

## Eurosif key messages

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Eurosif supports a review of SRD II aiming to enable the effective exercise of shareholders rights and unleash the power of investor engagement, including on sustainability matters.

Our key recommendations are:

- Establish an EU-wide stewardship code to harmonise expectations and strengthen engagement practices across the investment chain.
- Define what constitutes “credible” engagement policies to incentivise best practices, particularly for sustainability-related engagement, and ensure consistency between the SRD and the Sustainable Finance Disclosure Regulation (SFDR) on this topic.
- Provide an explicit clarification that collective engagement on sustainability-related topics does not, in itself, constitute “acting in concert”, to remove an important barrier to effective shareholder engagement.
- Establish a harmonised definition of “shareholder” at EU level, focusing on the end investor, to improve consistency across the EU and better integrate capital markets as part of the Savings and Investment Union project.
- Facilitate the exercise of shareholders’ rights, including cross-border, by:
  - Strengthening transparency throughout the chain of intermediaries, improving timely access to standardised information through digital tools, and providing more time for preparing and flexibility for participating to Annual General Meetings (AGMs).
  - Removing, or at least significantly lowering, the 5% share ownership threshold for tabling agenda items and resolutions at companies’ AGMs.
  - Making votes on directors’ remuneration binding across all EU member states to further leverage investor engagement and ensure the alignment of shareholders and directors’ incentives.
  - Grant shareholders an EU-wide right to vote on “say on climate / nature / sustainability” at AGMs, to reflect the increasing importance of companies’ sustainability decision-making for investors and other shareholders.
- Set an EU-wide requirement to provide an explanation of how ESG criteria is used to award directors’ variable remuneration – rather than maintaining the current opt-out option.

## Detailed recommendations on the SRD II review

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### I. Shareholders

#### *Definition of shareholder (Article 2 point (b))*

The lack of a common definition in the SRD creates capital markets fragmentation and legal uncertainty, especially in cross-border situations. Having a **harmonised definition of “shareholder” at EU level** would facilitate effective and timely transmission of information and documents between companies and their shareholders, their effective communication and dialogue including in cross-border situations. This would be beneficial to consolidation and harmonisation of EU capital markets, in line with the objectives of the Savings and Investment Union objectives.

This definition should be applicable across the entire directive – including for the exercise of shareholders rights – and should target the person on whose securities account the shares are held with the last intermediary in the chain (end-investor definition).

### 2. Interactions between Companies, Shareholders and Intermediaries

#### *Facilitation of the exercise of shareholder rights (Article 3c)*

The current implementation of SRD II still falls short of enabling effective exercise of the shareholder rights. Persistent barriers (such as long and complex intermediary chains, especially cross-border) disrupt information flows.

Current obligations for companies and intermediaries to inform shareholders without delay are central to enabling shareholders’ rights, but significant practical issues remain. This suggests implementation issues with the SRD. **Stronger supervision and enforcement** would be helpful to address this. Furthermore, **use of state-of-the art digital tool should be required**. This includes standardisation of the format of communications and use tools or platforms that facilitate distribution without delay, as well as those allowing shareholders to express their voting intentions directly.

Another key issue limiting the exercise of shareholders rights are diverging timelines with often very early cutoff dates. When cutoff dates are several weeks before the AGM date, for example for the record date, shareholders and their advisors have very limited time to read the documentation and make informed decisions on how to vote. Similarly, convocation dates are often set too close to the date of the general meeting. **Harmonised rules at EU level on deadlines/timelines should grant sufficient time to shareholders for preparation, registration, and for submitting votes to AGMs, which would enable more effective shareholder participation.**

Similarly, while SRD includes provisions on voting confirmation, these are often provided only on request. This situation can leave investors uninformed on whether their vote was effectively cast and validly recorded. For this reason, we suggest introducing **a requirement for an automatic confirmation that the vote was cast and properly recorded, without a specific request.**

### 3. Institutional Investors and Asset Managers (Articles 3g, 3h and 3i)

#### *Introducing an EU-wide voluntary stewardship code*

**Introducing an EU-wide voluntary stewardship code would be a timely and effective step toward strengthening investor engagement across Europe.** As already highlighted by European Securities and Markets Authority (ESMA) and referenced in this consultation, such a code

would help clarify expectations along the entire investment chain and reduce fragmentation in cross-border stewardship practices.

At present, European investors do not have a dedicated, EU-level stewardship framework to adhere to. In practice, many market participants therefore look to the UK Stewardship Code as a reference point. While influential, that code is designed for the specific legal, market, and ownership structures of the Anglo-Saxon markets and does not fully reflect the diversity of corporate governance models, investor bases, and regulatory frameworks across the EU. Developing a European code would therefore allow for guidance that is better aligned with EU-specific characteristics and policy objectives.

