POSITION PAPER

05 May 2026

# Shareholders' Rights Directive (SRD) Review: public consultation

## I. INTRODUCTION

BusinessEurope wishes to provide input on the Commission's consultation on the review of the Shareholders Rights Directive (SRD), which is a central component of the EU's corporate governance framework.

Overall, SRD has reduced fragmentation in key areas, increased clarity regarding voting rights and shareholder entitlements, facilitated shareholder identification and engagement, and strengthened long-term investor-company relationships. More precisely, SRD I contributed to the harmonisation and establishment of minimum shareholder rights standards. SRD II added further elements, notably in remuneration (say on pay), related-party transactions (RPTs), shareholder identification, institutional investor engagement, and proxy advisors.

The SRD framework has been overall well-functioning, and European businesses have made significant efforts to comply with the requirements, to integrate the new rules into their operations, and have largely succeeded in doing so. Without undermining the efforts made by European businesses to digest and integrate the SRD framework, and under the prism of the simplification and burden reduction agenda of the Commission, we are willing to contribute to the Commission's effort to review the SRD framework. Any updates to this framework should be cautious and aim to reduce administrative and financial burdens, inefficiencies, be evidence-based, and well-targeted to address specific identified problems. In this context, we see a potential scope for improvement under the current SRD review in targeted areas of the Directive, such as the need to further regulate proxy advisors and to strengthen the overall reliability and comparability of the information and analysis underpinning shareholder decision-making, including through appropriate transparency, controls, and independent scrutiny mechanisms where market practices materially influence votes.

This paper, therefore, outlines our main messages regarding the SRD framework, as well as detailed replies to the Commission online questionnaire, indicating where targeted changes are necessary and what direction such changes should take.

## II. MAIN MESSAGES

- The Shareholders' Rights Directive is an essential part of the EU corporate governance framework, which includes national corporate governance codes and **has generally been fit for purpose**.
- The **integrity of national, tailored-made corporate governance models must be nourished and preserved**. Current corporate governance models in the Member States are well-functioning and have been developed and fine-tuned over many years and adapted to their respective legal and cultural environments. Stability and predictability are, in many respects, more valuable than further regulatory change. These models in the Member States must remain **flexible** enough to give room for and incentivize continued financial and organizational innovation, and the widely accepted **"comply or explain" approach** applied across the EU in the corporate governance area must not be diluted. Continued respect for the Member States' different structures is key for the competitiveness of European businesses and will benefit the efforts to strengthen the capital markets within the EU under the framework of an effective Savings and Investments Union.
- **We do not see a need for a major overhaul of the Directive, rather an opportunity for targeted changes.** This is a position which we underlined in BusinessEurope Omnibook on regulatory burdens, our Company Law priorities from 2024, and during our interventions during the 2025 Justice for Growth process.
- The upcoming revision of the Directive, as announced in the Commission Work Programme 2026, should:
  - Be a **targeted and cautious review** focused on specific problematic areas that require reform, as well as on opportunities for modernisation, digitalisation, or simplification. Areas that function well should be maintained, and unnecessary additional compliance burdens for companies must be avoided.
  - Adhere to Better Regulation principles. In particular, it should be **evidence-based**, accompanied by objective problem analysis and robust impact assessment, and cover areas where regulation is insufficient, causing legal gaps that can create evident problems in the market (such as in the market of proxy advisors), misguided, or, to the contrary, overly detailed.
  - **Remain aligned with the current EU Simplification Agenda**, geared towards achieving burden reduction targets, and avoiding the creation of an additional layer of regulation in the corporate governance context, which risks creating overlaps with other EU legislation and complexities. If areas such as executive remuneration (say on pay and reporting) and related-party transactions are revised, this should only be done under the prism of burden reduction, without compromising the objectives of those provisions and the core disciplines that

underpin trust in capital markets (reliability of information, accountability, scrutiny).

- **Focus on stronger regulation, transparency, and oversight of proxy advisors**, including looking at some of the current rules applying to institutional investors and asset managers, which might have conferred proxy advisors a disproportionate power within the EU's financial markets.
- Distinguish between the need for legislative changes (if any) and the **practical and technical obstacles to shareholder engagement**, improving operational efficiency in cross-border chains of custodians.

