Open Letter to the European Commission: The Role of Stewardship in the SFDR Review

Brussels, 27 October 2025

Dear Commissioner Maria Luís Albuquerque,

We, the undersigned organisations, urge the European Commission to embed **clear and concrete stewardship requirements** in the forthcoming legislative proposal to revise the Sustainable Finance Disclosure Regulation (SFDR), expected in November 2025.

Stewardship—through engagement, voting and the allocation of capital—is already a **widespread and expected practice** among financial market participants. Asset managers and asset owners routinely use stewardship to influence corporate behaviour, manage sustainability risks, and to **promote long-term value creation**. However, the current provisions on engagement within the SFDR architecture fall short of realising this potential and **do not fully harness the power of stewardship to drive the transition** to a sustainable economy. At the same time, stewardship should complement—not replace—other key elements of the SFDR, including strong minimum criteria and exclusion requirements, which remain essential to ensure credibility and avoid greenwashing, as NGOs have jointly highlighted in their recent letter to the Commission.

ShareAction's ranking of the largest asset managers shows that **85%** of those assessed publish an engagement policy and **61%** provide detailed disclosures on engagement. While these figures indicate that **good mainstream practices are emerging, most disclosures still lack clear objectives, milestones, and measurable outcomes.** This underlines the need **for a stronger and more consistent framework** to ensure stewardship better contributes to accelerating corporate transitions and achieving the Clean Industrial Deal and the EU's 2030 sustainability objectives. In this sense, **effective stewardship is a key element of transition finance** and a unique lever for achieving the EU's climate objectives.

To achieve these goals, stewardship requirements must be clearly defined, operational, and complementary to other sustainability safeguards under the SFDR. It is pivotal that **stewardship requirements are not vaguely framed or limited to generic principles**, but set out **concrete, robust criteria** for what is expected from financial market participants in relation to engagement. Stewardship should be recognised as **one important tool within the SFDR architecture—alongside positive and negative minimum criteria, thresholds,** and **exclusions—**to ensure all elements work together to deliver a functioning sustainability framework.

We therefore call on the European Commission to seize the current momentum and to introduce **robust and harmonised stewardship disclosure requirements** in the revised SFDR framework, covering both entity- and product-level:

- **At the entity-level: Robust stewardship disclosures** should include the following elements: a robust **engagement policy** (1) with clear objectives, sectoral expectations and time-bound milestones, including a comprehensive **escalation framework** (2), a **voting strategy** (3), a clear and **firm-wide strategy** for **implementation** (4).
- **At the production level:** Financial market participants should disclose how their engagement strategies are applied at fund level and report on outcomes **for all product categories**, showing how they use their leverage to help achieve each product's sustainability objectives**. In the future transition category at least, stewardship should be mandatory.** These requirements should **work in tandem with clear**

minimum sustainability criteria and essential exclusions, as recommended in the 2024 ESMA guidelines on fund names. This should include, at a minimum and among others, the exclusion of companies developing new fossil fuel projects across all SFDR product categories, as called for in a joint letter signed by a large coalition of NGOs, financial institutions, corporate actors, scientists and experts.

This is not about adding new burdens but rather making existing commitments count.

By building on established market practices, these measures ensure stewardship is genuinely impactful and investors' influence drives the EU's sustainability transition. Standardising stewardship transparency will allow the EU to turn pledges into progress, close the gap on greenwashing, and demonstrate global leadership in aligning capital with a fair and sustainable future.

We would be pleased to exchange on our recommendations with your team at their earliest convenience.

Yours sincerely,

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