Making shareholder rights a lever for the EU transition

Institutional investors have long engaged with companies on financial and non-financial topics. Influencing companies is essential to reflect investors' own commitments, ensure risk is managed, and fiduciary duty is respected. With the damages generated by unmitigated climate change and nature destruction increasing at a frightening rate and the need for decisive action becoming ever more urgent, investors have been increasingly trying to steer corporate behavior toward sustainability. Through voting policies and collective or individual engagement, they can drive companies to adopt robust climate transition plans and shift their business model.

However, if asset owners and managers often emphasize their engagement on climate, a worrying gap exists between the prominence of engagement in financial discourses and the actions taken by them on this account or their impact on company behavior. Stewardship practices vary widely and engagement claims are often loosely substantiated. Many engagement strategies lack clear goals, timelines, and escalation processes to exert pressure on companies that fail to act[1]. Their scope and coverage are usually unclear or limited, leaving much of the investor's portfolio out. In this context, engagement is sometimes used as an argument by investors for prolonging support to harmful companies - including companies that develop new coal, oil and gas projects - despite clear evidence that they are unwilling to transition.

Regulation can play a key role in changing the practices of asset managers and asset owners to drive meaningful climate action. Today, limitations and uncertainties on shareholder rights contribute to lower the effectiveness of engagement, whereas an ambitious reform could provide new means and levers to influence companies:

> *Limited transparency on companies' strategies and impact:* Institutional investors often lack access to clear, comparable data from companies' strategies. As reporting practices considerably vary from one company to another, investors can be left with a limited understanding of impact and plans.

[1] For example, while the Climate Action 100+ started operations as early as December 2017, most companies targeted by this shareholder engagement initiative still failed to meet its expectations in 2024. For instance, only 9% of them had adopted a robust short-term GHG reduction target, 22% mid-term targets, and 41% long-term targets. Only 2% had worked to decarbonise their capital expenditures and explain how they intended to invest in climate solutions (i.e Capital Allocation Alignment criteria in the CA100+ Net-Zero Benchmark).

Insufficient opportunities to influence climate strategies: While voting in AGMs is one of the main engagement tools at the disposal of investors,[2] companies are not required to submit their climate strategies to shareholders, thus limiting the means for them to express their support or opposition on these critical decisions. Furthermore, shareholders often struggle to submit their own climate resolutions, because companies refuse to put them on the agenda, legal uncertainty deters them, or the needed ownership threshold is prohibitively high.

Barriers to active ownership: Asset owners have limited information on how their asset managers implement engagement policies for them and what results are achieved. They are often unable to assess whether the manager's votes and engagement activities are coherent with their own goals. When proxy advisors are used, they can also have limited information on how voting recommendations are made. Additionally, asset owners themselves tend to represent large groups of people but provide little information on the mandates they sign with asset managers and how they integrate sustainability.

The review of the Shareholder Rights Directive (SRD) II (Directive 2017/828) provides a unique opportunity to address these barriers in line with its goal to encourage long-term shareholder engagement and improve corporate governance. With the recent US push[3] to restrict shareholder rights, it could help the EU attract investors by establishing a haven for shareholder action and enabling climate engagement in line with the non-financial preferences of their clients, their climate risk management policies[4] and fiduciary duty.[5]

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[2] The IIGCC highlights that "voting is a critical lever for investors to help support the decarbonisation of the real economy as part of their climate focused engagements and in line with fiduciary duties". The alliance that gathers more than 400 members holding a collective $65 trillion in assets published a "net-zero voting guidance" in 2024.

[3] The SEC has recently made it more difficult for investors—especially small shareholders—to put forward issues at corporate annual meetings by increasing ownership requirements to submit proposals and higher thresholds to resubmit them and making it easier for companies to exclude proposals. Some US asset managers have used these changes to further limit their engagement activities, prompting critics from asset owners like the New York City Comptroller. The SEC also made clear that it will not rule on companies' refusal to accept shareholder resolutions at the 2026 AGMs.

[4] According to a UN PRI survey, 71% of investors think that pursuing positive sustainability impacts is important to mitigate system-level risks. A FTSE Russell survey finds that 80% of asset owners incorporate climate risk into their investment process in 2025, a sharp rise from just 28% in 2021.