## III. REPLIES TO THE RELEVANT QUESTIONS IN THE COMMISSION QUESTIONNAIRE

## 1. Shareholders: Definition & Identification

Definition of shareholders

Question 1: To what extent does the lack of a common definition of 'shareholder' in the SRD lead to legal uncertainty?

- To a small extent

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| Corporate governance and company law differ between member states, which would make it very difficult to find common ground on this definition without disrupting current structures. |

Identification of shareholders

Question 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 small extent

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| When it comes to national chains of intermediaries, the identification process generally works satisfactorily when seeking information on national shareholders. Large issuers are typically able to identify significant shareholders, and there are no major complaints regarding the inability to obtain requested information. |

However, practical challenges remain in cross-border chains, as chains of intermediaries can be long and complex. Some intermediaries fail to transmit identification requests or responses in a timely manner, and delays or operational failures occur more frequently in cross-border situations than in domestic ones. Charges for identification services in cross-border cases may be quite high sometimes for issuers.

Question 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 (*Please note that communication problems will be treated in-depth in the next section*)
- 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

In certain Member States (e.g., Italy), issuers have encountered problems with the shareholder identification threshold under Article 3a SRD. Opting, for example, to introduce a shareholder identification threshold (0.5%) can be problematic as:

- Large investors holding above 0.5% across multiple accounts or custodians may not be identified.
- In companies with dispersed ownership, only a negligible number of shareholders may be captured.
- There is a mismatch between market standards and the Directive's framework.

A reflection might be necessary on the usefulness of the shareholder identification threshold against the fragmentation and practical problems that it might generate.

Other practical challenges have been raised, such as the fact that some intermediaries fail to transmit identification requests or responses in a timely manner, and delays or operational failures occur more frequently in cross-border situations than in domestic ones. These issues do not appear to stem from the EU legal framework but rather from the long and complex chains of intermediaries, differences in legal traditions and holding systems, and the combined effects of thresholds and fragmented systems, and overall uneven practical implementation by intermediaries.

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

Transmission of information (Article 3b)

Question 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.

Rules on digital information flows between the company, intermediaries, and ultimate shareholders generally function as intended. Remote voting has significantly improved in recent years, particularly after COVID-19. Nevertheless, cross-border voting remains more cumbersome than domestic voting. Despite clear regulatory standards under the implementing regulation, technical coordination between intermediaries remains weak. The practical and technical hurdles should be carefully examined before considering legislative revisions, as their causes may lie in practical or technical reasons unrelated to the SRD rules themselves.

The European Commission should therefore, together with stakeholders and market participants, focus on identifying the existing practical and technical obstacles and possible solutions to address those. Further regulatory changes are unlikely, in themselves, to significantly improve the situation, and any additional administrative or operational burdens on issuers should be avoided to preserve European competitiveness.

Furthermore, there is a lack of transparency regarding the fees that listed companies are charged. Excessive fees for end investors may also deter investment – or the exercise of shareholder rights – in listed companies. This is particularly relevant in cross-border participation or voting at general meetings, where fees are often prohibitive.

Question 7: Are you aware of any problems related to the transmission of information?

The chain of intermediaries remains a black box from the issuer's perspective, and issues encountered between intermediaries are generally not known to the issuers.
Implementing Regulation (EU) 2018/1212 (Table 2) allows the email field to be left empty, and in practice, intermediaries often omit it even when available. Without a valid email address it is difficult for issuers to communicate directly with shareholders.

Question 8: To what extent would the following measures lead to an improvement?

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| The EU should focus on how the transmission of information between intermediaries works in practice and consider the usefulness of standardized formats and processes. |

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

Question 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.

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| The Implementing Regulation provides detailed technical standards, but their implementation remains uneven in practice. Wider use of common technical systems (for example, SWIFT or straight-through processing solutions) could improve efficiency. Potential technical or practical issues in the chain of intermediaries should be looked into, rather than looking to change the current rules and regulations. However, the creation of a single mandatory EU platform does not appear necessary at this stage. |

Question 10: Are you aware of any problems related to the facilitation of shareholder rights?

