StePs Stewardship Professionals

StePs Policy Brief | No. 1 | July 2026

Beyond SRD II: Towards Greater Coherence in European Stewardship

Strengthening Europe's Stewardship Ecosystem for Integrated Capital Markets

Key Messages

- Europe's stewardship landscape has evolved significantly, shaped by SRD II, national frameworks, and growing market expectations.
- Greater coherence and interoperability could help strengthen cross-border stewardship and support more effective engagement.
- This paper explores how a voluntary, principles-based European Stewardship Code could contribute to this evolution while respecting existing approaches.

Executive Summary

Stewardship has become an increasingly important feature of modern capital markets. Over the past decade, institutional investors have expanded their role beyond exercising shareholder rights to becoming active stewards of long-term value through engagement, voting, governance oversight and responsible capital allocation. Across Europe, this evolution has been supported by the Shareholder Rights Directive (SRD II), national stewardship initiatives and growing market expectations.

As European capital markets become more integrated, however, stewardship is also becoming more complex. Differences in implementation, reporting practices and stewardship expectations across Member States create challenges for investors operating across borders and make it more difficult to compare stewardship approaches and outcomes.

This paper considers how greater coherence within Europe's existing stewardship ecosystem could support more effective long-term shareholder engagement and contribute to the objectives of the European Commission's Savings and Investments Union (SIU). It explores the potential role of a voluntary, principles-based European Stewardship Code as one possible mechanism for strengthening interoperability between existing European and national frameworks. Rather than replacing current legislation or national stewardship initiatives, such a framework could provide a common reference point that improves consistency, facilitates cross-border stewardship and reinforces the practical application of shareholder rights.

The paper also recognizes that such a framework is not the only possible route towards greater consistency. Continued evolution of existing frameworks, enhanced market guidance and closer coordination between regulators and market participants may also contribute to a more connected European stewardship ecosystem. The purpose of this paper is to encourage discussion on how Europe's stewardship framework can continue to evolve in support of integrated capital markets, resilient companies and sustainable long-term value creation.

As a professional association dedicated to advancing stewardship as a practice and profession worldwide, StePs offers this perspective as a contribution to the ongoing policy dialogue among policymakers, investors, companies and other market participants.

Introduction: Stewardship in a Changing European Landscape

Over the past decade, stewardship has evolved from a relatively narrow focus on shareholder voting into a broader discipline encompassing corporate engagement, governance oversight, proxy voting, escalation strategies, and long-term value creation. Increasingly, stewardship is recognized as an essential component of responsible investment and effective capital allocation. This evolution has also driven the professionalization of stewardship, with institutional investors establishing dedicated teams and specialist expertise to meet growing expectations from clients, beneficiaries and regulators.

Europe has played a central role in this development. SRD II has strengthened the framework for shareholder engagement and transparency, while national stewardship codes, corporate governance frameworks and market-led initiatives have fostered increasingly sophisticated stewardship practices across Member States. Together, these developments have created a strong and diverse European stewardship ecosystem.

As the European Commission reviews SRD II in parallel with advancing SIU, the focus is increasingly shifting from establishing stewardship frameworks to ensuring they work effectively across an integrated capital market. The question is no longer whether stewardship has a place in Europe, but how existing frameworks can evolve to support greater coordination, more effective cross-border stewardship and long-term value creation. It is in this context that StePs offers this contribution to the ongoing policy discussion.

Europe's Stewardship Architecture: Strong Foundations, Diverse Approaches

Europe already has well-developed stewardship foundations. At EU level, SRD II provides a common baseline for shareholder rights and engagement transparency. The EFAMA Stewardship Code represented an important milestone in articulating stewardship principles at European level, while national frameworks have further shaped market practices according to local governance traditions and investor structures. Several European markets have developed particularly mature stewardship ecosystems, including the United Kingdom, the Netherlands and the Nordic countries, where investor collaboration, transparency expectations and institutional investor responsibilities have become deeply embedded. At the same time, approaches continue to differ significantly across jurisdictions, creating a diverse but fragmented European stewardship landscape:

- **United Kingdom –** The UK Stewardship Code, issued by the Financial Reporting Council (FRC), provides a comprehensive principles-based framework and remains widely regarded as the international benchmark for stewardship, particularly through its strong emphasis on outcomes-based reporting and accountability.