The code should set out high-level principles, recommendations, and best practices that extend beyond listed equities to cover a broader range of asset classes. Its scope should also reflect the evolving ecosystem of stewardship by including not only asset managers and institutional investors, but also key third-party actors such as benchmark administrators and ESG ratings and data providers.

By providing practical guidance on the design, implementation, and disclosure of engagement strategies, the code would enhance the quality and comparability of investor reporting. At the same time, it would promote a more consistent understanding of stewardship responsibilities across Member States, while preserving flexibility through its voluntary nature.

#### ***Additional Eurosif recommendation: define “credible” engagement policies***

Eurosif calls for the introduction of a clear and harmonised definition of “credible” engagement policies at EU level, in particular in the context of the review of the SRD and the Sustainable Finance Disclosure Regulation (SFDR). While the existing framework has strengthened transparency around stewardship, it does not sufficiently specify the substance, quality, or expected outcomes of investor engagement. This lack of clarity has resulted in divergent market practices and limits the comparability, credibility, and effectiveness of engagement across Europe.

In the absence of a common baseline, investor disclosures on engagement remain inconsistent and, in some cases, superficial. This is not solely a question of supervisory enforcement, but primarily reflects the absence of sufficiently precise criteria defining what constitutes meaningful engagement. Moreover, current requirements place disproportionate emphasis on the exercise of voting rights, to the detriment of other essential stewardship tools, including structured dialogue with investee companies, escalation mechanisms, and collaborative engagement initiatives. As a result, engagement practices range from minimal interactions to more structured and outcome-oriented approaches, without a clear standard to distinguish between them.

Establishing a definition of “credible” engagement policies is therefore necessary to ensure a minimum level of robustness, consistency, and accountability across the market. Such a definition should apply horizontally to all forms of engagement, while recognising the particular importance of sustainability-related engagement in the current risk environment. Systemic risks, including climate change, biodiversity loss, and social challenges, pose material threats to long-term value creation and cannot be fully addressed through regulation alone. Effective mitigation of these risks requires sustained, structured, and outcome-oriented investor engagement, including through collective action.

In addition, the notion of a “credible” sustainability-related engagement policy is expected to be a key element in the development of a potential “transition” category under the revised SFDR. It is therefore essential to ensure consistency between the SRD framework and SFDR requirements.

**Eurosif recommends that a “credible” sustainability-related engagement policy be defined in EU legislation** as including, at a minimum, the following elements:

- A formalised engagement and voting strategy, setting out clear objectives, including, where relevant, sustainability-related objectives, supported by predefined, measurable, and time-bound targets;
- A systematic approach to the exercise of shareholder rights, including voting on material issues, with a requirement to apply a “comply or explain” mechanism where voting rights are not exercised;
- A structured escalation framework, encompassing progressive engagement actions (including intensified dialogue, collaborative engagement, and voting against management), and providing for divestment as a measure of last resort;
- Clear disclosure requirements, enabling the assessment of the implementation, outcomes, and effectiveness of engagement activities.

***Additional Eurosif recommendation: Clarify that collective engagement and dialogue with company management, including on sustainability topics, does not trigger “acting in concert” rules***

The SRD should establish a clearer and more robust definition of “acting in concert”. As currently framed, the concept does not draw a sufficiently clear distinction between collective engagement (e.g. on sustainability matters) and actions that constitute acting in concert. The absence of a clear and formal definition has resulted in a reliance on informal and inconsistent interpretations, creating ambiguity and exposing investors to legal uncertainty and external challenges. This uncertainty may restrict action by investors, who may refrain from engaging collectively to avoid triggering “acting in concert” provisions.

It is essential to **clarify explicitly that collective engagement, including on sustainability matters** (whether relating to climate, biodiversity or social topics), **should not be regarded as, in itself, acting in concert** and, accordingly, should not automatically trigger antitrust or takeover-related constraints. Although the [ESMA guidelines](#) identify a “whitelist” of actions that should not in itself be considered as acting in concert, including sustainability-related engagement, the SRD should provide explicit clarification that collective engagement does not in itself trigger the mandatory bid provisions and make this interpretation consistent across EU member states.

## **5. General meetings of shareholders**

### ***The rights of shareholders***

Several core shareholder rights continue to require strengthening and greater harmonisation across the EU. This includes, in particular, the right to submit written questions ahead of general meetings and the right to table draft resolutions without being subject to disproportionate ownership thresholds.

Current national frameworks remain fragmented and, in certain cases, unduly restrictive. In particular, thresholds for tabling draft resolutions at annual general meetings (AGMs) are often set at levels that effectively prevent meaningful shareholder participation. A maximum 5% ownership threshold - applied in some jurisdictions - constitutes a significant barrier, especially for institutional investors acting

individually and even for groups of investors engaging collectively, especially with large companies with dispersed share ownership. While some Member States do not impose any minimum threshold, others maintain thresholds approaching this level, resulting in inconsistent shareholder rights across Europe.

