to overcome a barrier to change, it is often necessary for other similar requests – which further evidences materiality – to have already been submitted to the company. **Thus, a transformative engagement is sometimes only achievable after several signal or contributory engagements have previously been undertaken by other investors.**

Rather than judging the level of engagements, these categories therefore help to recognise the efforts made and the results achieved – that is, the effectiveness of the engagements undertaken – in a simple and aggregated manner so as to make these elements comparable.

4. RESOURCE ASSESSMENT TOOL FOR ESG ENGAGEMENT

In the diagram presented at the start of this report ([Figure 2](#)), ‘inputs’ refer to the resources that investors must have at their disposal to initiate and effectively carry out their ESG engagement activities and, in so doing, maximise their capacity for influence. Indeed, **conducting structured and credible ESG engagement relies on the mobilisation of resources by both the engagers**

and the focus companies. Our analysis adopts the investors’ perspective and therefore focuses on the engager’s mobilisation of three broad categories of mutually reinforcing resources: resources linked to the engager’s exposure to the company; internal resources specific to the engager’s organisation; and resources linked to the specific circumstances of each engagement.

Resources linked to the investor’s exposure

The legitimacy and effectiveness of the engagement rest primarily on the investor’s mandate and the nature of their exposure in the company’s capital. Shareholder status confers specific rights – voting rights, the right to file resolutions, and effective participation in assembly general meetings – which constitute formal levers of influence. The possibility of resorting to divestment or conditional additional investment strengthens the investor voice. It is also important to carefully analyse any

potential conflicts of interest that could affect the independence of the approach.

Participation in collaborative engagement initiatives is, moreover, a resource in its own right. The role played within these initiatives can impact the ability to influence corporate practices in a coordinated and amplified manner.

Internal resources: strategic alignment and human capital

The effectiveness of engagement depends crucially on internal strategic alignment between responsible management and the conduct of engagement activities. This implies that engagement must be driven by the interests of clients (including in relation to labels, formalised mandate objectives, etc.) and/or regulatory requirements, rather than by purely commercial considerations.

whether internal—such as alerts from ESG research—or external—such as the identification of an opportunity for collective engagement—must also be clearly identified.

This alignment must be reflected in a **documented ESG policy and engagement strategy**, with the explicit support of the investor’s senior management and portfolio managers. The existence of clear escalation procedures in the event of an unsatisfactory response from the company, as well as the direct involvement of portfolio managers, are essential structural elements for the credibility of the engagement. The motivations and triggers for engagement,

In terms of human resources, the expertise and experience of dedicated teams are essential: **staff seniority and expertise, sector-specific know-how, cultural sensitivity, and ongoing training.** These teams must also have adequate operational resources: suitable software tools, a dedicated budget, and access to specialist ESG data providers and high-quality external research. Finally, it is through the accumulation of engagement experience that greater access to companies and a level of mutual trust gradually develop, amplifying the impact of interactions over time.

Resources specific to the situation

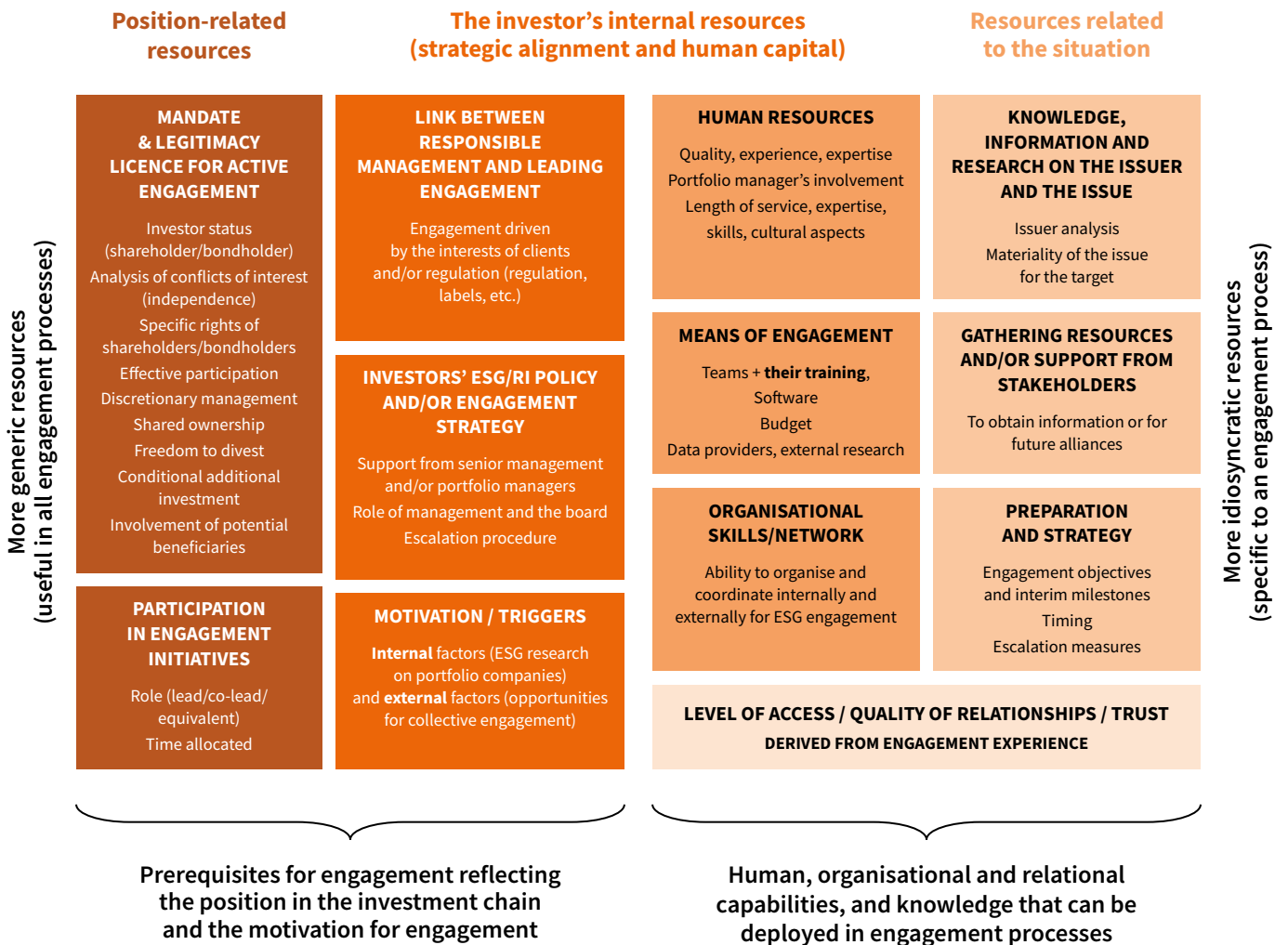
For each engagement, **the investor must mobilise resources specific to the situation and the type of engagement pursued** (signal, contributory or transformative engagement). These resources largely take the form of time allocated to the engagement, ranging from in-depth knowledge of the company and the materiality of the targeted ESG issue, to gathering information from other stakeholders, fellow investors, civil society organisations and sector experts, with a view to enriching the analysis or building alliances for collective engagement.

