

DUFAS response to call for evidence on the evaluation and review of the Shareholder Rights Directive

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The Dutch Fund and Asset Management Association (DUFAS) supports the core objectives of the Shareholder Rights Directive (SRD): facilitating the effective exercise of shareholder rights, strengthening shareholder engagement, and protecting minority shareholders. Active and sustainable shareholder involvement remains a key pillar of corporate governance and long-term value creation.

Since the SRD's implementation, voting participation at Dutch AGMs has increased, engagement between investors and companies has intensified, and access to boards has improved. At the same time, DUFAS members continue to face practical challenges—particularly in cross-border situations—when exercising shareholder rights. Against this background, targeted refinements to the SRD remain necessary.

Effects of the SRD

Increased participation, but persistent barriers

Regulatory changes such as the abolition of share blocking, the introduction of a voting record date, and longer convocation periods have made it easier for shareholders to vote and take informed decisions. SRD II further strengthened engagement through transparency requirements for institutional investors. As a result, voting turnout at Dutch AGMs increased significantly over time.

Despite these improvements, several obstacles remain:

- Early voting cut-off deadlines reduce the time available for analysis and engagement.
- Access to physical meetings is not always straightforward.
- Errors in the voting chain still occur.
- Administrative requirements, including powers of attorney, remain burdensome.
- Vote confirmations are not consistently provided.
- Fees and operational practices vary widely between intermediaries.
- Fully virtual AGMs can limit effective accountability and dialogue.

Limited harmonisation of shareholder rights

While the SRD provides shareholders with the right to submit resolutions, implementation differs considerably across Member States, limiting the practical usability of this right.

Stronger engagement, but remaining constraints

Since the entry into force of the SRD, average voting turnout at shareholders' meetings of Dutch listed companies has increased. This development started with the implementation of SRD I in 2010, which abolished share blocking requirements and was reinforced by the Dutch statutory 42 day minimum convocation period, enabling shareholders to analyse proposals, engage with companies and vote in an informed manner. SRD II, implemented in the Netherlands in 2019, provided a further stimulus by requiring institutional investors to adopt an engagement policy and report publicly on its implementation and by requiring intermediaries to facilitate the exercise of shareholder rights. Also, engagement between institutional investors and listed companies has intensified and board access has improved since SRD II entered into force (the combination of the Chapter Ia provisions and the requirement for institutional investors to explain the most significant votes (Art. 3g/Chapter Ib)). This is illustrated by the increase in collective dialogues organised by Dutch corporate governance platform Eumedion, which rose from 49 in 2019 to 76 in 2020 and 83 in 2025. In particular, the introduction of the annual advisory vote on the remuneration report and the periodic renewal of the remuneration policy has stimulated greater engagement between Dutch listed companies and shareholders on these topics. However, meaningful dialogue is still constrained e.g. by AGM formats and timing.

Impact on remuneration governance

Shareholder involvement has contributed to more balanced remuneration proposals and relatively few rejections over time. The introduction of SRD II requirements initially led to more rejections, reflecting stricter expectations.

Remuneration practices have evolved, with greater use of ESG-related metrics, increased emphasis on long-term alignment through share ownership, and reduced reliance on option-based remuneration.

Though in general there could be observed increasing evidence of companies' sensitivity to negative votes, specifically in the Netherlands advisory votes on remuneration reports have had limited practical impact, as negative votes rarely lead to substantive changes. A key issue in this respect is the lack of consistency of disclosure in remuneration reports.

Related-party transactions: improved framework, uneven effectiveness

SRD II has strengthened the formal framework governing related-party transactions. However, practical outcomes remain inconsistent. Experience shows that:

- Undisclosed transactions can persist for years;
- External auditors rely heavily on management disclosures;

- Effectiveness depends as well on internal governance, board independence, and enforcement.

This indicates that procedural requirements alone are insufficient without strong internal controls.