**Eurosif therefore calls for the removal or the substantial reduction of such thresholds at EU level.** Where a harmonised threshold is retained, it should not exceed 0.5% of voting rights for large-cap issuers, while explicitly allowing Member States to introduce lower thresholds in their national frameworks. This would strike a more appropriate balance between safeguarding the orderly functioning of general meetings and ensuring effective shareholder participation.

#### ***Link between directors' pay and companies' performance (Articles 9a and 9b)***

Shareholder votes on directors' remuneration are a central mechanism for aligning executive pay with companies' long-term performance. This is particularly relevant for long-term incentive schemes, which typically represent the largest component of executive remuneration. While transparency has significantly improved under the current framework, and "say on pay" has become a cornerstone of EU corporate governance, its effectiveness remains constrained by the non-binding nature of votes in several Member States.

To strengthen accountability and better align the interests of shareholders and directors, **Eurosif calls for shareholder votes on remuneration policies to be made binding across all Member States.** This would enhance the role of investors in shaping remuneration structures and ensure that executive incentives are consistently aligned with companies' long-term strategies and performance.

In addition, the concept of company performance increasingly encompasses the ability to manage Environmental, Social and Governance (ESG) risks, opportunities, and impacts. Against this backdrop, **the SRD should require greater transparency on the extent to which ESG criteria are integrated into variable remuneration.** The current framework, which allows for significant flexibility, does not ensure consistent disclosure across the EU.

Eurosif therefore recommends **strengthening the provisions under Articles 9a and 9b to require companies to clearly disclose whether and how ESG criteria are incorporated into performance-based remuneration.** Enhancing such transparency would support better-informed shareholder voting, promote more consistent market practices, and reinforce the link between directors' pay, long-term value creation, and the EU's broader sustainability objectives.

#### ***Additional Eurosif recommendation: Establish an EU-wide right to vote on "Say on climate/nature/sustainability" at AGMs***

A "Say on Climate" is a resolution submitted by a company for a shareholder vote at its general meeting. It is intended to seek shareholders' views on the company's climate strategy and its implementation. This initiative enables responsible shareholders to play an active role in decision-making related to the company's climate policy.

To put sustainability decision-making on an equal footing with financial decision-making, we recommend establishing similar rules for say on climate / nature / sustainability than for the "say on pay" votes on directors' remuneration. **The SRD should explicitly provide shareholders with the right to vote on "Say on climate / nature / sustainability" during AGMs,** with the binding nature of these votes to be determined at national level.

## Eurosif response to the SRD II consultation

**Please note: The blue text boxes are Eurosif's replies to the questions, the text on white background belongs to the EU Commission consultation.**

### I. Shareholders

#### **Definition of shareholder (Article 2 point (b))**

The SRD leaves the definition of who qualifies as a shareholder to the Member States in which the company is registered. Consequently, there are different approaches as to who is entitled to exercise shareholder rights across the EU.

#### **I. To what extent does the lack of a common definition of 'shareholder' in the SRD lead to legal uncertainty?**

- To a very large extent
- To a large extent
- **To a moderate extent**
- To a small extent
- Not at all
- Don't know/no opinion

If you would like to, please explain your answer:

***The absence of a common definition in the SRD creates legal uncertainty, particularly in cross-border contexts. An EU-level harmonised definition of "shareholder" would enable more effective and timely transmission of information and documents, improve communication and dialogue between companies and shareholders, and support further consolidation and harmonisation of EU capital markets, in line with the objectives of the Savings and Investment Union.***

#### **How should the EU tackle it?**

- **By introducing a common definition of 'shareholder' applicable to the entire directive, including the exercise of shareholder rights**
- By introducing a common definition of 'shareholder' only for the identification of shareholders
- By publishing a list of different definitions of 'shareholder' applicable in different Member States
- By other means

#### **2. In case a common definition of 'shareholder' was to be introduced, which of the following definitions would you advise?**

- The person who holds the shares in their own name, even if on behalf of another person (nominee shareholder definition)
- **The person on whose securities account the shares are held with the last intermediary in the chain (even where an intermediary in the chain is the**

**nominee shareholder and holds the shares on behalf of that end-investor, end investor definition)**

- Other

**Identification of shareholders (Article 3a)**

Member States must ensure that companies have the right to identify their shareholders. This provision aims to ensure the flow of information between listed companies/issuers (in what follows: companies), intermediaries, and shareholders, e.g., for the purposes of corporate action processing. However, Member States may provide that only shareholders holding more than a certain percentage of shares or voting rights fall within the scope of this provision. Such a percentage must not exceed 0.5 %. Therefore, who can be identified as shareholder varies.