Finally, the effectiveness of engagement relies on rigorous preparation and a clearly defined strategy established in advance: precise and measurable objectives, interim milestones to assess progress, a realistic timeframe, and pre-planned escalation measures in the absence of sufficient progress on the part of the company.

Figure 19 below summarises and integrates the various blocks corresponding to the key resources of engagement. These resources are the inputs introduced at the outset and used within the framework of activities producing outputs, the accumulation of which generates outcomes.

The section in Appendix 6 proposes categories of questions that asset owners can use to assess the quality and quantity of resources available to investment managers. Similarly, these investment managers can use this list of questions to structure their communication regarding their resources.

➔ **FIGURE 19: CLASSIFICATION OF RESOURCES FOR ESG ENGAGEMENT**



CONCLUSION – CONTRIBUTIONS, LIMITS AND PERSPECTIVES

Whilst academic and managerial literature suggests that engagement practices have significant potential to drive change in corporate behaviour regarding sustainable development, **the impact of engagement remains limited today due to the lack of a clear definition of this practice and the difficulty in measuring its influence on companies.** These two challenges limit the ability of investment managers to demonstrate the effectiveness of engagements and that of asset owners to appreciate their quality. This situation may result in insufficient resources being allocated to engagement ultimately limiting its impact on both the company and the wider world.

To address these two challenges, **this report proposes a general and accounting-based definition of engagement and its influence.** Drawing on theory of change, **it offers a framework for analysing this practice, as well as a set of tools** for accounting for engagements, assessing their influence, reporting on them, and identifying and allocating the resources necessary for their implementation.

The definition, analytical framework and tools presented in this report form **a common foundation for structuring engagement practices.** The investment managers and asset owners participating in this working group have begun to trial these tools to improve their assessment, management and reporting of engagement practices.

Each choice made to clarify the concept of engagement and make it more easily measurable involves the exclusion of certain topics in the report. These deliberate choices include:

- **the exclusion of activities meant to prepare engagements and related to voting policies**
- **the exclusion of the concept of impact from the analytical framework.** The proposed analytical framework, and the underlying theory of change, currently focus on outcomes for companies—elements that are more readily measurable and identifiable in the short to medium term—without addressing in detail the question of real-world impact. However, this work could be extended in future research and combined with studies on the impact and additionality of responsible investment practices.¹⁵
- **a focus on the perspective of investors on engagement and its implementation, without developing the viewpoint of the companies targeted.**¹⁶ Future work by FIR could explore how companies engage with and respond to engagement dynamics.

¹⁵ See [report on the impact definition](#), FIR, France Invest, 2021 and the ongoing work of the Institut de la Finance Durable on impact.

¹⁶ See for example, Jean-Pascal Gond, Niamh O’Sullivan, Rieneke Slager, Mika Homanen, Szilvia Mosonyi, and Michael Viehs, 2018, “[How ESG Engagement Creates Value for Investors and Companies](#)”, Principle for Responsible Investment, for a symmetrical presentation of the perception of value of engagements by investors and companies.

