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Amended EU directive strengthens shareholder engagement in listed companies

The European Council adopted a directive in early April 2017 amending the current Shareholder Rights Directive. Member states will have up to two years to incorporate the new provisions into domestic law. The amendments aim to encourage long-term engagement of shareholders and increase transparency at European listed companies. The amended directive also requires institutional investors, asset managers and proxy advisors to be more transparent in their shareholder engagement approach. In view of their impact on investors' voting behaviour, proxy advisors will be subject to a code of conduct. A further new element in the directive is that the remuneration policy of Dutch listed companies will have to be put to a vote at least every four years, not just when there are amendments to the policy to consider. Another significant change for listed companies is that shareholders will have an advisory vote on the remuneration report. Furthermore, the company's material transactions with related parties will have to be approved by the shareholders or the supervisory board.

Below are links to the European Council's press release and the amended text of the directive.

- [Press release European Council](#)
- [Amended Shareholder Rights Directive](#)