**3. To what extent does the current right of companies to identify their shareholders facilitate the flow of information between companies, intermediaries, and shareholders?**

- To a very large extent
- To a large extent
- **To a moderate extent**
- To a small extent
- Not at all
- Don't know/no opinion

If you would like to, please explain your answer:

***Companies should have the right to identify their shareholders – which in turn facilitates communication between companies and shareholders, and the use of shareholders' rights. This right should be maintained and is important in the context of the Anti-Money Laundering rules, requiring companies to disclose their beneficial owners. However, more actions are needed to resolve remaining problems regarding the flow of information between companies and shareholders.***

**4. Are you aware of any problems related to the identification of shareholders?**

- Companies cannot identify all shareholders they would like to identify
- Companies do not know who they can identify
- Communication between companies and intermediaries is difficult, e.g., due to the use of different formats and technologies
- The quality of shareholder information companies receive is insufficient
- It is unclear how companies can identify shareholders for shares recorded or issued using Distributed Ledger Technology
- Other:
- **Don't know/no opinion**

**5. To what extent would the following measures lead to an improvement?**

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know/no opinion
Companies' right to identify shareholders without any threshold limiting this right		X				
EU-wide threshold for the identification of shareholders (please indicate the percentage in the free text box below this table)					X	
Companies' right to identify the holders of all types of registered securities deposited at a central securities depository (e.g., also bond holders)		X				
Issuing or recording shares with Distributed Ledger Technology (such as blockchain)		X				
Specific obligations regarding omnibus accounts, i.e., account enabling any participant in a securities settlement system to hold in one securities account the securities that belong to different clients of that participant		X				
A golden operational record, requiring the issuer to send a record of operational information and enabling all parties in the chain of custody to		X				

process the information in the same manner						
Possibility to tailor requests on shareholders' identity to the specific needs of companies (e.g., identification of specific groups of shareholders)						X
Improving the possibility of companies to directly contact their shareholders		X				
Other						

If you would like to, please explain your answer:

**Companies need to identify their shareholders for effective information flows and dialogue, including where equity or bonds are held through omnibus or similar accounts. An EU-wide identification threshold set too high could prevent the identification of smaller shareholders, including institutional investors in large, widely held companies. Greater transparency is needed for omnibus accounts, and tools such as “golden operational records” could strengthen transparency across the custody chain.**

## 2. Interaction between Companies, Shareholders, and Intermediaries

### **Transmission of information (Article 3b)**

The exercise of shareholder rights requires the transmission of information (e.g., on general meetings) from the company to shareholders and conversely (e.g., votes) from shareholders to the company. Intermediaries play an important role in passing on this information. Intermediaries include investment firms, credit institutions, and central securities depositories, which provide services of safekeeping shares, administrating shares or maintaining securities accounts on behalf of shareholders or other persons.

**6. To what extent have the following measures contributed to the smooth flow of information between shareholders and companies? Please note that the details of the measures described are contained in Commission Implementing Regulation (EU) 2018/1212.**

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know/no opinion
Companies' obligation to provide intermediaries with	X					

the relevant information in a timely manner, no later than on the same business day on which it announces the corporate event (e.g., general meeting)						
Companies' obligation to provide intermediaries with the relevant information in a standardised manner	X					
Intermediaries' obligation to transmit the information provided by the companies to the shareholders without delay	X					
Intermediaries' obligation to transmit information related to the exercise of shareholder rights from the shareholder to the companies without delay	X					
Intermediaries' obligation to transmit information in a standardised manner	X					
Intermediaries' obligation to directly transmit information to the company or the shareholder where this can be done despite the involvement of more than one intermediary (chain of intermediaries)	X					

If you would like to, please explain your answer:

***Obligations for companies and intermediaries to inform shareholders without delay are central to improving the information flow between companies and shareholders, but significant practical issues remain. This is likely due to insufficient compliance with the SRD II, hence we suggest stronger supervision and enforcement.***

**7. Are you aware of any problems related to the transmission of information?**

- **Information does not reach recipients**
- **Information is received late**
- Information quality is insufficient (e.g., the information is incomplete)
- **Communication between companies, intermediaries and shareholders is difficult (e.g., differing formats and technologies)**

- High costs for information transmission services (please note that costs are also treated in a section below)
- **Other – The lack of automatic vote confirmations can result in shareholders not being informed that their vote was not properly cast (“lost” votes). We suggest requiring an automatic confirmation that votes were cast and properly recorded, without needing a specific request.**
- Don't know/no opinion

**8. To what extent would the following measures lead to an improvement?**

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know/no opinion
Facilitating direct communications between companies and shareholders	X					
Mandating the use of a single standard format for all information exchanged, enabling straight-through processing (STP) without any manual intervention		X				
Facilitating communication through technical solutions which allow automatic and instantaneous access to information	X					
Enabling or increasing the use of shares issued or recorded with Distributed Ledger Technology, allowing e.g., programmed communication		X				
Other						

If you would like to, please explain your answer:

**Any digital tools and solutions that facilitate the exercise of shareholders' rights and reduce information delays should be encouraged. This includes tools, platforms, solutions and standardised formats that improve communication between companies and shareholders, enable them to notify their participation and casting votes, including directly (excluding intermediaries).**

**Facilitation of the exercise of shareholder rights (Article 3c)**

Intermediaries do not only play an important role in transmitting information but in facilitating the exercise of shareholder rights. Whether shareholders exercise their rights themselves or through proxy holders that act on their behalf – they all need to prove their entitlement.