APPENDICES

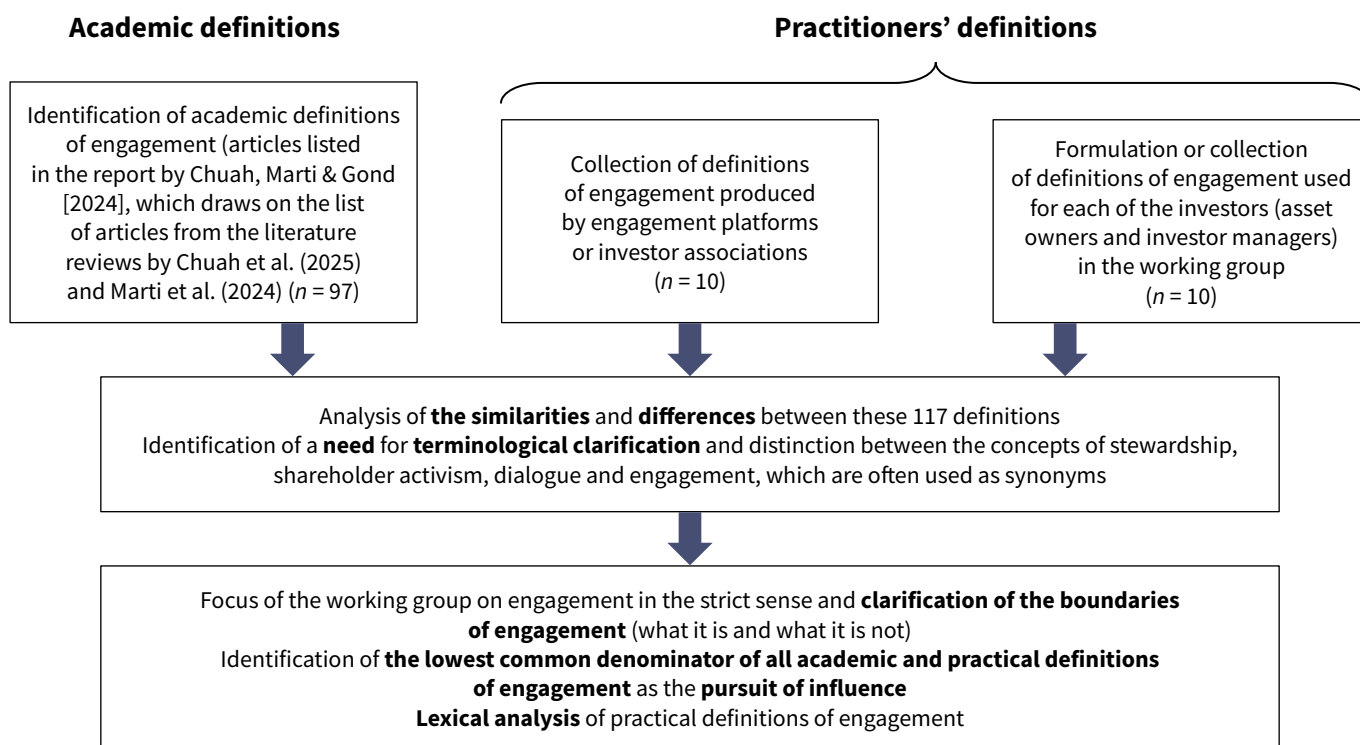
APPENDIX 1 – Review of existing definitions

The definition of engagement used in this report was established following two sessions of structured discussions by the working group. It was developed based on an analysis of academic and practical definitions of engagement, drawing on three sources:

- academic definitions of engagement, through the integration and updating of a list drawn from the two most recent literature reviews on the subject;
- definitions proposed by engagement platforms and investor associations, which shape the thinking of practitioners who define engagement (e.g. FIR, Investor Association, or UN PRI);
- definitions provided by members of the working group or other investors

In total, 107 definitions were analysed (Figure 20). The table below presents a sample of these (Table 3). A comparison of these definitions highlighted the need for clarification and specification of engagement, both academically and in practice.

➔ **FIGURE 20: ANALYSIS BASED ON THE 107 DEFINITIONS OF ENGAGEMENT IDENTIFIED**



Indeed, the concept of engagement is often confused with the more generic practice of dialogue with companies, which overlaps with it but differs in that its objectives—such as gathering information or building and disseminating knowledge—are less specific than the pursuit of influence.

There are thus differences in how engagement is defined, resulting in a shifting boundary between dialogue and engagement. It is worth noting, for example, that some stakeholders in Anglo-Saxon passive management define engagement as primarily the promotion of principles of good governance and good business practices. The engagement meetings they organise with companies enable them to ask questions and thus make better

voting decisions at general meetings. Engagement meetings are aimed more at influencing their voting decisions than at influencing the company directly. If the company is influenced, it is potentially through the indirect channel of the results of votes at general meetings.

The group also wished to distinguish engagement from the broader concept of stewardship, which encompasses shareholder engagement as well as other practices (e.g. voting policy, sectoral influence strategy). It also wished to distinguish it from terms often used as synonyms for engagement, such as shareholder activism or active shareholding, which have a more militant connotation.

An analysis of all the definitions revealed their lowest common denominator, namely the pursuit of influence. This concept is therefore central to the definition adopted. A lexical analysis of the definitions provided by engagement practitioners also highlighted the intentional and relational nature of engagement, as well as the key role of formalising objectives and distinguishing between types of engagement (e.g. transparency, operational or strategic). This interpretation aligns with the academic distinction between engagement centred on discourse (transparency engagement) and practices (operational or strategic engagement). The discussion on engagement practices

within the working group highlighted the temporal dimension of engagement and, in particular, its iterative and cyclical nature. Taking these elements into account led to the formulation of the following definition:

The practice whereby investors engage in an iterative and intentional 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 protecting and/or enhancing long-term value creation.

➔ **TABLE 3: SAMPLE DEFINITION OF ENGAGEMENT**

	SOURCES	DEFINITIONS
ACADEMIC DEFINITIONS	Ferraro & Beunza (2018)¹⁶	[shareholder engagement is defined as] the set of practices whereby shareholders try to influence corporations by communicating directly with executives, which often takes place by filing resolutions for proxy votes on environmental, social, and governance issues. (p. 1118)
	Slager et al. (2023)¹⁷	We define collaborative shareholder engagement as organised collective action by institutional investors who form ad hoc coalitions to enter into private dialogue with target firms in order to encourage improvements in firms' ESG practices. (p. 7696)
	Marquardt & Wiedman (2016)¹⁸	[Shareholder activism is defined as] the use of ownership position to actively influence company policy and practice
	Goranova & Ryan (2014)¹⁹	Shareholder activism as a corporate governance mechanism that has an "explicit intention of influencing corporations' policies and practices." (p. 1232).
DEFINITIONS BY MARKET PARTICIPANTS	UN PRI	'Interactions and dialogue conducted between an investor, or their service provider and a current or potential investee (e.g. company), or a non-issuer stakeholder (e.g. an external investment manager or policy maker) to: improving risk-adjusted returns and/or- improving practice on a sustainability and governance related-issues and/ or- making progress on sustainability outcomes and/or- improve public disclosure. In private markets, engagement also refers to investors' dialogue with management teams and/or Board of portfolio companies and/or real assets'. Stewardship refers to the use of investor rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social, and environmental assets on which their interests depend.
	FIR	The Engagement Platform, launched in 2021, leads and supports engagement activities aimed at increasing companies' consideration of ESG issues... Investors can use several levers of influence: direct dialogue with the company, public communication, questions at general meetings, voting, filing and supporting external resolutions, or even reducing or divesting their position.
	Investor Association	Stewardship is the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries.
OUR GROUP MEMBERS	Sycomore AM	Shareholder engagement involves encouraging companies to make structural improvements to their sustainability practices by identifying areas for improvement through constructive dialogue and long-term monitoring.
	BNP Paribas AM	We define engagement as the process of regular and constructive dialogue through which investors seek to influence ... issuers' governance and their sustainability practices and disclosure
	FRR	The FRR is continuing its engagement strategy with companies to encourage them to adopt best ESG practices. The FRR aims to encourage the companies in which it invests to mitigate their main negative impacts on the environment and all stakeholders. It will conduct targeted dialogue initiatives – via management companies and through collective action – to promote the application of key international, European and French standards. The priority areas are those relating to human rights, social equity, the environment in general and the climate in particular, as well as the preservation of biodiversity.