- Other

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| While there are satisfactory rules regarding the convocation of shareholders' meetings and presentation of meeting materials by the issuers, and the SRDs include detailed requirements on the transmission of information through the chain of intermediaries, still, sometimes issues for cross-border voting are encountered. For example, there are problems for foreign investors in getting their shares registered by name. This must be done through their bank, which often does not offer the service (or does not know how to do it), while the issuers cannot assist the shareholders on this. These issues are most likely the result of practical or technical challenges within the chain of intermediaries and are unlikely to be effectively addressed through regulatory changes.<br><br>Article 5(1) of the SRD provides that Member States shall ensure that a company convenes the general meeting no later than on the 21st day before the day of the meeting. At this moment, the minimum notice periods applicable in the different Member States vary widely, ranging from 42 days in the Netherlands to 30 days in Belgium and Germany, and even 21 days in the former Member State United Kingdom. It would be useful to determine whether these legal discrepancies add unnecessary |

burdens and whether there are solutions (including non-legislative) that could help address problems.

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

Question 12: Are you aware of any problems related to the fees or charges imposed by intermediaries?

- 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

Fee transparency and harmonisation remain complex across Member States. Pricing structures vary significantly between intermediaries and jurisdictions, including specific models, such as per-word pricing in certain markets.

Question 13: To what extent would the following measures lead to an improvement?

While improved transparency would be beneficial, a fully unified fee model could undermine fair competition between intermediaries.

A common methodology aimed at improving transparency and comparability may therefore be preferable to strict fee harmonisation.

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

Question 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?

- Other

The EU legislators should make clear that institutional investors may legitimately choose different approaches to shareholder engagement, including with respect to the choice of voting at general meetings. For example, investors and asset managers should not be subject to a general expectation to vote at shareholders' meetings.

Whether this is appropriate may differ depending on the investor’s strategy, investment horizon, and profile. Clarifying this is also important in order to avoid an undue extension of proxy advisors’ influence over shareholder voting.

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

The requirements in SRD II to conduct active ownership have mainly just given proxy advisors uncontrolled and unintended powers, rather than significantly increasing the level of active engagement from institutional investors and asset managers. It was never realistic to require these investors/managers to be active themselves on their whole portfolio, because it's not usually feasible for them to do so. This pushes to outsource the most to proxy advisors, which has then created problems for issuers. When institutional investors and asset managers in practice largely follow (questionable) voting recommendations from proxy advisors, this does not constitute active ownership or genuine shareholder engagement.

Question 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 |
|---|---|---|---|---|---|---|
| Turning certain reporting or “comply or explain” obligations into mandatory requirements | | | | | x | |
| Introducing an EU-wide stewardship code of best practices | | | | | x | |
| Other | | | | | | |

There is room to reassess the requirements in SRD to conduct active ownership. The EU legislator should make clear that institutional investors can take different approaches when it comes to shareholder engagement, including voting at shareholders' meetings. It is important that investors/asset managers are not generally expected or obliged to vote.

## 4. Proxy Advisors (Article 3j)

Question 20: To what extent have the following measures improved the reliability, comparability and quality of advice of proxy advisors?

| | 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 |
|---|---|---|---|---|---|---|
| Application of a code of conduct on a "comply-or-explain" basis | | | | | x | |
| Disclosure to the public of information in relation to the preparation of proxy advisors' research, advice and voting recommendations | | | | | x | |
| Disclosure to the client of conflicts of interests and actions taken to address them | | | | | x | |

Question 21: Are you aware of any problems related to proxy advisors?

- Revenue sources and potential conflicts of interest of proxy advisors are not disclosed transparently
- It is unclear which actors fall under the provisions on proxy advisors
- Proxy advisors' disclosure on dialogue with companies is not satisfactory
- Proxy advisors' approaches to research, advice and voting recommendations are not disclosed transparently
- Proxy advisors' adherence to a code of conduct is not transparent
- Accountability and transparency of proxy advisors are limited
- Enforcement of the regulatory framework between EU and third-country proxy advisors is uneven
- Other

We have identified proxy advisors as one of the few areas where it could be appropriate to revise the SRD. Please see the problems and proposed solutions in the answer to Question 22.

Question 22: To what extent would the following measures lead to an improvement?