**9. To what extent have the following measures facilitated the exercise of shareholder rights? Please note that the details of the measures described are contained in Commission Implementing Regulation (EU) 2018/1212.**

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know/no opinion
Requiring the last intermediary to confirm, upon request, to the shareholder or third party nominated by the shareholder, the entitled position appearing in its records		X				
Requiring the last intermediary to ensure that the entitled positions in its records are reconciled with those of the first intermediary		X				
Requiring an electronic confirmation of receipt of the votes when votes are cast electronically	X					
Requiring a confirmation that votes have been validly recorded and counted by the company to be sent upon request	X					
Requiring standardised notifications for corporate events such as general meetings and shareholder participation therein	X					

If you would like to, please explain your answer:

*The current implementation of SRD II still does not fully enable the effective exercise of shareholder rights, highlighting the need for stronger supervision and enforcement. Long and complex intermediary chains, particularly in cross-border contexts, non-interoperable systems, and outdated or manual processes continue to disrupt information flows. Votes may be incorrectly recorded or lost, making automatic confirmation that votes are cast and validly recorded essential.*

**10. Are you aware of any problems related to the facilitation of shareholder rights?**

- Difficulties with cross-border use of evidence for the entitlement to exercise shareholder rights (e.g., certificates of holding for shareholders and powers of attorney for proxy holders), which might include belated or no receipt of confirmation of entitlement, national form requirements for powers of attorney or similar obstacles
- Required documentation by Member States to prove the entitlement to exercise shareholder rights (e.g., certificates of holding for shareholders and the powers of attorney for proxy holders) is often still paper-based
- Late, inconsistent, or incomplete reconciliation of share positions across the chain of intermediaries, preventing shareholders from being recognised as entitled to exercise their rights
- Differences in record dates across Member States (i.e., the date on which shares must be held by shareholders for them to be entitled to vote and exercise other shareholder rights at general meetings) render the cross-border exercise of shareholder rights difficult
- Voting cut-off dates (i.e., the dates for submitting votes set by custodians) set well in advance of the general meeting giving shareholders little time to analyse meeting information
- Convocation date may be too close to the date of the general meeting
- Meeting material may be provided too close to the date of the general meeting.
- Lack of transparency in post-meeting confirmations and information
- Other – *Despite the practice being largely prohibited under the SRD, blocking shares from trading when voted on (share blocking) is still in practice in some member states.*
- Don't know/no opinion

**11. To what extent would the following measures lead to an improvement?**

	To a very large extent	To a large extent	To a moderate extent	To some extent	Not at all	Don't know/no opinion
Introducing a standardised proof of entitlement for the exercise of shareholder rights	<b>X</b>					
Prescribing that the power to represent the shareholder for proxy holders should be possible in electronic format	<b>X</b>					

under certain security conditions						
Ensuring proofs of entitlement and powers of attorney are interoperable with cross-border and harmonised electronic authentication frameworks (e.g., EU Digital Identity Wallet, EU Business Wallet)	<b>X</b>					
Enabling or increasing the use of shares issued or recorded with Distributed Ledger Technology	<b>X</b>					
Enabling automated functions in the shares and programmable shares to exercise shareholders rights	<b>X</b>					
Introducing (more detailed) EU-wide deadlines/timelines for:	<b>X</b>					
a) Convocation of general meetings	<b>X</b>					
b) Publication of meeting materials	<b>X</b>					
c) Record dates	<b>X</b>					
d) Cut-off dates	<b>X</b>					
e) Updating shareholder registers	<b>X</b>					
Shortening the 15-day maximum deadline for publishing voting results			<b>X</b>			
Requiring publication of voting results for each class of shares			<b>X</b>			
Enabling instantaneous and automated receipt of vote confirmation	<b>X</b>					
Other						

If you would like to, please explain your answer:

**More harmonised rules on deadlines/timelines granting more time for shareholders to exercise their rights, including on convocation dates and voting cut-off dates, would help avoid the challenges experienced by investors. When custodian cutoff dates are several weeks before the AGM date, shareholders and voting advisory firms have very limited time to read the proxy materials and take their voting decisions.**

**Non-discrimination, proportionality and transparency of costs (Article 3d)**

In line with the objective to facilitate the exercise of shareholder rights, any charges imposed by intermediaries must be publicly disclosed, non-discriminatory and proportionate.