[5] The ICGN – gathering investors managing or holding 71 trillion euros in assets – stress that: "Stewardship is a fundamental aspect of an investor's fiduciary duty to protect and enhance long-term value for beneficiaries and clients, such as pensioners and retail investors." Research commission by the UNPRI also highlights investors are likely to have a legal obligation to consider pursuing sustainability impact where it can help achieve their financial objective, while the Net Zero Asset Owner Initiative considers climate risk management is part of fiduciary duty. This is becoming a widespread view among asset owners: a FTSE Russell survey finds 85% of asset owners identify climate change as a major concern and the percentage of them citing fiduciary duty as a motivating factor for sustainable investment almost tripled from 14 to 42% from 2024 to 2025.

This note presents the key changes necessary to achieve these goals and make shareholder rights a lever for the EU transition. Detailed amendments to the current SRD are available in the annex.

I/ A mandatory "Say on Climate"

The SRD gives shareholders a formal voice in approving or rejecting the pay packages allotted to top executives. The main goal of this "Say on Pay" is to improve corporate governance by enhancing transparency and accountability. And, while the shareholders rarely vote against these resolutions,[6] their use contributes to lower CEO pay levels and increases overall firm value.[7] Boards anticipate the reputational and governance costs of a failed vote, and thus often adjust compensation policies preemptively in line with shareholder interests. Furthermore, when "Say on Pay" are rejected, they often lead to changes and a passing resolution the following year.[8]

As the French Market Authority acknowledges,[9] introducing a "Say on Climate" that enables shareholders to give their view on the climate plan of the company would similarly contribute to improve corporate governance. Like the "Say on Pay", "Say on Climate" approvals would likely be high,[10] but they would still push boards to better consider how their companies tackle climate change and increase the transparency and quality of their plans. Investors would be able to assess more easily whether companies' activities are coherent with their own strategies and would have an additional lever to influence them.

In fact, the French Sustainable Investment Forum (SIF) and 39 European financial institutions managing 2.4 trillion euros in assets[11] as well as UK investors holding £1.6 trillion in assets[12]

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[6] John W. Barry, "How Much Impact Does Say-on-Pay Have on Executive Compensation?", Columbia Law School Blue Sky Blog, December 2024

[7] John W. Barry, "Shareholder Voice and Executive Compensation", SSRN, December 2024

[8] Lucia Song, "How Companies React to Say on Pay Failures?", *Harvard Law School Forum on Corporate Governance*, July 2024

[9] In March 2023, the French Market Authority called "on issuers to enhance their shareholder dialogue on their climate strategy in the context of their annual general meeting, but also on a regular basis, ahead of the meeting and after it". The Authority invited "companies listed on a regulated market to further reinforce their communications regarding their climate strategy to their shareholders, and to present it during each general meeting by including the items on the agenda with a debate". The Climate and Sustainable Finance Committee of the French Market Authority also published recommendations to make the Say on Climate mandatory.

[10] According to the *Say on Climate Report* from the French SIF and the Ademe, the average approval rate for the 29 "Say on Climate" submitted in 2025 was 87.7%. The lowest approval rate was 59.5% and all resolutions were adopted. Only one was rejected in 2024 when 27 resolutions were submitted.

[11] The French SIF has been calling for the generalisation of the Say on Climate since 2021. In 2025, it reiterated this call with the support of 39 European financial institutions.

[12] In September 2024, the Local Authority Pension Fund Forum (LAPFF) and CCLA, supported by investors representing £1.6 trillion AUM, wrote to the chairs of 76 FTSE 100 companies to ask them to hold a Say on Climate at their next AGM.

have called on companies to set up a "Say on Climate". These investors underline that transparency and dialog on climate transition plans is especially relevant to assessing and managing climate-related risk.[13]

If the "Say on Climate" has been developed in response to investor demand since 2020, it is yet to be largely adopted among major companies, with 29 votes registered worldwide in 2025 and 20 in Europe.[14] In this context, more and more shareholders are using their right to vote on other resolutions to express their disagreement with the company's climate strategy.[15] Furthermore, the quality of the "Say on Climate" can vary substantially and still provide very limited information to investors. Among the 19 resolutions analyzed by the French SIF and the Ademe in 2025, only three were considered to be relatively transparent.[16] This means investors can struggle to make an informed decision on the plan: the same research shows that many of the companies had very weak transition plans, yet the average approval rate for these resolutions reached 90.9%.[17] Similarly, the Say on Climate previously submitted at the AGMs of oil and gas majors were all approved despite their plans to considerably expand their fossil fuel production.[18] After TotalEnergies faced significant shareholder opposition at its 2024 AGM (20%), it simply stopped submitting a Say on climate.