16 Ferraro, F. and Beunza, D. (2018). [Creating common ground: A communicative action model of dialogue in shareholder engagement](#). *Organization Science*, 29, 1187– 1207.

17 Slager, R., Chuah, K., Gond, J.- P., Furnari, S. and Homanen, M. (2023). [Tailor- to- target: configuring collaborative shareholder engagements on climate change](#). *Management Science*, 69(12): 7151–7882.

18 Marquardt, C. and Wiedman, C. (2016). [Can shareholder activism improve gender diversity on corporate boards?](#) *Corporate Governance: An International Review*, 24, 443– 461.

19 Goranova, M. and Ryan, L. V. (2014). [Shareholder activism: A multidisciplinary review](#). *Journal of Management*, 40, 1230– 1268.

APPENDIX 2 – ESG pillars and types of objectives

➔ **TABLE 4: EXAMPLES OF OBJECTIVES BY ESG PILLAR**

ESG PILLARS OF AN ENGAGEMENT				
		E	S	G
TYPES OF OBJECTIVES	Transparency (Data Disclosure)	Publication of environmental data e.g. CO ₂ emissions	Publication of social data e.g. staff turnover	Publication of governance data e.g. remuneration KPIs
	Operational performance (improvements on the company's operational practices: factory, supply chain, distribution)	Operational improvements related to environment e.g. reduction in CO ₂ emissions	Operational improvements related to social e.g. reduction in staff turnover	Operational improvements related to governance e.g. changes to remuneration KPIs, increased independence
	Strategic development (changes to governance bodies or governance elements)	Establishment of a climate strategy oversight mechanism	Creation of a supply chain oversight mechanism	Separation of powers: CEO Creation of the role of lead director
	Strategic development (changes to elements related to sustainable strategy)	Definition of a climate strategy	Definition of a social policy / supply chain	Changes to the composition of the board of directors to reflect strategic changes (skills matrix)

APPENDIX 3 – Description of elements required to measure influence levels 4 and 5

➔ **TABLE 5: MANDATORY ELEMENTS FOR DESCRIBING A SET OF CONVERGING CLUES**

FRAMEWORK	ESSENTIAL ELEMENTS FOR DESCRIBING A BODY OF CONVERGING EVIDENCE (SEE DETAILS IN APPENDIX 3)
ACTIVITIES - Introduction	Formalisation and reasoned justification of the objective
ACTIVITIES - Monitoring	Process and milestones
	Investor's added value
	Description of the role of the engager in a collaborative engagement or direct/bilateral engagement (see section on nature of engagement and role in collaborative engagements/investor coalitions). An investor who is a passive supporter or signatory cannot claim to have a high likelihood of influence
	Escalation (where applicable)
	Increase in resources (where applicable)
OUTPUT	Description of the company's initial maturity level (the engagement may be the first to raise an issue), the company's degree of receptiveness, the quality of the dialogue framework (appropriate format and stakeholders), and the company's internal work related to the engagement.
OUTCOME	Evidence of progress made by the company
	Temporal alignment between activities and outcomes
	Other evidence of progress (optional): third-party confirmation of the outcome, ESG ratings, etc.

➔ **TABLE 6: MANDATORY ELEMENTS FOR DESCRIBING A CONVERGENT LOOP**

FRAMEWORK	MANDATORY ELEMENTS FOR DESCRIBING A CONVERGENT LOOP (SEE DETAILS IN APPENDIX 3)
ACTIVITIES - Initiation	Formalisation and reasoned justification of the objective
ACTIVITIES - Monitoring	Process and Milestones
	Investor's added value
	Description of the role of the investor in a collaborative engagement or direct/bilateral engagement (see section on nature of engagement and role in collaborative engagements/investor coalitions). A passive or signatory investor cannot claim to have a high likelihood of influence.
	Escalation (where applicable)
	Increase in resources (where applicable)
OUTPUT	<p>Joint reflection / Negotiation / Joint brainstorming to find a solution.</p> <p>Description of the initial obstacle / barrier / deadlock. Description of the evolution of thinking and relational dynamics enabling the identification of a compromise solution satisfactory to all.</p> <p>Describe the iterative process of change / transformation / shift in the company's position or attitude and, where applicable, the iterative process also showing the evolution of the investor's initial objective.</p>
OUTCOME	Evidence of progress made by the company
	Temporal alignment between activities and outcome
	Other evidence of progress (optional): confirmation of the outcome by a third party, ESG ratings, etc.