- **Netherlands:** The Dutch Stewardship Code, developed by Eumedion in 2018, has since been integrated into the Dutch Corporate Governance Code, with the standalone code now holding a dormant status. Stewardship continues to be characterized by a strong culture of investor engagement.
- **Switzerland:** The Swiss Stewardship Code, jointly developed by the Asset Management Association Switzerland (AMAS) and Swiss Sustainable Finance (SSF), establishes a voluntary framework centered on responsible ownership, engagement and voting, demonstrating how industry-led initiatives can foster market-wide stewardship standards.
- **France:** Stewardship is supported through a combination of the AFG Stewardship Code and regulatory requirements issued by the Autorité des marchés financiers (AMF), resulting in a framework characterized by detailed disclosure expectations and a strong focus on governance and sustainability-related engagement.
- **Germany:** Stewardship is primarily shaped by the implementation of SRD II, the German Corporate Governance Code and voluntary market guidance such as the DVFA Stewardship Guidelines. Rather than relying on a dedicated stewardship code, the German approach combines regulation, governance standards and professional guidance.
- **Italy:** Stewardship is guided by the Assogestioni Stewardship Principles and reinforced through SRD II implementation, illustrating an industry-led approach supported by regulatory oversight.
- **Spain:** Stewardship is embedded within the Good Governance Code for Listed Companies and the implementation of SRD II, reflecting a governance-based model that emphasizes transparency and shareholder engagement rather than a standalone stewardship code.
- **The Nordic countries**:Stewardship is characterized by strong traditions of active ownership, concentrated shareholdings and self-regulation. While Denmark and Finland have adopted dedicated stewardship codes, Sweden and Norway rely primarily on established governance practices and ownership culture, demonstrating that effective stewardship can be supported through different institutional arrangements.
- **Central and Eastern Europe:** Most Member States have implemented SRD II but have not yet developed dedicated stewardship frameworks. Stewardship therefore continues to evolve primarily through EU legislation, corporate governance codes and emerging market practice.

Taken together, these examples illustrate that Europe does not lack stewardship frameworks. Rather, it has developed multiple models—including standalone stewardship codes, governance-based approaches, industry-led initiatives and regulatory frameworks—that reflect national market characteristics while pursuing the shared objective of promoting responsible ownership and long-term value creation.

Why Greater Coherence Matters for the Savings and Investments Union

Europe's stewardship landscape has evolved through a combination of EU legislation, national stewardship frameworks, corporate governance codes and market-led initiatives. This diversity reflects the richness of Europe's governance traditions and has supported the development of stewardship across a wide range of markets.

As investment becomes increasingly cross-border, however, institutional investors must navigate differing stewardship expectations, reporting practices and interpretative approaches across jurisdictions. While these differences often reflect legitimate national market characteristics, they can also increase operational complexity, reduce comparability and create uncertainty for investors active across the Single Market.

Against the backdrop of the European Commission's SIU, this raises an important policy question: how can Europe's existing stewardship frameworks work together more effectively to support integrated capital markets? The challenge is ensuring greater coordination and interoperability across the existing landscape in ways that strengthen investor confidence, facilitate cross-border investment and reinforce long-term value creation. Stewardship should be understood not only as a mechanism for strengthening governance at individual companies, but also as an important contributor to well-functioning, integrated and competitive European capital markets.

A European Stewardship Code: One Option for Consideration

The discussion on greater coherence naturally raises the question of how closer alignment across Europe's stewardship landscape might best be achieved. Among the ideas emerging in recent policy discussions is the possible development of a voluntary, principles-based European Stewardship Code that could complement existing European and national frameworks.

Such a framework would not seek to replace SRD II, national stewardship codes or established market practices. Rather, it would build on existing national approaches, connecting rather than harmonizing them, serving as a common reference point that supports greater interoperability across jurisdictions while respecting Europe's diverse governance traditions, legal systems and ownership structures.

Whether such a framework is necessary remains an open question. Some stakeholders argue that the existing combination of SRD II, national stewardship initiatives and market-led guidance already provides a sufficiently robust foundation. Others see merit in a European reference framework that could improve consistency, comparability and legal clarity for investors operating across increasingly integrated capital markets.

StePs considers a European Stewardship Code as one possible mechanism among several that could contribute to a more coherent European stewardship architecture. The value of such an initiative would lie less in creating new obligations than in strengthening the interaction between existing frameworks and supporting the continued evolution of stewardship practice across Europe.

If policymakers and market participants were to explore such a framework further, its focus should remain practical and principles-based. Rather than prescribing detailed processes, it could articulate common expectations in areas where greater consistency would benefit both investors and companies. These might include:

- **Stewardship policies and governance**, including oversight, accountability and the integration of stewardship into investment decision-making.