Providing the above elements, the SRD review should introduce a mandatory "Say on Climate". Listed companies should be required to submit their climate plans to shareholder approval at least every three years. Additionally, they should be required to provide detailed

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[13] UK investors note that: "Given the climate risks investors and other stakeholders face, we expect companies to set out credible transition plans, that include Paris-aligned targets and detailed strategies for achieving those goals. To enable shareholders to make informed investment and stewardship decisions, companies should outline their climate strategies within these transition plans and include material climate-related impacts in their financial statements." The French SIF highlights that: "Recent climatic events have reminded us of the extent to which climate change is an increasingly measurable physical reality, with considerable financial implications. [...] Faced with these particularly material risks for companies, it is crucial that the development and implementation of climate transition plans be the subject of a sustained, regular and constructive dialogue with their stakeholders, in particular responsible investors, for whom dialogue is a key lever for action. This dialogue is part of the means of action available to investors committed to transforming business models, but it also helps to significantly reduce their risks through greater transparency from companies."

[14] The *Say on Climate Report* from the French SIF and Adema identify 29 resolutions worldwide and 20 in Europe in 2025. 11 resolutions were deposited in EU countries.

[15] See: Novethic and the Ademe, *Stewardship: a balancing act for investors*, 2025 / Gina Gambetta, "Investor slam BP over failure to offer say on climate vote", 2025, *Responsible Investor*

[16] The French SIF as laid out expectations for the content and transparency of the "Say on Climate". It analyzes resolutions based on how they meet or fail to meet these expectations.

[17] The French SIF and the Ademe analyze the robustness of plans using the ACT Methodology. The methodology enables them to calculate a performance score and a narrative score that reflects the state of the transition and level of preparedness of companies. Among analyzed companies, only one had a performance score above 60%, while 8 had a score below 40%.

[18] See: "AGM 2023: oil and gas company shareholders fail to vote for climate action", 2023, *Reclaim Finance*

information on implementation and to submit a resolution enabling shareholders to express whether they think it is appropriate on a yearly basis.

II/ Enabling shareholders to safely submit resolutions

In recent years, investors that wanted to engage with companies through AGM resolutions have sometimes found themselves in a tricky situation. This has especially been the case on climate,[19] where some companies refused to put resolutions on the agenda. This happened for some of the most polluting companies in the world,[20] with a massive climate impact and potential exposure to related risk, that were flagged as priority targets for investor engagement.

In France, TotalEnergies refused to put shareholder resolutions on the agenda in 2022 and stated that "it will not support the advisory resolutions route in any matter" in the future, generating concern from investors on their ability to engage effectively with companies and driving them to ask for legal clarifications.[21] Considering these developments, a special Committee of the French Senate[22] and the Climate and Sustainable Finance Committee of the French Market Authority[23] also recommended clarifications to ensure that advisory shareholder proposals on climate-related issues may not be rejected.

A mandatory "Say on Climate" as proposed above would help alleviate this issue. However, shareholders should have the right to flag specific environmental issues through resolutions or to call on companies to go further. Investor-led resolutions help stimulate the dialog with the company and provide all shareholders with alternative perspectives, thus helping them make informed decisions based on their non-financial preferences and risk assessment.

The current legal uncertainties disincentivize engagement and reduce its effectiveness.[24] This negative effect is amplified by differences between Member State jurisdictions.[25] It could in

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[19] See: Sofie Cools, "Climate Proposals: ESG Shareholder Activism Sidestepping Board Authority", 2023, *SSRN*

[20] One of the most striking example of this is the case of ExxonMobil that sued to exclude a shareholder climate proposal co-filed by Arjuna Capital and Follow This from its 2024 AGM ballot.

[21] See: Sophie Courault and al, *AGM season 2024: Back to governance basics?*, 2024, Axa IM

[22] See: Commission d'enquête, *TotalEnergies : une entreprise à nouveau stratégique pour garantir notre souveraineté énergétique durable – Rapport*, 2024

[23] See: Commission Climate et Finance Durable de l'Autorité des Marchés Financiers, "Publication de la CCFD: résolutions climatiques", 2023, *Autorité des Marchés financiers*

[24] Reacting to TotalEnergies refusal to accept climate resolutions, Axa IM noted that: " This leaves us quite pessimistic about the ability of shareholders to successfully file and adopt sustainabilityrelated resolutions at AGMs of French and, more broadly, European companies. [...] In our view, shareholders' ability to file sustainability-related proposals needs to be credible to work as an effective escalation tool, a requirement to maximise the chances for our engagements to deliver positive outcomes."