➔ **TABLE 7: MANDATORY ELEMENTS FOR DESCRIBING THE RECOGNITION OF INFLUENCE**

FRAMEWORK	MANDATORY ELEMENTS FOR THE RECOGNITION OF INFLUENCE (SEE DETAILS IN APPENDIX 3)
ACTIVITIES - Initiation	Formalisation and provision of a rationale for the objective
ACTIVITIES - Monitoring	Process and Milestones
	Value added by the investor
	Description of the role of the engager in a Collaborative engagement or direct/bilateral engagement (see section on nature of engagement and role in collaborative engagements/investor coalitions). An investor supporting passively or signatory/endorser investor cannot claim to have recognised influence.
	Escalation (where applicable)
	Increase in resources (where applicable)
OUTPUT	Description of what would not have happened without the engagement, as recognised by the stakeholders within the company
OUTCOME	Evidence of the progress made by the company
	Temporal alignment between activities and outcomes
	Other evidence of progress (optional): third-party confirmation of the outcome, ESG ratings, etc.

➔ **TABLE 8: ELEMENTS COMMON TO THE CONVERGENCE INDEX BUNDLE, THE LOOP AND RECOGNITION**

FRAMEWORK	MANDATORY ELEMENTS OF THE BODY OF CONVERGING EVIDENCE	DESCRIPTION OF MANDATORY ELEMENTS FOR ENGAGEMENT
ACTIVITIES - Initiation	Formulation and justification/rationale for the objective	Precise description of the objective and its scope Justification/rationale for the objective (e.g. financial materiality)
ACTIVITIES - Monitoring	Process and milestones	Description of the stages in the relationship with the company: multiple iterations, a relationship of trust built up, appropriate contact person (expert, management, board of directors), frequency, timing and format of exchanges
	Value added by the investor	Benchmarking, experts, methodology, arguments, proposed milestones...
	Collaborative / direct engagement	Investor's role within the coalition (where applicable). See the different roles in the section on roles within collaborative engagements/investor coalitions.
	Escalation measure(s)(where applicable)	Description of the escalation used. Where applicable: publicising the engagement (moving from private to public), forming a coalition, requesting a change of contact person, filing a resolution...
	Increase in resources (where applicable)	Transition from a direct engagement to the creation of a coalition, taking the lead in a coalition of other investors, ...
OUTPUTS	See the section specific to each level of influence	See the section specific to each level of influence
OUTCOME	Evidence of progress made by the company	Demonstrate full or partial alignment with the objective, with a link to evidence of progress (e.g. climate report, disclosure, improved governance, public elements such as footnotes)
	Temporal alignment between activities and outcomes	Demonstrate that the timing of the outcome is consistent with the timing of the engagement (neither too close to the engagement nor too far removed in time)
	Other evidence of progress (free text)	Improvement in internal ESG rating, improvement in external ESG rating (e.g. ESG rating agency), third-party validation of progress (e.g. SBTi, certification bodies, benchmarks published by the media, NGOs, other third-party sectoral organisations, etc.)

APPENDIX 4 – Example for reporting

ACCOUNTING CATEGORY	ATTRIBUTES	REPORTING
Issuer	Company name	Major European Oil & Gas Company
Engagement	ESG theme of the engagement	E
	Engagement theme	<ul style="list-style-type: none"> • Climate Mitigation & Paris Alignment • Climate Adaptation & Resilience
	Context/reason for engagement	The net-zero/1.5°C strategy is not robust enough. The maintenance and projected levels of fossil fuel investment are not consistent with a net-zero strategy.
	Start date of the engagement	May 2022
	Role of the engager	Bilateral/Direct/Individual
Objective	Description of the objective	Credible net-zero strategy: reduce the share of fossil fuels in the energy mix, improve the long-term coherence of the strategy (fossil fuel investments vs renewables), improve transparency regarding the levers for action in the climate strategy.
	Type (see accounting section)	<ul style="list-style-type: none"> • Operational and transparency
	Company responsiveness regarding the objective	<ul style="list-style-type: none"> • Insufficient: good receptiveness at the start of the engagement, but this has deteriorated over the last few months
	Escalation measure(s) taken	Yes Voting against the Say-on-climate since 2024 as strategy still not aligned with 1.5°C
	Status	Closed ²⁰
	Result	Target partially achieved
Activities	Number of significant activities	5
If objective closed	Target completion date	12/2025
	Outcome	Publication of the decarbonisation contribution for Scopes 2 and 3 by 2030. Enables an assessment of the credibility and feasibility of the emissions reduction strategy [link to public document + page]
Influence	Influence	Very likely – Converging body of clues
	Evidence of influence	<p>Milestones: Over three years of engagement and multiple exchanges (5) at senior management level led to (outcome) the publication of the contribution of decarbonisation levers to Scopes 2 and 3 by 2030.</p> <p>Escalation: An escalation was initiated by voting against the Say on Climate.</p> <p>Assessment of the credibility and feasibility of the emissions reduction strategy. Verbal commitment from the company during our discussions regarding this request.</p> <p>Although other collaborative engagements had also made the same requests.</p>

²⁰ In light of the discussions and the company's lack of responsiveness over the past few months, the investor decided to terminate the engagement after two and a half years.