- **High costs in cross-border settings disincentivise the exercise of shareholder rights**
- **Differences in charges of intermediaries between the domestic services and cross-border intra-EU services do not reflect the difference in actual costs incurred for delivering these services**
- **Lack of transparency as to how intermediaries calculate their charges**
- Other
- Don't know/no opinion

**13. To what extent would the following measures lead to an improvement?**

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know/no opinion
Fixed charges for specific services						X
Maximum ceilings for charges for specific services						X
Clarification of who (company, intermediary, shareholder) pays for which request						X
Standardised terminology for the types of charges and services		X				

Standardised format for disclosure of charges		X				
Central database or comparator of intermediaries' charges structures to ensure transparency	X					
Other						

If you would like to, please explain your answer:

***SRD II did not significantly improve cost transparency. Intermediaries do not publicly disclose the fees they charge asset managers for voting services, and their pricing policies should be made more transparent and consistent. This is also an issue encountered by retail investors, for whom the costs of exercising cross-border voting rights often remain prohibitive.***

#### **Third-country intermediaries (Article 3e)**

Eurosif has not provided a response to this section.

### **3. Institutional Investors and Asset Managers (Articles 3g, 3h and 3i)**

A strong level of engagement of institutional investors and asset managers is crucial for the long-term performance of companies. Therefore, the SRD subjects them to certain transparency requirements.

**16. To what extent is the objective of the Shareholder Rights framework of increasing the level of engagement of institutional investors and asset managers in order to improve the long-term performance of the company still relevant today?**

- **To a very large extent**
- To a large extent
- To a moderate extent
- To a small extent
- Not at all
- Don't know/no opinion

If you would like to, please explain your answer:

***Strengthening investor engagement is essential for long-term company performance. As regulation cannot address all risks, effective stewardship relies on sustained, high-quality and collaborative dialogue between investors and companies. This is particularly important for ESG issues, as systemic risks such as climate change, biodiversity loss and social inclusion increasingly threaten value, often compounded by ESG controversies and weak disclosures, especially outside the EU.***

**17. To what extent have the following measures increased the level of engagement of institutional investors and asset managers?**

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know/no opinion
Institutional investors and asset managers must publicly disclose – on a “comply or explain” basis – a shareholder engagement policy	X					
Institutional investors and asset managers must publicly disclose each year – on a “comply or explain basis” – how their engagement policy has been implemented	X					
Institutional investors must publicly disclose how their equity investment strategy contributes to the long-term performance of their investee companies	X					
Institutional investors must publicly disclose – on a “comply or explain” basis – details regarding their arrangements with their asset managers	X					
Asset managers must annually report to their institutional investors – or to the public – on how their investment strategies and implementation thereof contribute to the long-term performance of the assets of the institutional investors or of the funds.	X					

If you would like to, please explain your answer:

**Transparency on voting and engagement policies is essential to promote good corporate governance. Requirements to define and disclose engagement policies and report annually on related activities have strengthened investor stewardship and accountability. Provisions on engagement should be made consistent between the SRD review and the SFDR review.**

**18. Are you aware of any problems related to the provisions on institutional investors and asset managers, e.g., related to reporting?**

*Some institutional investors still do not publish engagement policies or reports. Others focus mainly on voting, overlooking dialogue and shareholder cooperation. SRD should better harmonise expectations on credible engagement strategies and reporting, and consistency with related provisions in the SFDR review should be ensured. Clear disclosures are also needed on the use of AI tools, including methodologies, governance, human oversight and monitoring.*

**19. To what extent would the following measures lead to an improvement?**

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know/no opinion
Expanding public disclosure related to engagement policy and investment strategy of institutional investors and asset managers		X				
Reducing public disclosure related to engagement policy and investment strategy of institutional investors and asset managers					X	
Clarifying the elements of the engagement policy and the equity investment strategy		X				
Turning certain reporting or “comply or explain” obligations into mandatory requirements		X				
Introducing an EU-wide stewardship code of best practices	X					
Other	X					

Please specify the other measure:

**“Credible” engagement policies should be defined and such provisions should be consistent between the SRD review and the SFDR review. An EU-wide stewardship code would help harmonise definitions and expectations and improve engagement practices throughout the investment chain. Shareholders should have the right to vote on “Say on Climate / Nature / Sustainability” to put financial and non-financial decision making on an equal footing and strengthen investor engagement on ESG topics.**

#### 4. Proxy Advisors (Article 3j)

Eurosif has not provided a response to this section.

#### 5. General Meetings of Shareholders

##### General considerations

One of the general objectives of the SRD is to improve corporate governance by strengthening shareholder rights, among other means, by increasing meaningful participation in general meetings. Over recent years, especially during the COVID-19 pandemic, the practice of general meetings has evolved significantly. These developments lead to new potentials for shareholder engagement but also raise risks regarding the effective exercise of shareholder rights.