Proxy adviser market structure

A problem, amongst other things, is the highly concentrated market gathered in certain players,[1] which comes with great influential power in shareholder behavior and decisions. This power should also be accompanied by proportional responsibility, accountability, and supervision for their services, as those have a true impact on shareholder decisions and thus the corporate governance of issuers, without owning a single share. In particular, proxy advisors are seen as exercising significant influence because:

- Institutional investors rely on their voting recommendations across large portfolios.
- Investors may follow recommendations systematically due to scale and cost constraints.
- Issuers may face negative voting outcomes without a relevant rationale and without a meaningful opportunity for dialogue.

General voting recommendations are characterised by a “one-size-fits-all” approach that rarely takes into account local and issuer-specific circumstances (such as ownership structure, governance arrangements, and articles of association), or national legislation and corporate governance practices.

It is important that proxy advisors take local and company specifics into account when providing voting recommendations, which, due to market concentration and time pressure in advising, may not always happen.

The Commission should also review whether barriers to entry for new proxy advisors can be reduced, and should be mindful that potential new regulation does not hinder the development of proxy advisory services and new business models that can help solve some of the current proxy advisor challenges/problems identified. For example, AI can play a key role, allowing tailored recommendations adapted to the specific needs of individual institutional investors and taking specific market and issuer-specific considerations into account. Depending on the design of such digital tools, AI solutions could potentially re-empower institutional investors and asset managers and solve several of the current problems with proxy advisors listed below.

Transparency and dialogue missing

[1] The market for proxy advisory services in the EU is, in practice, a duopoly dominated by two US-based companies, Institutional Shareholder Services (ISS) and Glass Lewis, which together account for approximately 48% and 42% of the market, respectively.

As **transparency regarding methodologies**, underlying data sources, and potential conflicts of interest remains insufficient, a **clearer explanation of how recommendations are formed** will be useful, particularly for negative voting recommendations. This should include greater traceability of data inputs, key assumptions, and the governance of models and quality controls applied to research and recommendation processes. Given the scale of influence of proxy advisors' recommendations on voting outcomes, consideration could also be given to proportionate mechanisms for independent review of key elements of proxy advisors' methodology and controls (e.g., governance, documentation, change management, and conflict-management arrangements), particularly where automated or AI-based tools materially influence voting recommendations.

**There is a lack of structured dialogue channels between issuers and proxy advisors.** Issuers often have to pay a high price (pay-to-play model) to access reports/recommendations concerning themselves, and are given very short timeframes to react to draft recommendations. If they do not pay, erroneous assumptions in voting recommendations may be difficult or impossible to correct. This creates an incentive for differential treatment of paying and non-paying issuers.

It is important that companies can engage in dialogue with proxy advisors, to correct errors and, where necessary, to challenge voting recommendations well in advance of the general meeting. Issuers should therefore have the **possibility of better access to draft recommendations** in advance in order to correct factual errors and ensure that their responses are taken into account. A harmonised model allowing issuers to review draft reports for factual accuracy before publication could be considered.

Requirements should be in place for disclosure of how proxy advisors formulate their voting recommendations, ensuring transparency regarding the rationale and objectives of such recommendations, including the extent to which national law and national best practice are taken into account.

<u>Conflicts of interest</u>

Conflicts of interest may arise from the dual role of proxy advisors as **advisory services providers to investors and service providers to issuers.** Proxy advisors sell voting recommendations to institutional investors while simultaneously offering governance and compliance services to the same issuers on which they issue recommendations. This creates a structural conflict of interest. Some situations have also been observed in which proxy advisors effectively establish de facto voting conditions, for example, in relation to climate-related resolutions, which may raise proportionality concerns.

Further EU rules could be considered on how conflicts of interest, including those from ancillary services, are addressed.

A definition of what constitutes a conflict of interest for proxy advisors could also be considered.

Definition

- There is currently no clear EU definition of “proxy advisor”.
- This can be particularly problematic in light of emerging models relying on AI-based or automated voting recommendation systems and providers, given also the significant influence proxy advisors can exercise relative to their level of accountability.
- It could also be ensured and clarified that ESG advisory services fall within scope where they effectively provide voting recommendations.