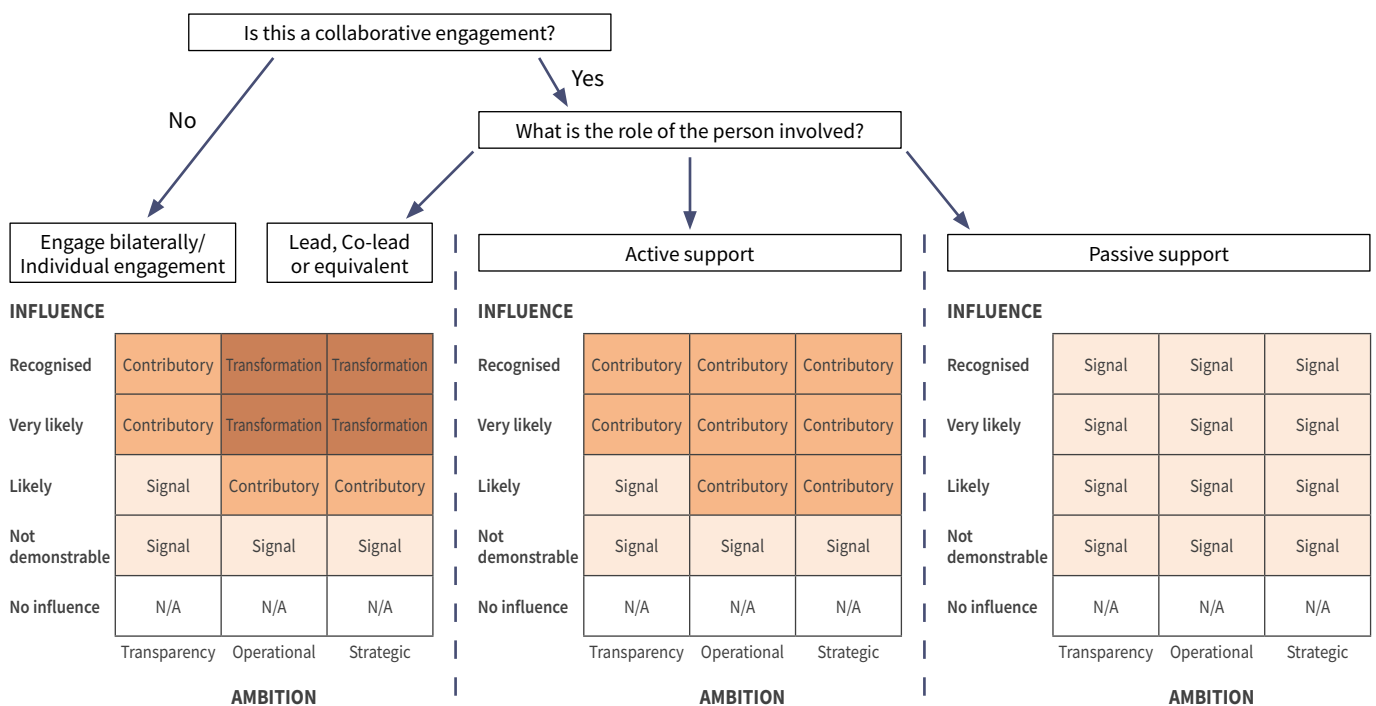
APPENDIX 5 – Engagement categorisation tool

Based on these elements, the working group proposes the following classification, applied at the level of each objective:

- **Transformative engagement.** These are the most significant engagements that have delivered strong added value and advanced the organisation (recognised or highly probable influence), on an important topic (nature of the strategic or operational objective) and in which the engager played a key role (bilateral engagement or, if collaborative, a lead, co-lead or equivalent role).
- **Contributory engagement.** These are engagements that have added value and for which the work carried out is significant, but where one of the three key criteria falls short of that of transformative engagements – either only probable influence, an objective relating to transparency, or an active support role.

- **Signal engagement.** These are likely the largest number of engagements. They are of lower intensity than the previous two: at least one exchange has taken place with the company but influence is not demonstrable; or they relate to probable transparency; or the engager plays an active support role.
- **Engagement without influence.** Regardless of the engager's role or the nature of the objective, if it is considered that there has been no influence, then the engagement will be classified as having no influence. Similarly, if the investor plays a passive support role in an engagement group, regardless of the nature and influence of the engagement, it is considered to have no influence.

➔ **FIGURE 21: ENGAGEMENT CATEGORISATION TOOL**



APPENDIX 6 – Categories of questions to assess the quality and quantity of available resources

In order to assess asset managers' potential capacity to engage successfully, asset owners investors can ask them questions about their objectives, processes, governance and the resources allocated to ESG engagement. These ambitions and resources

are never a guarantee of results, but they do help to establish legitimate expectations.

These questions are listed below and categorised by theme:

1	<i>What are the reasons and motivations behind your engagement activities?</i>	
	<ul style="list-style-type: none"> - Fiduciary responsibility - Regulatory requirements - Obtaining labels 	<ul style="list-style-type: none"> - Expectations of analysts / internal managers - Expectations of investors - Other
2	<i>Rank in order of frequency the objectives you are pursuing through engagement :</i>	
	<ul style="list-style-type: none"> - Seeking financial performance by ensuring companies better account for the risks and opportunities associated with ESG issues - Contributing to climate objectives (e.g. Paris Agreement targets, corporate decarbonisation, development of solutions for the energy transition, phasing out fossil fuels...) 	<ul style="list-style-type: none"> - Contributing to international biodiversity conservation objectives (e.g. Kunming-Montreal) - Improving respect for human rights (e.g. UNGPs or the UN Guiding Principles on Business and Human Rights) - Contributing to the Sustainable Development Goals - Improving corporate governance
3	<i>When allocating resources for overall engagement, rank the following areas in order of frequency:</i>	
	<ul style="list-style-type: none"> - engagement to improve transparency (e.g. publication of policies, data, etc.) - Operational performance engagements (e.g. operational improvements related to the environment) - Strategic development engagement (ESG) 	
4	<i>What are the processes and criteria (ownership ratio, investments, probability of success, materiality of the issues, etc.) used to identify companies to engage with ? Who are the key roles involved (CIO, governance) ?</i>	
5	<i>Regarding engagement actions and methods, can you indicate their breakdown by type of engagement: individual engagement, via a service provider, collaborative, and if collaborative, in what capacity? (if precise data is unavailable, please provide broad figures).</i>	
6	<p><i>Regarding the resources allocated to engagement, can you indicate the number of people devoting a significant portion of their time to engagement (in full-time equivalent terms)?</i></p> <p><i>How many people are dedicated to engagement and have their performance assessed against objectives linked to engagement?</i></p> <p><i>What is the average age of these individuals and how many years' experience do they have in engagement?</i></p> <p><i>Have you deployed an IT platform to host, consolidate and disseminate information relating to your engagement activities?</i></p>	
7	<p><i>Are engagement activities taken into account in the variable remuneration packages of the investment teams and ESG teams? If so, what percentage does this represent of investment teams on the one hand, and ESG teams on the other?</i></p> <p><i>In this scenario, what is the average percentage of the variable remuneration of the individuals concerned linked to engagement-related targets?</i></p>	

