



Measuring engagement: How to move from passive engagement to active influence

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Francois Humbert
Lead Engagement
Manager, Active Ownership
Team.

Stewardship is evolving. For years, engagement was assessed by volume – the number of meetings held, letters sent or companies contacted. Today, asset owners and asset managers are asking a more demanding question: did engagement make a difference? In the near future, however, asset owners and asset managers might have more tools to assess engagement quality and additionality, explains Francois Humbert.

WOULD CHANGE HAVE HAPPENED ANYWAY?

At Generali Asset Management, our approach is centered on measurable influence.

Engagement at Generali Asset Management is structured, committee-led and supported by internal ESG analysts, credit research and investment teams.

In 2025, we conducted 72 engagements² across environmental, social and governance themes. Seventeen were deemed successful, meaning companies implemented the expectations defined at the outset. But success alone is not enough.

This is where the concept of additionality becomes central: would change have happened anyway?

WHY ADDITIONALITY MATTERS

Additionality refers to the added value brought by investor action. Investors cannot claim real-world impact – that belongs to the company executing operational change. What investors can credibly assess is whether their intervention was necessary for a specific change inside the company to occur.

At Generali Asset Management we consider engagement “additional” when the company recognizes that investor dialogue influenced its decision. This recognition may be private or public. In some cases, it results in a formal Joint Statement co-signed by the company and investors.

The distinction is important. A successful engagement closes a case. An engagement with additionality demonstrates a causality link between an investor’s activities and a change which has happened inside an investee company, for example raising awareness, convincing a key decision maker about a helpful course of action, introducing a methodology.

Given no global standard for measuring effective engagement and influence yet exists, reporting and measuring additionality can provide more accountability than simple activity metrics.

The work we have been doing with the French SIF for more than 18 months will soon give an even more structured framework to assess influence.

OUR STRUCTURED APPROACH TO INFLUENCE

Our engagement model rests on three pillars.

First, in-depth preparation. Engagement begins with technical analysis, identification of gaps and benchmarking against best practice. Expectations are defined clearly and formally.

Second, constructive negotiation. Engagement is interactive. Objectives may be adjusted to reflect operational realities, but the spirit of the expectation remains intact. Engagement requires industrial knowledge, negotiation skills and trust-building.

Third, strategic collaboration. Where appropriate, we support, lead or convene coalitions of investors to amplify influence. Generali Asset Management plays multiple roles across initiatives such as Climate Action 100+, the Net Zero Engagement Initiative and national stewardship forums.

1) Full legal name: Generali Asset Management S.p.A. Società di gestione del risparmio

2) Source: Generali Asset Management S.p.A. Società di gestione del risparmio as of end of 2025



CASE STUDY: VEOLIA³

A recent illustration is Generali Asset Management's engagement with Veolia on its climate transition plan. Since 2022, we have coordinated a group of investors working with the company to strengthen its decarbonisation roadmap.

The resulting plan included clearer emissions disclosures by business segment, enhanced transparency on emissions reduction strategy, and validated science-based targets. In 2025, Veolia and the investor group issued a Joint Statement acknowledging the role of investor dialogue in improving the clarity and calibration of the plan.

Measuring the ingredients for additionality

- 1 strong narrow focus: Veolia's climate action plan
- 3 years of engagement: 2023 – 2025
- 4 areas of focus
- 25 detailed, negotiated and tracked expectations
- 7 institutions, 26 professionals, 100+ investors supporting NZEI
- 10+ company's interlocutors
- 40+ engagements activities
- 500+ related email exchanges

Source: Generali Asset Management Società di Gestione del Risparmio, April 2026

ADDRESSING COMMON CONCERNS ABOUT ADDITIONALITY

Some argue that successful engagement is always collective. Indeed, collaboration is often essential. However, roles within collaborative engagement differ — leaders, co-leads and supporters each contribute distinct forms of value. Attribution within a group is possible when responsibilities are transparent.

3) This case study is provided for illustrative purposes only and does not constitute investment advice nor a commitment to engage with any specific company in the future.

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Others question whether companies have incentives to overstate investor influence. In practice, dispersed ownership structures and internal validation processes limit such risk. Public recognition requires careful wording, legal review and senior approval on both sides. It is unlikely to occur without substantive engagement.

Finally, some believe regulation, rather than corporate dialogue, is the primary lever for change. While policy engagement is important, institutional investors with long-term exposure cannot rely solely on regulatory cycles. There are still many changes which companies can make inside the existing playing field. Active stewardship requires demonstrating that engagement contributes to improved corporate behaviors.

FROM PASSIVE ENGAGEMENT TO ACTIVE INFLUENCE

Asset owners and asset managers increasingly seek evidence that stewardship generates value – financial and extra-financial – over time horizons that go beyond quarterly reporting cycles. Measuring additionality is discipline. In portfolio management, performance attribution differentiates active managers from passive ones. In engagement, additionality plays a similar role.

If companies improve, investors should ask: what was our contribution? If companies backtrack, investors should ask: what did we do to mitigate that risk? This shift in approach moves engagement from passive analysis to active influence, in our view.

At Generali Asset Management, we believe active stewardship means moving from counting interactions to demonstrating impact, from dialogue to influence, and from activity to accountability.