Enforcement

An absence of effective oversight and accountability mechanisms is noted. Current supervision is national, while proxy advisors operate cross-border. Therefore, we could support a stronger role for ESMA as a last-resort supervisory authority for proxy advisors, particularly given the dominance in the market of a small number of largely non-European firms. The development of an effective code of conduct defining best practice for proxy advisors, e.g., adopted as Level 2 legislation under SRD or issued as a Commission recommendation, could also be considered. Such a code should include clear expectations on governance, documentation, internal controls, conflict management, and the ability to evidence the basis for recommendations in a manner proportionate to their market impact.

In parallel, National Competent Authorities (NCAs) could be explicitly mandated to monitor developments in the market for voting advisory services, as well as assess their influence on shareholders’ meetings of issuers within each country and subsequently report their findings to ESMA. Should this approach prove inadequate, and taking into account the cross-border nature of the proxy advisory industry, we consider that a more effective solution would be to empower ESMA with direct supervisory roles and authority. In the short run, ESMA should be empowered to manage a complaint mechanism complementary to the one provided for in the 2019 Best Practice Principles.

It should be noted that the challenges faced by listed companies in relation to proxy advisors have been significantly exacerbated by the most recent revision of the Shareholders’ Rights Directive (SRD II), which effectively introduced an obligation for institutional investors and asset managers to exercise active ownership across their entire investment portfolios. Even if complaints primarily originate from issuers rather than institutional investors, transparency, conflict-of-interest disclosure, and oversight would be proportionate and unlikely to significantly increase costs. Greater transparency regarding methodologies and conflicts of interest, as well as stronger supervision, would also be appropriate given the impact of proxy advisor recommendations on corporate governance.

Overall, the problems described above relating to the concentrated proxy advisor market and the lack of transparency and structured dialogue with issuers lead to low-quality advice, including recommendations that conflict with national law or best practices, or that are inappropriate in a European or company-specific context. This creates uncertainty and challenges for listed companies in the EU.

## 5. General Meetings of Shareholders

General Considerations

Question 23: What is the best format for the exercise of shareholder rights?

- Other

There should be no mandatory and inflexible forms of general meetings provided in legislation. Of course, shareholders should be able to exercise their rights, but the board of directors of any individual company should generally decide what format is most appropriate in each specific case, thereby being able to take into account the concrete agenda, shareholder structure, circumstances, size of the company, shareholder base, and other relevant factors. Therefore, a technology-neutral legal framework for general meetings is also supported.

Question 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?

A balanced approach combining maximum harmonisation with issuer flexibility would be more appropriate. There is a need for greater legal clarity and flexibility via EU-level rules providing **companies with maximum flexibility to choose** between physical, hybrid, or fully online meetings, avoiding mandatory imposition of hybrid formats and ensuring legal predictability across Member States. Accordingly, rules should be agnostic in relation to technology, ownership-structure, and company-size, in order to preserve the necessary flexibility which is a key feature in the EU's corporate governance framework.

Of course, whatever the format chosen, shareholders should be able to exercise their rights.

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

- Legislation should just ensure shareholders can exercise their rights; in essence, (i) vote, (ii) get timely information, and (iii) ask questions. This is already adequately regulated.
- Any rules introduced should be technology agnostic.

The rights of shareholders

Question 26: To what extent were shareholder rights strengthened by the SRD?

It depends on Member States, as in some jurisdictions, similar rules to the SRD were already in place before the SRD Directive was in place.

Examples of things that function well regarding the General meetings of shareholders' rules:

- The rules on meeting questions, tabling resolutions, and adding agenda items are properly balanced and working well.
- Institutional investors typically vote well in advance (around 15 days before the meeting). Most substantive engagement and information exchange occur well before the meeting and throughout the whole year.
- The "designated representative" model has functioned effectively in certain Member States, e.g., Italy.
- The flexibility to decide on details and a framework that prevents overly rigid national rules, while respecting national specificities, should be maintained.
- A threshold for adding items to the agenda is also appropriate to ensure proposals reflect broader shareholder interest and to prevent abuses.
- The right to ask questions related to the agenda and voting rights is appropriate and balanced.

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

- Other

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| We believe that any issues relating to the exercise of shareholder rights are most likely the result of practical or technical challenges in the chain of intermediaries. It is not likely that regulatory changes would improve the situation. Additional burdens on the issuers must be avoided. |

<u>Link between directors' pay and companies' performance (Articles 9a and 9b)</u>

Question 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 moderate extent

Should a revision or changes of the rules on directors' pay take place, it should be carefully targeted and lead to administrative burden reduction for companies, without compromising the objectives of these provisions.