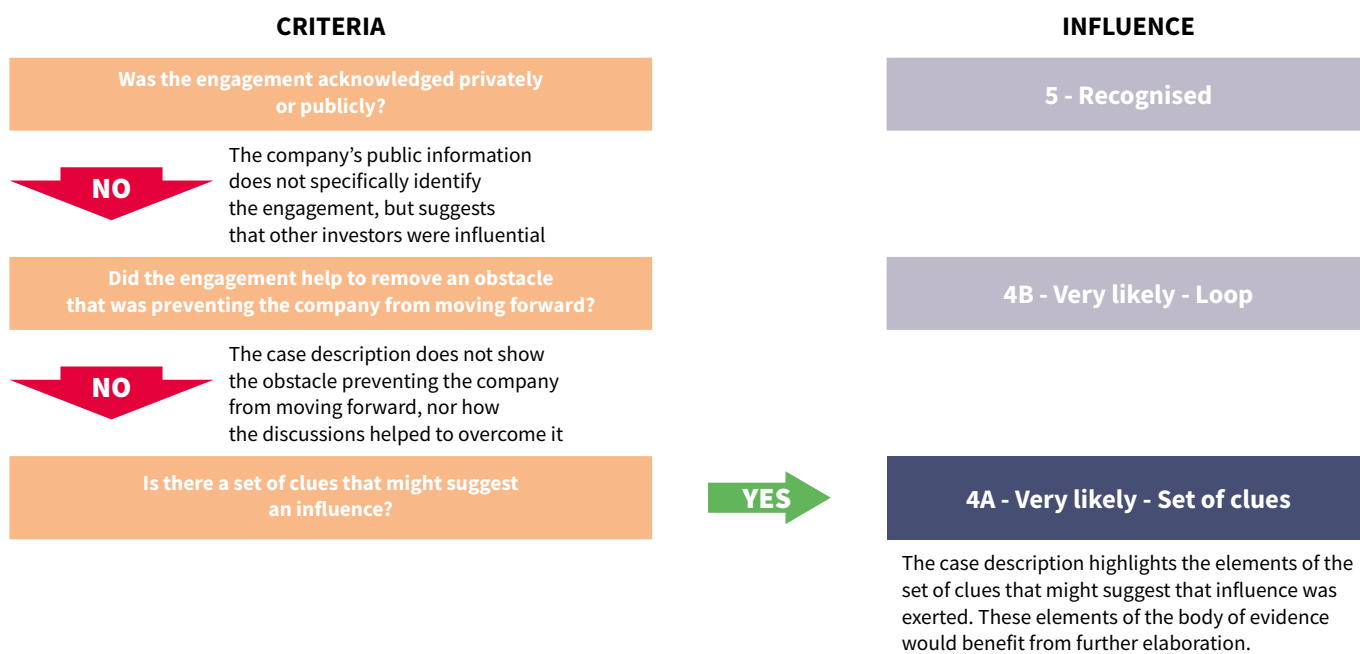
8	<p><i>Taking the last year as a reference and using FTEs (full-time equivalents), what is the average number of engagements carried out by staff involved in engagement activities?</i></p> <p><i>(Example: if each member of a ten-person team allocates 20% of their time to engagement and 50 engagements were carried out during the year, this generates $50 / (10 \times 20\%) = 25$ engagements per person on average over the year).</i></p> <p><i>What proportion of your resources is allocated to collaborative engagement activities?</i></p> <p><i>How does this level of collaboration contribute to your stewardship ambitions?</i></p>		
	<table border="0"> <tr> <td data-bbox="113 367 798 1025"> <p>Activities to include according to the TAI²²:</p> <ul style="list-style-type: none"> - Collaborative engagement and other collaborative activities - Industry/market-level engagement - Engagement with issuers - Policy engagement - Resources dedicated to ESG indicators/research (including trade organisations, think tanks and NGOs) to inform responsible investment activities - Reporting on responsible investment activities (whether mandatory or voluntary) - Selection, appointment and monitoring of asset managers responsible for responsible investment on your behalf - Training of internal teams on responsible investment - Training of teams involved in responsible investment on ESG - Voting-related </td> <td data-bbox="798 367 1481 1025"> <p>To be excluded:</p> <ul style="list-style-type: none"> - Interactions with companies for the purpose of data collection and/or research related to decisions to buy, sell or hold - Standard questionnaires sent to companies for the purpose of gathering information and making investment decisions - Attendance at company presentations, annual general meetings or other corporate meetings without interaction or discussion, or where interactions are not aimed at securing changes or improved disclosure - Bulk requests for disclosure of ESG information, typically made through a third party - Legal and compliance costs incurred in order to exercise responsible management functions with appropriate internal controls </td> </tr> </table>	<p>Activities to include according to the TAI²²:</p> <ul style="list-style-type: none"> - Collaborative engagement and other collaborative activities - Industry/market-level engagement - Engagement with issuers - Policy engagement - Resources dedicated to ESG indicators/research (including trade organisations, think tanks and NGOs) to inform responsible investment activities - Reporting on responsible investment activities (whether mandatory or voluntary) - Selection, appointment and monitoring of asset managers responsible for responsible investment on your behalf - Training of internal teams on responsible investment - Training of teams involved in responsible investment on ESG - Voting-related 	<p>To be excluded:</p> <ul style="list-style-type: none"> - Interactions with companies for the purpose of data collection and/or research related to decisions to buy, sell or hold - Standard questionnaires sent to companies for the purpose of gathering information and making investment decisions - Attendance at company presentations, annual general meetings or other corporate meetings without interaction or discussion, or where interactions are not aimed at securing changes or improved disclosure - Bulk requests for disclosure of ESG information, typically made through a third party - Legal and compliance costs incurred in order to exercise responsible management functions with appropriate internal controls
<p>Activities to include according to the TAI²²:</p> <ul style="list-style-type: none"> - Collaborative engagement and other collaborative activities - Industry/market-level engagement - Engagement with issuers - Policy engagement - Resources dedicated to ESG indicators/research (including trade organisations, think tanks and NGOs) to inform responsible investment activities - Reporting on responsible investment activities (whether mandatory or voluntary) - Selection, appointment and monitoring of asset managers responsible for responsible investment on your behalf - Training of internal teams on responsible investment - Training of teams involved in responsible investment on ESG - Voting-related 	<p>To be excluded:</p> <ul style="list-style-type: none"> - Interactions with companies for the purpose of data collection and/or research related to decisions to buy, sell or hold - Standard questionnaires sent to companies for the purpose of gathering information and making investment decisions - Attendance at company presentations, annual general meetings or other corporate meetings without interaction or discussion, or where interactions are not aimed at securing changes or improved disclosure - Bulk requests for disclosure of ESG information, typically made through a third party - Legal and compliance costs incurred in order to exercise responsible management functions with appropriate internal controls 		
9	<p><i>Please describe the engagement case from the last five years in which the greatest potential conflict of interest arose, as well as how it was identified, managed and subsequently resolved.</i></p>		
10	<p><i>Can you describe an engagement case where your teams were confident of achieving the objective (importance and materiality of the issue, ability to engage with the issuer, quality of the analysis and your arguments, etc.), but where, unfortunately, the engagement ended in failure?</i></p> <p><i>Please indicate whether your practices have evolved as a result of this experience and, if so, in what way.</i></p>		
11	<p><i>How do you ensure that engagement resources are used effectively and in a way that maximises tangible results?</i></p>		