[25] See: Sofie Cools, "Why Climate-Related and Social Shareholder Proposals Are Difficult (and Rare) in Continental Europe", 2023, *Oxford Business Law Blog*

turn make companies less attractive to investors due to a limited ability to integrate climate-related risk or to ensure their practices are coherent with their own climate commitments.

The SRD should therefore ensure shareholders can securely submit climate and environmental resolutions.

Additionally, EU regulation should also ensure that investors are able to jointly engage and submit resolutions – including through alliances and organized groups. Indeed, investors have voiced concern about their ability to do so and – while legal risk has not materialized and is highly debated – their engagement activities would benefit from a clearer regulation on the topic.[26]

III/ Providing sufficient transparency to essential stakeholders

Asset owners (AOs) most often let asset managers (AMs) carry out engagement activities for them. In theory, managers are bound to carry out these activities and vote in AGMs in accordance with the criteria defined in the mandate that was given to them. However, AOs that do not exercise voting rights themselves often have limited information on how their managers have voted and whether they have closely followed their instructions. Some AMs notably fail to fully disclose their votes in AGMs, often providing aggregated indicators that are insufficient to review their track record. Furthermore, while investing through equity index funds as become a widespread practice, the voting practices applied by these funds often widely differ from the ones of their AOs[27].

In parallel, votes are often influenced by recommendations from proxy advisors. Yet, these advisors tend to provide limited information on how they analyze ESG and climate issues, especially when considering a double materiality perspective relevant to investors.

Finally, AOs and AMs provide especially scarce elements on mandates and how they consider these issues. It is difficult to know the identity of the AMs contracted by a specific AO and the amount it manages. As AOs – and notably pension funds - regularly hold assets for a large number of beneficiaries, this raises broader accountability and transparency questions. At the same time, the information provided by AMs is often insufficient to assess how they respect the non-financial preferences of their AO clients. When it comes to engagement specifically,

[26] The UN PRI recommends the EU considers "developing a form of a prima facie legal presumption in favour of investor collaboration to achieve their objectives". This recommendation is shared by the ERIN network. Similarly, the ICGN notes that: "Investors need reassurance that they can engage jointly with companies on important governance matters, including material issues related to long-term corporate sustainability, in all EU Member States, without being perceived as acting in concert with other investors. The European Commission could ask ESMA to review its 2014 Statement, and extend it to include guidance regarding acting in concert under the Transparency Directive. It is also important to ensure that the guidance has sufficient legal weight to be consistently implemented in all EU Member States."

[27] For example, an analysis conducted by Majority Action on the largest US public pension funds shows they are significantly more supportive of shareholder proposals that confront systemic risks such as climate change, inequality, and unaccountable technology than equity index funds they invest in.

AMs generally fail to define timebound objectives to set a clear escalation strategy to reach them[28].

The SRD should at least require:

- AMs to publish: (i) Their votes, at the latest one month after the end of the AGM; (ii) Detailed information on how they integrate sustainability issues when considering management resolutions and how this is coherent with the mandates given to them by AOs and the specific provisions they include on these issues.[29]
- Proxy advisors to publish for each voting recommendation related to sustainability detailed information on their reasoning, how the recommendation aligns with global climate and nature goals and with climate, and how it integrates the need to manage climate and nature related risk management.[30]
- AOs to publish: (i) the identity of their AMs and the amounts they manage; (ii) for each mandate, the specific sustainability provisions that have been integrated.[31]

IV/ Making the submission of resolutions easier

Beyond the previously highlighted legal uncertainty, another obstacle to shareholder resolutions is the requirement for them to hold a significant share of the company. Indeed, the SRD lets Member States set the threshold for submitting them and only sets a maximum of 5%. This leads to diverging practices, with EU countries requiring from a single share[32] to 5%.[33]

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[28] Shareholders could notably rely on escalation strategies organized following the standardized framework proposed by Shareaction.

[29] These recommendations are coherent with the ones of the UN Principles for Responsible Investment (PRI) that recommends the EU enforces "mandatory disclosure requirements around stewardship and engagement" including:

- "Stewardship policies and strategies and how effectively they have been implemented to serve the best interests of clients or beneficiaries.
- Records of stewardship activities including progress made. For investors that have set out sustainability objectives at entity or product level, stewardship outcomes should be disclosed against those sustainability objectives.
- Disclosure on how stewardship is governed, incentivised and resourced, both internally and via service providers."