Proxy advisors and market practices

The quality of proxy advisor research has improved due to SRDII, although further progress is possible. Longer convocation periods clearly support better analysis and engagement. Additional concerns remain regarding the lack of consistent improvements in fee transparency among intermediaries.

Targeted refinements to the SRD

AGM logistics

- Maximum harmonisation of the minimum convocation date (as in the Netherlands, namely 42 days prior the shareholders' meeting date). Extending the minimum convocation period to 42 days offers clear benefits:
 - it provides shareholders substantially more time to analyse meeting documentation resulting in better informed voting behaviour;
 - since intermediaries often impose effective cut off dates 10 - 15 days before the AGM, the 21 day convocation period leaves too little time for engagement; extending it to 42 days alleviates this pressure;
 - it enables proxy advisors to deliver higher quality research through improved analysis time and engagement with issuers;
 - a longer convocation period also aligns EU practice with major international markets, such as the United States.
- Maximum harmonisation of the voting record date, which should preferably be set as close as possible to the date of the AGM. A harmonised voting record date offers clear benefits:
 - it creates a clearer, more predictable and efficient framework for participating in general meetings. Shareholders - especially institutional investors with a world-wide equity portfolio - know exactly when they must hold shares to be able to vote at shareholders' meetings of companies incorporated in the EU;
 - because investors often hold shares through complex international voting chains, inconsistent voting record dates create operational difficulties. A uniform voting record date would help standardise timelines along the voting chain, reducing mistakes caused by misaligned market practices.
- Maximum harmonisation of the voting cut-off dates set by intermediaries (i.e. the intermediary imposed deadline for submitting voting instructions to ensure their timely

transmission and registration through the voting chain ahead of the general meeting). While each custodian sets one voting cut-off date per AGM, the existence of multiple intermediaries in the voting chain leads in practice to several successive internal deadlines which lead to early so called effective cut off dates for investors. This significantly reduces the time available to assess company documentation and to make well informed voting decisions. Harmonisation of voting cut-off dates by intermediaries offers clear benefits:

- it would ensure that shareholders have sufficient time to engage and make well informed voting decisions across all Member States;
 - it would help standardise timelines along the voting chain.
- A physical or hybrid AGM should be the default, with fully virtual AGMs allowed only in crisis situations (e.g. pandemic, natural disaster, terroristic threat, war or any other situation in which the safety of shareholders and other AGM attendees cannot be guaranteed). For extraordinary general meetings, greater flexibility may be appropriate, depending on the importance of the agenda. Fully virtual meetings should mirror physical meetings as closely as possible, including live audio video access, real time oral and written participation, and live voting.
- Introduction of automatic vote confirmations. Automatic vote confirmations provide institutional investors with immediate certainty that their voting instructions have been correctly transmitted and recorded, reducing the persistent uncertainty caused by missing or delayed confirmations. They also allow early detection of errors in the voting chain - such as miscounted or rejected votes - which currently often surface only after the AGM.
- Harmonisation of the rules on powers of attorney, including the removal of unnecessary formal requirements such as wet-ink signatures, physical delivery of original documents and short validity periods. Where powers of attorney are required, they should be granted and maintained digitally, without recurring administrative burdens. Procedures should be streamlined while preserving legal validity, allowing at least electronic submission and processing. National and company specific requirements should be avoided, and powers of attorney should have longer validity periods.
- Maximum harmonisation of voting methods and formats, including the mandatory use of standardised electronic voting systems across the entire voting chain, replacing paper-based or PDF voting forms. Maximum harmonisation of voting methods and formats would reduce fragmentation and enable shareholders to exercise their voting rights efficiently across borders. The mandatory use of standardised electronic voting systems throughout the voting chain would improve accuracy, transparency and timelines, while replacing paper-based or PDF voting forms would lower operational risks and costs, particularly for cross-border and proxy voting.