- **Corporate engagement**, providing common principles for planning, conducting and, where appropriate, escalating dialogue with investee companies.
- **Voting and the exercise of shareholder rights**, promoting greater transparency around voting policies, rationales and stewardship outcomes.
- **Collaborative stewardship**, offering greater clarity around collective engagement, particularly where investors address systemic risks or long-term market challenges.
- **Conflicts of interest**, encouraging consistent approaches to identifying, managing and disclosing potential conflicts in stewardship activities.
- **Stewardship reporting**, supporting more comparable and outcome-oriented disclosures while preserving flexibility for different investment strategies, asset classes and organizational models.

Illustrative areas where a European framework could add value are summarized in Table 1.

Taken together, these elements illustrate how a common principles-based framework could improve coordination, strengthen mutual understanding and facilitate more effective stewardship across an increasingly integrated European capital market.

Table 1. Illustrative Potential Contributions of a European Stewardship Code

Existing European Stewardship Framework	**Potential Contribution of a European Stewardship Code (aligned with SIU)**
Stewardship in Europe is supported by EU regulation (SRD II), national frameworks, and market-led practices.	Provide a coherent interoperability layer that strengthens integration of stewardship practices across the Single Market, supporting the SIU objective of deeper capital market integration.
SRD II improves transparency on voting and engagement but allows divergent implementation across Member States.	Increase regulatory and interpretative consistency, improving the efficiency of cross-border stewardship and reducing friction in the Single Market.
Stewardship expectations vary across jurisdictions due to different legal traditions and governance systems.	Enhance functional convergence of core stewardship principles while preserving national diversity, supporting SIU goals of competitiveness and subsidiarity-balanced integration.
Some Member States have formal stewardship codes (e.g. UK, Switzerland, France), while others rely on governance codes or market practice.	Strengthen EU-wide comparability and support a more level playing field for investors and issuers, improving capital allocation efficiency.
Cross-border investors face multiple, sometimes overlapping stewardship expectations and reporting formats.	Reduce operational complexity and increase efficiency for cross-border investment strategies, facilitating smoother capital flows across the EU.

Collaborative engagement practices exist but face varying interpretations and legal uncertainty in some jurisdictions.	Provide greater legal clarity and predictability for collaborative engagement, supporting more effective long-term investment behavior aligned with SIU objectives.
Stewardship reporting and disclosure practices differ in scope and methodology across Europe.	Improve comparability and usability of stewardship disclosures, enhancing transparency and investor confidence across EU capital markets.
The EU stewardship landscape is evolving but lacks a single coordinating reference point.	Act as a voluntary coordination mechanism that improves system coherence without additional regulatory burden, consistent with the SIU principle of regulatory efficiency.
Stewardship is increasingly central to long-term value creation, governance quality and market resilience.	Reinforce stewardship as an enabler of sustainable investment, improved corporate governance, and long-term competitiveness of EU capital markets.

Looking Ahead: Stewardship and the Future of Europe's Capital Markets

Europe has made significant progress in strengthening stewardship over the past decade. Through SRD II, national stewardship frameworks, corporate governance initiatives and market-led practice, it has developed a rich and increasingly sophisticated stewardship landscape that reflects the diversity of its capital markets and governance traditions.

As the European Commission advances the Savings and Investments Union and reviews the future of SRD II, the focus is naturally shifting from establishing stewardship frameworks towards ensuring that they work together effectively across an integrated European capital market. The challenge is therefore to enhance coordination, interoperability and shared understanding across the existing landscape.

A voluntary European Stewardship Code represents one possible contribution to this discussion. Equally, stronger coordination may emerge through the continued evolution of existing frameworks, closer cooperation between market participants, enhanced guidance and the sharing of good practice. The precise institutional form is ultimately less important than the broader objective: enabling stewardship to support better governance, more effective shareholder engagement and long-term value creation across Europe.

Stewardship is also entering a new phase of maturity. As institutional investors continue to strengthen their stewardship capabilities and stewardship becomes an increasingly recognized professional discipline, the frameworks that support it should evolve accordingly. This presents an opportunity not only to improve the effectiveness of stewardship itself, but also to reinforce the governance foundations of Europe's integrated capital markets.

The next phase of European stewardship will be defined by stronger shareholder rights and by stronger stewardship practice—and by the ability of Europe's stewardship framework to evolve alongside increasingly integrated capital markets.

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