They are also relevant to implement the recommendations of the Net Zero Asset Owner initiative (NZAOA), including regarding mandates and relations between AMs and AOs.

[30] The UN PRI recommends to "require proxy advisers to disclose whether and how they consider sustainability impacts in their voting analysis and recommendations".

[31] Similarly, the UN PRI recommends to "require investors to state their sustainability-related stewardship expectations in investment mandates and when selecting, appointing and monitoring asset managers, in alignment with client and beneficiary preferences".

[32] In Denmark, shareholders can submit resolutions as soon as they hold one share. This is also the case in Norway, Finland and Sweden.

[33] In Germany, shareholders can submit resolutions if they hold 5% of the company or at least €500 000 in shares. In France, the 5% threshold is also used but decreases depending on the total value of the shares.

Concretely, only a handful of individual investors can meet significant thresholds, and smaller investors often struggle to reach it even when working in coalitions[34].

In fact, the 5% limit is well above most Member States thresholds: Portugal, Italy, Belgium, Ireland, the Netherlands, and Spain all have set thresholds between 2 and 3%.[35] These thresholds remain very challenging to meet: on November 5th 2025, a 3% threshold for TotalEnergies represented 68.3 million shares in percentage of share capital or $4.1 billion in percentage of share value. It is therefore not surprising that some investors have called for reduced thresholds[36] and that the French Market Authority advised as early as 2012 of "halving the shareholding thresholds required to submit agenda items and draft resolutions at a general meeting".

The SRD should therefore set a maximum threshold for submitting resolutions of no more than 2% and 0.2% for the largest companies.

[34] In an analysis of climate resolutions published in 2025, the French Sustainable Investment Forum (SIF) underlines that: "Unlike in other countries, such as the United States, Canada and Japan, the number of shareholder resolutions in France, and more generally in Europe, remains low due to strict legislation".

[35] See: Novethic and the Ademe, *Stewardship: a balancing act for investors*, 2025

[36] The French SIF notably called for halving the threshold and enabling sharehodler groups of at least 100 to submit resolutions.

Annex

Amendments to the SRD

In the amendment proposals below, the new text is highlighted in blue.

I/ A mandatory Say on Climate

Establishing a mandatory Say on Climate requires adding new articles to the SRD. These articles can be written as followed:

[New]

Article 9d

Right to vote on the climate transition plan

1. Member States shall ensure that companies establish a climate transition plan and that shareholders have the right to vote on it at the general meeting.

2. Member States shall ensure that the vote by the shareholders at the general meeting on the climate transition plan is binding. Companies shall implement the climate transition plan that has been approved by the general meeting.

Where no climate transition plan has been approved and the general meeting does not approve the proposed plan, the company may continue to apply a strategy in accordance with its existing practices and shall submit a revised policy for approval at the following general meeting.

Where an approved climate transition plan exists and the general meeting does not approve the proposed new plan, the company shall continue to follow the existing approved plan and shall submit a revised policy for approval at the following general meeting.

3. Member States may allow companies, in exceptional circumstances, to derogate from the climate transition plan. Exceptional circumstances shall cover only situations in which the derogation from the climate transition plan is necessary to reach the sustainability targets included in the climate transition plan and, to ensure the climate transition increasingly align with the goal of the limiting global warming to 1,5 °C in line with the Paris Agreement under the United Nations Framework Convention on Climate Change adopted on 12 December 2015 (the 'Paris Agreement') and the objective of achieving climate neutrality by 2050 as established in Regulation (EU) 2021/1119 of the European Parliament and of the Council.

4. Member States shall ensure that companies submit the climate transition plan to a vote by the general meeting at every material change and in any case at least every three years.

5. The climate transition plan shall contribute to the company's business strategy and long-term interests and sustainability and shall explain how it does so. It shall be clear and understandable and describe its different components and how they are aligned with the Paris Agreement under the United Nations Framework Convention on Climate Change adopted on 12 December 2015 (the 'Paris Agreement') and the objective of achieving climate neutrality

by 2050 as established in Regulation (EU) 2021/1119 of the European Parliament and of the Council.