##### 23. What is the best format for the exercise of shareholder rights?

- In-person general meeting
- Virtual only general meeting
- **Hybrid general meeting**
- Exercise of rights prior to (outside) general meetings
- Other
- Don't know/no opinion

**24. Not all Member States offer companies and their shareholders the possibility to freely choose the format of general meetings (in-person, virtual, or hybrid) and the timing for exercising shareholder rights (at or prior to general meetings). To what extent would aligning rules across the EU to allow companies to opt for the following formats lead to an improvement?**

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know/no opinion
In-person only general meetings					X	
Virtual-only general meetings					X	
Hybrid general meetings (i.e., where each	X					

shareholder is able to choose between in-person and virtual attendance)						
Requiring shareholders to exercise certain rights prior to the general meeting					X	
Adopting shareholder resolutions outside general meetings						X
Other						

If you would like to, please explain your answer:

**Hybrid general meetings should become the default, ensuring that all shareholders have the flexibility to participate and vote remotely, virtually or in person. Companies should not be allowed to impose either in-person-only or virtual-only general meetings, which could restrict the participation of shareholders and the effective use of their rights especially in cross-border situations.**

**25. To what extent is there a need for common EU rules on the format of general meetings?**

	<b>To a very large extent</b>	<b>To a large extent</b>	<b>To a moderate extent</b>	<b>To a small extent</b>	<b>Not at all</b>	<b>Don't know/no opinion</b>
Each shareholder must be able to choose between in-person and virtual attendance (hybrid general meetings)	X					
Each shareholder must be able to exercise their rights during the general meeting	X					
Each shareholder must have the possibility to also exercise their rights prior to the general meeting	X					
There should be minimum standards to safeguard	X					

shareholder rights and legal certainty in the context of virtual participation						
Other						

If you would like to, please explain your answer:

***EU-wide rules should be established to ensure that shareholders benefit from flexibility in the use of their rights.***

### ***The rights of shareholders***

The SRD includes a number of basic shareholder rights, which might be in need of an update.

#### **26. To what extent were the following shareholder rights strengthened by the SRD?**

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know/no opinion
Right to receive information prior to the general meeting		X				
Right to put items on the agenda		X				
Right to table draft resolutions		X				
Right to vote in the general meetings		X				
Right to vote by correspondence		X				
Right to ask questions		X				
Right to appoint a chosen proxy holder		X				

If you would like to, please explain your answer:

***Several fundamental shareholder rights still require strengthening & harmonisation across the EU, including the right to submit written questions ahead of general meetings, or the right to table draft resolutions without being subject to overly high ownership thresholds.***

**27. Are you aware of any problems related to the exercise of shareholder rights, among the following?**

- **Not all relevant shareholder rights are provided for in the SRD, hindering cross-border investments**
- **Many aspects of existing shareholder rights are left to the Member States, hindering cross-border engagement.**
- **Existing shareholder rights are not sufficient to ensure sound stewardship and corporate governance**
- **Delays and inefficiencies regarding the vote casting and recording, including “lost votes”**
- **Persisting challenges can lead to share blocking (operational constraints regarding transfer of shares within a certain period before a general meeting)**
- **Many Member States do not allow split voting which enables end investors to ensure their votes are cast according to their preferences rather than following a generic asset manager’s policy.**
- Other
- Don't know/no opinion

**28. To what extent would the following measures lead to improvements?**

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know/no opinion
Enabling shareholders to speak at the general meeting or to submit opinions prior to it	<b>X</b>					
Enabling shareholders to challenge resolutions under certain common conditions	<b>X</b>					
EU-wide conditions for attendance of shareholders and proxy holders	<b>X</b>					
Standardised protocols for vote casting and counting	<b>X</b>					
EU-wide threshold of share ownership for the right to put items on the agenda and to table draft resolutions			<b>X</b>			

Lowering the current 5 % optional threshold of share ownership for the right to put items on the agenda and to table draft resolutions	<b>X</b>					
Other	<b>X</b>					

**Other: The SRD should clarify that collective engagement (including on sustainability topics) does not itself constitute acting in concert, and this should be reflected in updated ESMA guidance.**

If you would like to, please explain your answer:

**The optional 5% threshold to place agenda items and table draft resolutions should be removed or substantially lowered. Such a threshold can prevent shareholders from exercising their rights and is particularly restrictive for large companies with dispersed ownership. If maintained, it should not exceed 0.5% for large caps, while allowing lower national thresholds. EU-wide rules on challenging resolutions and AGM attendance would be relevant where they facilitate shareholder participation.**

#### **Link between directors' pay and companies' performance (Articles 9a and 9b)**

One of the goals of SRD was to foster the long-term performance of the company. Thus, it aimed to improve the incentives for directors to act in the interest of the company by linking directors' pay to the long-term performance of the company.

