Proposal for a new corporate legal framework: EU inc

ecoDa position on the JURI draft report

14 July 2026

ecoDa calls for Corporate Governance to remain central to EU Inc

As the file advances toward a vote in the JURI Committee, ecoDa (The European Voice of Directors) reiterates its support for a 28th regime that safeguards the integrity of Corporate Governance models while facilitating cross-border scale-up.

This paper sets out the two priorities ecoDa considers essential to achieving that objective.

✔ A 28th Regime Underpinned by Strong Corporate Governance

Corporate Governance should be a defining feature of the EU Inc. framework. To earn the trust of investors, employees and Member States, the EU Inc. must establish governance standards that are at least as robust as those of the strongest national regimes it is designed to complement – not the lowest common denominator among them.

- **Clear distinction among the different existing Corporate Governance models:** the one-tier and two-tier options must be defined with legal precision, so that directors' duties, supervisory functions and accountability lines are clear, coherent and legally certain under each Corporate Governance model.
- **A clear cut line between shareholder's and board's fiduciary duties:**

  ecoDa remains concerned that provisions allowing the general meeting to issue binding instructions to the board blur the allocation of responsibilities between shareholders and the board. The board must retain responsibility for the company's direction, oversight and decision-making within the limits established by law.
- **Steward ownership requires further legal and Corporate Governance assessment:**

  Steward ownership forms part of a broader European legal debate on ownership structures designed to preserve corporate purpose and ensure long-term independence.

  In this context, ecoDa would like to draw attention to two important research initiatives:

  - The ongoing European Commission-funded project on a European framework for mission-driven companies (*entreprises à mission*), which is examining steward ownership as a possible mechanism for aligning corporate ownership and governance with a company's long-term purpose.

  - The work of the European Law Institute (ELI), notably its project and Special Interest Group on Enterprise Foundations and Responsible Business Ownership, which examine enterprise foundations and related ownership structures as legal mechanisms for promoting responsible long-term ownership, preserving companies' independence and safeguarding their purpose over time.

While these initiatives demonstrate growing interest in alternative ownership models, they also highlight that steward ownership remains an evolving concept. In particular, separating control from capital raises fundamental Corporate Governance questions regarding accountability, as stewardship rights may be exercised by those who do not bear the company's economic risk.

ecoDa considers that the concept of steward ownership is not yet sufficiently mature to be introduced as a general-purpose company form. It requires further legal analysis, particularly regarding directors' duties, accountability and the alignment of governance and economic incentives, before it can be implemented on a broader scale. At this stage, ecoDa therefore considers that steward ownership is better suited to mission-driven companies than as a general-purpose option within the EU Inc. framework.

✔ Other safeguards to make the EU Inc. credible

Simplification and legal certainty cannot come at the expense of the protections that give companies, investors and creditors confidence to use the new regime. ecoDa calls on the European Parliament and the Council to ensure the following checks and balances are anchored in the final text.

- **Minority shareholder protection:** conversion into an EU Inc. by majority approval and the exercise of withdrawal rights can significantly affect minority interests. Minimum procedural safeguards must guarantee that minority shareholders can enforce their rights consistently, wherever the company is based.
- **Predictable, well-defined insolvency treatment:** ecoDa is concerned that the JURI Committee's proposal for a threshold of 20 creditors to trigger insolvency proceedings is too low and could be reached through minor, low-risk claims - creating uncertainty rather than protection.
- **Robust related-party transaction rules:** relying primarily on contractual arrangements leaves minority shareholders and early-stage investors, who typically have limited negotiating power, insufficiently protected. Minimum statutory standards are needed to strengthen investor confidence and ensure a consistent level of protection across the Union.
- **Credible anti-abuse mechanisms:** safeguards against fraud, money laundering and identity theft must be robust enough to prevent the EU Inc. from becoming a vehicle for regulatory arbitrage.

Conclusion:

ecoDa calls on the European Parliament and Council to keep Corporate Governance quality and investor protection at the centre of the file. The EU Inc. will only deliver on its promise of a genuinely European company form if simplification is matched with strong, consistent, and enforceable standards of Corporate Governance and accountability - not achieved at their expense.

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About ecoDa: The European Confederation of Directors Associations (ecoDa) is an independent and unique umbrella organization representing the main national institutes of directors across Europe. Our member institutes collectively encompass around 55,000 individual directors from 24 countries, who serve on the boards of companies spanning various sizes and sectors. Our mission is to promote the highest standards of boardroom governance and to ensure that directors across Europe are well-equipped to meet the challenges and opportunities of their roles.

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