The climate transition plan shall explain the decision-making process followed for its determination, review and implementation, including, measures to avoid or manage conflicts of interests and, where applicable, the role of the board or specific committees concerned. Where the plan is revised, it shall describe and explain all significant changes and how it takes into account the votes and views of shareholders on the plan and reports since the most recent vote on the climate transition plan by the general meeting of shareholders.

6. Member States shall ensure that after the vote on the climate transition plan at the general meeting the plan together with the date and the results of the vote is made public without delay on the website of the company and remains publicly available, free of charge, at least as long as it is applicable.

[New]

Article 9e

Information to be provided in and right to vote on the climate transition plan report

1. Member States shall ensure that the company draws up a clear and understandable climate transition plan report, providing a comprehensive overview of the plan mention in article 9c of this Directive, including all sustainability targets and the actions carried out and planned by the company to reach them.

Where applicable, the climate transition plan report shall include:

(a) Past, present, and planned greenhouse gas emissions for scopes 1, 2 and 3.
(b) Short-, medium- and long-term absolute emissions reduction targets for all emission scopes, and the actions planned to achieve these targets.
(c) The reference scenarios used to set targets and position them in relation to the goal to limit global warming to 1.5°C in line with the Paris Agreement.
(d) Details on the allocation of investment expenditure and financing for the implementation of the transition plan, including details on investment in sustainable activities or assets and in high carbon activities or assets.
(e) The role of captured or negative emissions in the overall strategy.
(f) The role of carbon credits in the overall strategy.
(g) Qualitative information on governance, the process for approving the transition plan, lobbying and advocacy activities on climate issues and consideration of potential impacts on stakeholders and other environmental issues.

2. Member States shall ensure that the annual general meeting has the right to hold an advisory vote on the climate transition plan report every year. The company shall explain in the following climate transition plan report how the vote by the general meeting has been taken into account.

However, for small and medium-sized companies as defined, respectively, in Article 3(2) and (3) of Directive 2013/34/EU, Member States may provide, as an alternative to a vote, for the climate transition plan of the most recent financial year to be submitted for discussion in the annual general meeting as a separate item of the agenda. The company shall explain in the following climate transition plan report how the discussion in the general meeting has been taken into account.

3. Without prejudice to Article 5(4), after the general meeting the companies shall make the climate transition plan report publicly available on their website, free of charge, for a period of 10 years, and may choose to keep it available for a longer period. The statutory auditor or audit firm shall check that the information required by this Article has been provided.

Member States shall ensure that the directors of the company, acting within its field of competence assigned to them by national law, have collective responsibility for ensuring that the climate transition plan report is drawn up and published in accordance with the requirements of this Directive. Member States shall ensure that their laws, regulations and administrative provisions on liability, at least towards the company, apply to the directors of the company for breach of the duties referred to in this paragraph.

4. The Commission shall, with a view to ensuring harmonisation in relation to this Article, adopt guidelines to specify the standardised presentation of the information laid down in paragraph 1.

II/ Enabling shareholders to safely submit resolutions

Article 6 of the SRD can be amended so that Member States ensure sustainability themed resolutions submitted by shareholders are put on the agenda of AGMs by adding a Paragraph 5:

5. Member States shall ensure that, where the exercise of the right referred to in paragraph 1, point (a) and (b) concern items and resolutions related to the sustainability of the company and its climate transition plan that meet the thresholds defined in paragraph 2, these items and resolutions are put on the agenda of the general meeting.

III/ Providing sufficient transparency to essential stakeholders

Article 3h can be amended in several ways to integrate sufficient transparency in AOs and AMs' arrangements:

Version 1 – Rewriting Paragraph 1 and 2 of Article 3h

Article 3h

Investment strategy of institutional investors and arrangements with asset managers

1. Member States shall ensure that institutional investors publicly disclose:

(a) how the main elements of their equity investment strategy are consistent with the profile and duration of their liabilities, in particular long-term liabilities, and how they contribute to the medium to long-term performance of their assets;

(b) how the main elements of their equity investment strategy are consistent with their own social and environmental commitments and compatible with global climate mitigation goals.

