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The 2008 Global Financial Crisis (GFC) rocked the foundation of the United Kingdom's financial system. As the dust settled, the UK tried to figure out what went wrong. An autopsy of UK corporate governance revealed that it had developed an acute problem. Institutional investors had come to collectively own a substantial majority of the shares of listed companies, but often lacked the incentive to use their collective ownership rights to monitor them. The failure of these rationally passive institutional investors to act as engaged shareholders—or, as is now the popular vernacular, to be "good stewards"—allowed corporate management to engage in excessive risk taking and short-termism, which were primary contributors to the GFC.

In 2010, the UK enacted the world's first stewardship code (UK Code) to solve this problem. The goal of the UK Code was to incentivize passive institutional investors to become actively engaged shareholder stewards. After a decade, there are still divergent views on whether the UK Code will ever be able to achieve this goal.

Amidst these divergent views, it is often forgotten that the systemic problem that the UK Code attempts to solve, and the solution it aims to provide, are rooted in an idiosyncratic feature of UK corporate governance. In no other major economy in the world, with the notable exception of the United States, do institutional investors collectively own a majority of shares in listed companies. In turn, only in the UK/US will the passivity of institutional investors result in most listed companies not having a shareholder steward who actively controls the company's voting rights. The other side of the same coin is that only in the UK/US will properly incentivizing institutional investors produce actively engaged shareholder stewards with voting control in most listed companies. These unique features of the UK/US shareholder landscapes have transformed institutional investors into the linchpins of their systems of corporate governance. They also demonstrate why the UK Code's goal to properly incentivize institutional investors fits perfectly into the UK's corporate governance context and why understanding the incentives that drive institutional investors is now a seminal issue in US corporate governance.

Outside of the UK/US, however, the potential for institutional investors to play the role of a shareholder steward is significantly diminished. In most other countries, institutional investors rarely own enough shares in a listed company to collectively control it. As such, in most other countries, there is little risk of institutional shareholder passivity—which is the problem the UK Code is designed to solve—to cause a systemic corporate governance or market failure. Conversely, in most other countries, properly incentivizing institutional investors to act as engaged shareholders will not result in institutional investors being active stewards of most listed companies.

The rationale for transplanting a UK-style stewardship code to other countries appears even more curious considering the game-changing fact that in most countries, with the notable exception of the UK/US, a single or small group of block-shareholders, who are *not* institutional investors, control the voting rights in most listed companies. These controlling shareholders—who are often wealthy families or individuals, the state, or other corporations—have the voting rights and economic incentive to control the corporate governance in their respective listed companies. As "stewardship" has become a global buzz word to signify good corporate governance, some of these rationally active, non-institutional, controlling block-shareholders have begun to label themselves as "good stewards" of the companies they control. However, nothing in the history, policy rationale, or content of the UK Code, suggests that it was ever intended to apply to such controlling shareholders. Nevertheless, jurisdictions around the world, in which listed companies are dominated by non-institutional controlling shareholders, have adopted UK-style stewardship codes. These UK-style codes appear to be legal misfits as they target institutional shareholders, rather than non-institutional controlling shareholders, as the stewards of listed companies—which fits the corporate governance realities in the UK/US, but not in almost any other country.

Against this backdrop, my forthcoming paper in the *American Journal of Comparative Law*—The False Hope of Stewardship in the Context of Controlling Shareholders: Making Sense Out of the Global Transplant of a Legal Misfit—undertakes the first in-depth global comparative analysis of the curious transplant of UK-style stewardship codes into jurisdictions dominated by controlling shareholders and examines the role that stewardship plays in these jurisdictions. It draws on a unique collection of 22 recent in-depth case studies on stewardship by leading corporate law experts—which is part of a book project on Global Shareholder Stewardship that I am co-editing with Dionysia Katelouzou (*Cambridge University Press*, forthcoming). By drawing on these case studies, hand-collected data on every stewardship code, and fresh hand-compiled data on global shareholder ownership structures, the paper fills a significant gap in the literature as shareholder stewardship is one of the most important global corporate governance issues of our time.

Unfortunately, however, most of the academic understanding of shareholder stewardship is based on the idiosyncratic UK/US shareholder landscape, which the paper aims to change. In this context, the paper demonstrates that UK-style stewardship codes have been transplanted into jurisdictions in which institutional investors are collectively minority shareholders and controlling shareholders predominate, making them "legal misfits". Given this reality, shareholder stewardship will not transform passive institutional investors into actively engaged shareholder stewards to solve systemic corporate governance problems almost anywhere—because as a global legal misfit it is incapable of doing this outside of the UK/US. Even if the global proliferation of UK-style stewardship codes succeeds in incentivizing institutional investors to become actively engaged shareholders (which based on the UK's history is itself unlikely), they nevertheless will in most cases only be able to act collectively as minority shareholders—not as stewards of listed companies.

Ultimately, the paper demonstrates that the global shareholder stewardship movement has been coopted by governments and institutional investors to serve their own purposes. The result is that shareholder stewardship serves diverse functions globally—such as, a mechanism for governments to engage in halo signaling, a tool for governments to advance their political agendas, or a mechanism for institutional investors to stave off being regulated by the government. This development is something that the original drafters of the UK Code would never have anticipated.

Finally, with the increasing focus on corporate purpose and the related rise of ESG—both of which will likely increase post-Covid 19—the need for governments and institutional investors to be *seen* to be acting in the interests of society, and especially the environment, is likely to intensify. As such, more UK-style stewardship codes will likely be adopted—but merely as a convenient mechanism for governments and institutional investors to *signal* a shift in focus towards a more inclusive society, the environment, and corporate purpose, using the bright lights of stewardship. This may shift attention away from the hard law reforms that are required to bring about real change in jurisdictions where institutional investors are weak minorities and controlling shareholders dominate. For reforms in these jurisdictions to have bite, the entrenched interests of controlling shareholders will have to be challenged—something which powerful corporations, families, and governments, who themselves are the dominant controlling shareholders around the world, will likely be able to avoid.