**29. To what extent is the objective of the Shareholder Rights framework of increasing the link between directors' pay and long-term performance of the company in order to improve the long-term performance of the company still relevant today?**

- **To a very large extent**
- To a large extent
- To a moderate extent
- To a small extent
- Not at all
- Don't know/no opinion

If you would like to, please explain your answer:

**This objective is very relevant. In addition to retaining current rules, the SRD framework should also reinforce the provision on explaining how ESG criteria are considered while awarding directors' variable remuneration by removing the mention "where appropriate" in Article 9a.**

**30. To what extent have the following measures contributed to the alignment between directors' pay and long-term performance of the company, by diminishing incentives for directors to focus on short-term returns?**

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know/no opinion
Companies must publish a remuneration policy based on which remuneration to directors is paid	<b>X</b>					
Companies must publish a report on directors' remuneration for the most recent financial year	<b>X</b>					
Shareholder vote on the remuneration policy and reports	<b>X</b>					

If you would like to, please explain your answer:

*Shareholder votes on remuneration policies are one of the main levers for aligning companies' strategies with shareholders' interests. Greater transparency around pay has significantly strengthened this tool, and "say on pay" has become a central mechanism for investor engagement in relation with corporate governance.*

**31. Are you aware of any problems related to the existing rules on the long-term performance of the company and the link between directors' pay and companies' performance?**

- Current rules are too burdensome
- **Member States can make the vote of shareholders on the remuneration policy only advisory**
- **Shareholders' vote on the remuneration report is only advisory**
- **Member States can replace the shareholders' vote on the remuneration report by a discussion requirement**
- **Executive remuneration is not comparable across companies**
- The Directive is insufficiently applied/enforced
- Other
- Don't know/no opinion

**32. To what extent would the following measures lead to an improvement?**

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know/no opinion
Binding vote of shareholders on director remuneration	<b>X</b>					
Simplified rules on remuneration policy	<b>X</b>					
Simplified rules on remuneration reports	<b>X</b>					
Other						

If you would like to, please explain your answer:

***The 'say-on-pay' framework is an effective accountability tool and related rules should be maintained and strengthened in the SRD review. We support ensuring EU-wide binding shareholder votes on director remuneration and simplified and comparable disclosures on remuneration policies/reports which means simpler and clearer information to shareholders and not less stringent disclosures from companies.***

**Related party transactions (Article 9c)**

Eurosif has not provided a response to this section.

**6. Enforcement**

Member States have to provide for measures and penalties which are effective, proportionate and dissuasive. This is to ensure that the shareholder rights provided for in the SRD are effectively enforced.

**37. Are you aware of any problems regarding enforcement?**

- **Insufficient supervision by Member States' competent authorities**
- Unclear which Member State is competent for the enforcement of the Directive
- Legal uncertainty, especially on scope of the SRD and the definition of central concepts
- **Other - Enforcement of shareholder rights remains fragmented due to heterogeneous national transposition and divergent enforcement practices across Member States.**
- Don't know/no opinion

**38. To what extent would the following measures lead to improvements?**

	To a very large extent	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know/no opinion
Transferring certain SRD provisions into a regulation	X					
Codes of conduct developed by the private sector						X
Peer review mechanisms						X
EU guidelines			X			
Supervision by an EU authority, e.g., ESMA	X					
Other						

**7. Additional information**

**39. Do you have any final comments or suggestions, e.g., on any aspects not sufficiently covered by the SRD framework?**

***Eurosif supports a review of SRD II to strengthen shareholders' ability to exercise their rights and to make investor engagement more effective, including on sustainability.***

**Key recommendations:**

- ***Establish an EU-wide stewardship code to align expectations and strengthen engagement practices across the investment chain.***
- ***Clarify what qualifies as "credible" engagement policies, especially for sustainability engagement, and ensure consistency between SRD and SFDR.***
- ***Explicitly state that collective engagement on sustainability issues does not, by itself, constitute "acting in concert".***
- ***Introduce a harmonised EU-level definition of "shareholder", focused on the end investor, to improve consistency and support the Savings and Investment Union.***
- ***Facilitate the exercise of shareholder rights, including cross-border, by improving transparency along the intermediary chain, ensuring timely access to standardised digital information, and allowing more time and flexibility to prepare for and participate in AGMs.***
- ***Remove or significantly reduce the current 5% threshold to table agenda items and resolutions at AGMs.***
- ***Make votes on directors' remuneration binding across all EU Member States to better align long-term interests.***
- ***Grant shareholders an EU-wide right to vote on "say on climate / nature / sustainability".***
- ***Require companies to explain at EU level how ESG criteria are used in directors' variable remuneration, instead of maintaining the current opt-out.***