2. Member States shall ensure that where an asset manager invests on behalf of an institutional investor, whether on a discretionary client-by client basis or through a collective investment undertaking, the institutional investor publicly discloses the following information regarding its arrangement with the asset manager:

(a) how the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the profile and duration of the liabilities of the institutional investor, in particular long-term liabilities**,** and the social and environmental commitments of the institutional investor;

(b) how that arrangement incentivises the asset manager to make investment decisions based on assessments about medium to long-term financial and non-financial performance of the investee company and to engage with investee companies in order to improve their performance in the medium to long-term and to align their activities with the social and environmental commitments of the institutional investors and with global climate mitigation goals;

(c) how the method and time horizon of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the profile and duration of the liabilities of the institutional investor, in particular long-term liabilities, and take absolute long-term performance and its alignment with the institutional investors' social and environmental commitments into account;

(d) how the institutional investor monitors portfolio turnover costs incurred by the asset manager and how it defines and monitors a targeted portfolio turnover or turnover range;

(e) the duration of the arrangement, the related volume of assets under management, and the identity of the asset manager.

Version 2 – Rewording point (e) and adding point (f) to Paragraph 2 of Article 3h

(e) the duration of the arrangement, the related volume of assets under management, and the identity of the asset manager.

(f) how the arrangement integrates the non-financial preferences of the institutional investors, including if and how the arrangement contributes to aligning activities with global climate mitigation goals and to avoid supporting environmentally harmful activities.

Amending paragraph 1 of Article 3i and adding a new paragraph 4 enables to ensure asset managers provide detailed information on how they integrate sustainability and disclose their votes in general meetings. The new Article 3i would be written as followed:

Article 3i

Transparency of asset managers

1. Member States shall ensure that asset managers disclose, on an annual basis, to the institutional investor with which they have entered into the arrangements referred to in Article 3h how their investment strategy and implementation thereof complies with that arrangement and contributes to the medium to long-term performance of the assets of the institutional investor or of the fund. Such disclosure shall include reporting on the key material medium to long-term risks associated with the investments, on portfolio composition, turnover and turnover costs, on the use of proxy advisors for the purpose of engagement activities and their policy on securities lending and how it is applied to fulfil its engagement activities if applicable, particularly at the time of the general meeting of the investee companies. Such disclosure shall include detailed information on how asset managers ensure they respect the non-financial preferences of institutional investors, including the timebound objectives and escalation strategy adopted to engage investee companies on climate mitigation and sustainability. Such disclosure shall also include information on whether and, if so, how, they make investment decisions based on evaluation of medium to long-term performance of the investee company, including non-financial performance, and on whether and, if so, which conflicts of interests have arisen in connection with engagements activities and how the asset managers have dealt with them.

2. Member States may provide for the information in paragraph 1 to be disclosed together with the annual report referred to in Article 68 of Directive 2009/65/EC or in Article 22 of Directive 2011/61/EU, or periodic communications referred to in Article 25(6) of Directive 2014/65/EU.

Where the information disclosed pursuant to paragraph 1 is already publicly available, the asset manager is not required to provide the information to the institutional investor directly.

3. Member States may where the asset manager does not manage the assets on a discretionary client-by-client basis, require that the information disclosed pursuant to paragraph 1 also be provided to other investors of the same fund at least upon request.

4. Member States shall ensure that asset managers publish the full list and content of their votes in general meetings. This information shall be available, free of charge, on the asset manager's website and shall be disclosed at the latest one month after the vote takes place. Member States may provide for that information to be available, free of charge, through other means that are easily accessible online.

More transparency can be provided on the climate dimension of proxy advisors' activities by adding a point (h) to paragraph 2 of Article 3j as followed:

(h) the list of voting recommendations they provide on sustainability topics, including on resolutions related to how companies align with global climate mitigation goals, and the procedures, resources and analysis they use or apply to define these recommendations.

IV/ Making the submission of resolution easier

Lowering the threshold for resolution sumbission can be done by amending article 6 paragraph 2 of the SRD as follows:

2. Where any of the rights specified in paragraph 1 is subject to the condition that the relevant shareholder or shareholders hold a minimum stake in the company, such minimum stake shall not exceed 2 % of the share capital. For large companies as defined in Article 3(4) of Directive 2013/34/EU this share shall not exceed 0.2% of the share capital.

Large companies could be defined either by referencing the Accounting Directive – as above – or by using the thresholds from the CSRD modified by Omnibus I as below:

2. Where any of the rights specified in paragraph 1 is subject to the condition that the relevant shareholder or shareholders hold a minimum stake in the company, such minimum stake shall not exceed 2 % of the share capital. For large companies as defined in point (a) of point (1) of Article 2 of the Directive 2022/2464/EU this share shall not exceed 0.2% of the share capital.