- Remove the member state option in Article 14(1), which allows Member States to limit disclosure of voting results, should be removed. Limiting disclosure to only confirming that a majority was reached reduces transparency, particularly in cases where resolutions are adopted without detailed voting records. Full disclosure—including votes against and abstentions—is essential for assessing shareholder support, holding boards accountable, and enabling meaningful follow-up engagement. Without it, the value and effectiveness of shareholder voting are significantly weakened.

Strengthen shareholder rights

- Maximum harmonisation of the shareholders' right to submit resolutions for a vote at the general meeting. The maximum capital threshold for submitting shareholders resolutions should be reduced to a maximum of 1% of the issued capital.
- Introduction of an AGM vote on the CSRD sustainability report. DUFAS supports aligning accountability for sustainability reporting more closely with that for financial reporting. We therefore consider it desirable that the CSRD sustainability report - like the financial statements - be submitted annually to the general meeting for a vote. This would enable shareholders to express whether they are satisfied with the sustainability performance of the company, without undermining the board's authority to determine the sustainability strategy. Without an AGM vote on the CSRD sustainability report, shareholders have little alternative but to express concerns by voting against the proposal to discharge the executive board. This is a disproportionate response, especially since the implementation of sustainability policy is not the sole responsibility of the executive board
- Introduction of a mandatory EU shareholder vote on major, transformative transactions. Such transactions fundamentally alter the economic substance of the share and therefore require shareholder consent for significant shifts in risk and corporate direction.
- Harmonisation of shareholder protection in companies with MVS structures that fall outside the scope of the MVS Directive.
- Introduction of a binding shareholder vote on the remuneration policy in all Member States, combined with a higher approval threshold. A majority of our members considers that a binding shareholder vote on the remuneration policy disciplines boards and aligns pay with long-term value creation. These members consider that the Member State option in Article 9a (3) SRD for an advisory vote on the remuneration policy should be deleted. It should in their view also be required, as under Dutch law, that adoption of a remuneration policy requires at least a 75% majority. This requirement strengthens shareholder influence and makes it easier to reject controversial remuneration proposals.
- Clarification of the right to ask questions (article 9 SRD) and that shareholders must receive answers (at the latest) during the meeting and that all questions, responses and full AGM minutes should be made publicly available.

Enhance the protection of minority shareholders

- While article 9c SRD provides an essential legal framework, effective protection also requires:
 - early disclosure,
 - genuinely independent non executive directors, and
 - the introduction of a majority of minority approval for strategically significant, controller driven transactions.

Other

- Harmonisation of rules on conflicts of interest between proxy holders and shareholders. Beyond Article 10(1) and (2) Shareholder Rights Directive, Member States should not restrict the use of proxy holders except to address genuine conflicts of interest. As Article 10 (3) (c) already defines such conflicts, divergent national approaches are unjustified. The rules should therefore be harmonised at EU level to safeguard the independence of the general meeting.
- Prevent intermediaries from distinguishing between domestic and cross border services when levying charges.
 - Because the voting process relies heavily on intermediaries, the SRD should ensure they do not apply excessive fees. Charging differently for domestic versus cross-border services is inappropriate and should be corrected in Article 3d(2) SRD. This is especially important in markets like the Netherlands, where around 86% of shares are owned by international institutional investors.
- Introduction of guidelines for remuneration reports.
 - Providing clear, standardised guidance on what remuneration reports should include would improve transparency, comparability, and accountability. This would help institutional investors better evaluate executive pay, assess its alignment with long-term value creation, and spot issues that may require engagement.

DUFAS: Dutch Fund and Asset Management Association

Since 2003, DUFAS has been committed to a healthy asset management sector in the Netherlands. DUFAS has more than 50 members: from large asset managers who invest Dutch pension and insurance assets to smaller, specialist asset managers. DUFAS increases awareness of the social relevance of investing, helps to develop sector standards and represents the sector in the implementation of new laws and regulations. In addition, DUFAS is committed to a single European market with equal regulations.

More information

Would you like to respond, or should you have any questions? Please feel welcome to e-mail Ron Gruijters, DUFAS manager sustainable finance, at rg@dufas.nl.