22. [Putting resources where stewardship ambitions are - Thinking Ahead Institute](#), p :6.

APPENDIX 7 – Examples of engagement and analysis of their influence

Example A: An investor explains in detail the reasons for their opposition to the CEO’s remuneration. The following year, the company publishes (in anonymised form) the main comments received from its investors and details how these were taken into account in the revised executive remuneration policy.

➔ **FIGURE 22: ANALYSIS OF INFLUENCE USING THE DECISION TREE: EXAMPLE A**



Example B: An investor asks a company to incorporate Scope 1 and 2 emissions targets into its CEO’s long-term remuneration. Following a series of discussions, the company implements the change and sends the following email:

I would like to congratulate you on your approach to shareholder dialogue, which I feel is distinctive and proactive.

Indeed, your engagement approach is more about partnership, which greatly enriches our discussions and allows us to engage in complete confidence. You are seeking to bring solutions to our Group, and we are exchanging and testing new ideas together.

Listening to one another helps us to better understand your expectations as a long-term shareholder and to benefit from a critical external perspective on documents such as the Climate Report or on other ongoing discussions.

It was in particular following one of our discussions that we proposed to the management to integrate a performance criterion linked to the trend in GHG emissions from our operations (Scope 1 and 2) into long-term remuneration.

I propose that we continue this dialogue in June following the Annual General Meeting.

Best regards,

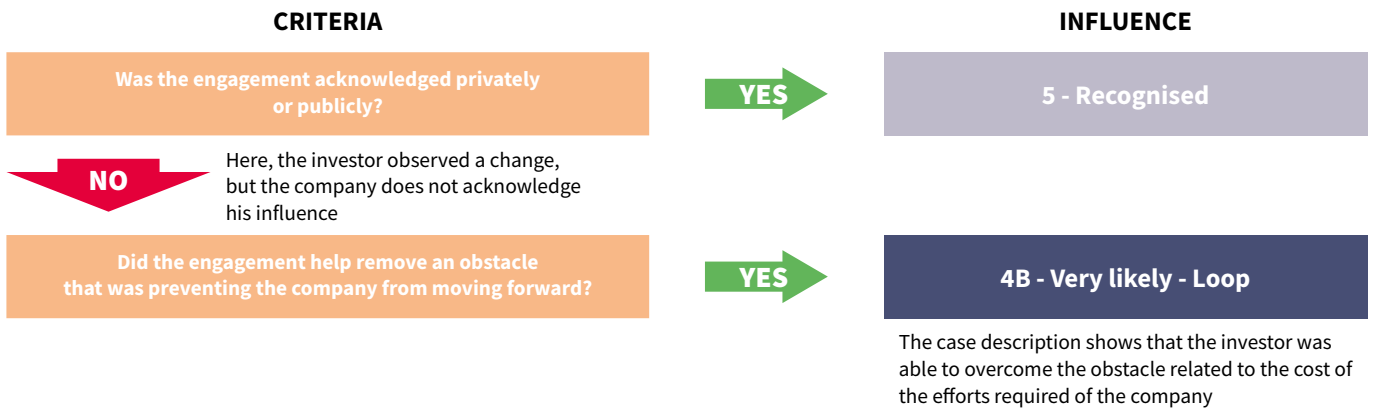
➔ **FIGURE 23: INFLUENCE ANALYSIS USING A DECISION TREE: EXAMPLE B**



Example C: A coalition of investors engages oil company A to join the OGMP (Oil and Gas Methane Partnership) initiative. Faced with company A's reluctance regarding the associated costs, the coalition presents it with a low-cost technology already used by its peers to measure its methane emissions within the framework of OGMP. Company A asks to meet with another oil company, Company B, which is already using the technology, to better understand it. During the meeting organised three months later with Company B, as the questions unfold, Company A concludes that the technology is financially viable and that it will derive significant benefits from the OGMP framework, particularly from exchanges with its peers. The contact person at Company A, now convinced, then asks its investors to write a letter to the board of directors in support of its request to join the OGMP initiative.

In this example, the investor witnessed the company's development and played a direct role in shaping its thinking by removing the obstacles that were hindering progress.

➔ **FIGURE 24: ANALYSIS OF INFLUENCE USING THE DECISION TREE: EXAMPLE C**



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