The current rules have been the object of a difficult but carefully crafted compromise, and the link described above is well accepted and acknowledged by European companies. In practice, companies already strive to implement these principles in an appropriate and effective manner. Therefore, we see no need for wide-ranging reforms of EU rules in this area.

The Commission should keep in mind that issuers have already worked to implement and comply with this framework, investing significantly in compliance systems, and issuers and investors have adapted to SRD II transparency requirements (remuneration reports and remuneration guidelines), which were rather burdensome and detailed.

In addition, it is worth noting that the Commission guidance on remuneration reporting, foreseen under SRD II, was delayed and never finalised. Companies have since adapted their practices independently, and introducing guidance at this stage could be disruptive.

Question 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

- Other

If areas such as executive remuneration (say on pay and reporting) are revised, this should only be done under the prism of burden reduction and harmonisation, without compromising the objectives of those provisions.

Question 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 | | | | | x | |
| Simplified rules on remuneration policy | | | | x | | |
| Simplified rules on remuneration reports | | | x | | | |
| Other | | | | | | |

The Shareholders' Rights Directive was supposed to be followed by guidelines on the remuneration report, which never came to fruition. Companies have moved on and have developed, after much investment, their own standards. Even if remuneration reports are complex and remuneration reporting is burdensome, investors demand transparency and use voting rights where disclosure is insufficient. There is also no need to provide new templates. Issuers normally have regular contact with their largest shareholders (and proxy advisors) to understand their main points and expectations, and to explain the issuer's remuneration policy and incentive programs.

Any changes must be carefully targeted to reduce the burden for businesses. For example, the following targeted changes to SRD could be considered aimed at reducing burdens:

- Reverting to reporting executive remuneration at the aggregate level rather than the individual level.
- Introducing simplified requirements for the remuneration report.

Related party transactions (Article 9c)

Question 33: To what extent is the objective of the Shareholder Rights framework, to minimise the possible negative impact of related party transactions in order to improve the long-term performance of the company, still relevant today?

- To a small extent

If the related-party transaction rules are looked at, this should only be done under the prism of burden reduction. Consideration could be given to making related party transaction rules more practical, relevant, and less burdensome, bearing in mind that national company law in many Member States already ensures equivalent protection for minority shareholders.

Question 34: To what extent have the following measures contributed to minimising the possible negative impact of related party transactions?

| | 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 |
|---|---|---|---|---|---|---|
| Public announcement of related party transactions (transparency) | | | | | x | |
| Extension of transparency requirements to transactions between related parties of the company and its subsidiaries | | | | | x | |
| Report as to whether the related party transaction is fair and reasonable (optional for Member States) | | | | | x | |

The framework needs to remain proportionate and effective. The exclusion of transactions entered into the ordinary course of business (day-to-day operations) was a positive element that needs to be preserved in case the rules are revised.

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| The obligation to aggregate transactions with the same related party in the same financial year is fine, but the additional requirement to aggregate also if they concluded in any 12-month period is then superfluous and creates only administrative burdens. |

Question 35: Are you aware of any problems with the provisions on related party transactions?

- Other

Question 36: 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 |
|---|---|---|---|---|---|---|
| Other | | | x | | | |

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| It is a lot easier for companies to aggregate transactions per financial year than for any rolling 12 months. Since financial years are exactly 12 months, the additional rule adds no further safeguard at all. This issue needs to be looked at. |

## 7. Additional information

Question 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 | |

| | 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 |
|---|---|---|---|---|---|---|
| EU guidelines | | | | | x | |
| Supervision by an EU authority, e.g., ESMA | | | | | x | |
| Other | | | | | | |

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

Artificial intelligence

Any new rules and particularly definitions introduced should be future-proof, for example, to include emerging proxy advisor models relying on AI-based or automated voting recommendation systems. This should be complemented by principles-based expectations on transparency and accountability where such tools materially influence shareholder voting or engagement, including (i) transparency over data sources and key assumptions; (ii) clear accountability for outputs; and (iii) appropriate documentation and audit trails to enable effective challenge and oversight.

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