Diligent

Diligent Market Intelligence

Proxy Season Review 2026

In association with

SODALI & CO

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Table of contents

Proxy Season Review 2026

Editor's foreword

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The first half of 2026 was not quite a blockbuster proxy season, despite the subplots of media M&A and market volatility. Instead, activists established a launchpad for future activity, mostly working collaboratively, taking more positions late in the proxy season, and showing the first signs of how the AI boom will influence their campaigns.

There were still more settlements than contested votes, yet there was less of the immediate scramble that characterized 2025 following the tariff surprise, with the average time to reach a formal settlement stretching to 36 days from 16.6 days a year earlier. Activists secured 84 of 85 U.S. board seats through settlement, and just one seat at the ballot box. Boards were willing to engage, activists prepared to negotiate and both sides often had strong reasons to avoid the uncertainty of a full vote.

A looming confrontation, however, is being driven in large part by M&A. The season made clear that dealmaking is again central to activist strategy, with Diligent Market Intelligence tracking an almost 50% increase in push-for-sale demands at U.S.-based companies in H1 2026 compared with the same period last year.

Activists also showed adaptation in their investment theses. In many of the most telling campaigns, the emphasis shifted back to operations, with AI becoming a lever for pressing companies on execution, cost rationalization, capital discipline and board oversight, as well as funds looking for global winners from the AI investment race (particularly in Asia). In that sense, activists are riding the AI wave, and not just by following the crowd.

Away from activism, boards continued to grant CEOs greater rewards, even if realized compensation dipped slightly. Median granted CEO pay in the S&P 500 rose to $18.2 million from $16.9 million, while overall "say on pay" support stayed high. However, more than 10% of U.S.-based companies drew less than 80% support for their remuneration proposals in H1.

As we have discussed and written about elsewhere, transition-related compensation expenses are rising, adding another layer of scrutiny at a time when investors are already sensitive to headline figures, alignment and disclosure. Golden parachutes proved controversial, reflecting another part of the M&A approval process that requires careful shareholder engagement. The emergence of AI-linked metrics remains limited but their appearance is already forcing boards to show that novel incentives are anchored to tangible business outcomes.

The season also underscored how unsettled the shareholder proposal environment has become. The number of proposals to face a vote at U.S.-based companies fell sharply, with DMI recording 386 in the first half versus 456 a year earlier, as proponents shifted toward private negotiations, legal challenges and withhold campaigns after the SEC stepped back from its traditional no-action role. In July, Chair Paul Atkins declared that experiment a "turning point," and a "proof of concept." Many proponents fear that the SEC's approach to Rule 14a-8 could move toward a regime in which proposals become harder, even prohibitive, to advance.

The SEC's wider regulatory agenda also includes semiannual reporting, compensation disclosure reform, the rescission of the climate rule and other proxy solicitation reforms, which will create uncertainty for stewardship teams and general counsels alike.

We hope you enjoy the findings of this report, compiled by DMI's Antoinette Giblin, and are grateful to Sodali & Co and Sullivan & Cromwell for their support and the insights they've shared with us. Stay tuned for more analysis in the second half of 2026.

Executive summary

1. M&A emerged as a key lever for activists in the opening half of 2026 with an almost 50% increase in the number of demands pushing U.S.-based targets toward a sale.

2. Amid a fresh wave of market volatility, the number of U.S. proxy contests advanced by activists in H1 fell to just 12, down 33% on the opening half of 2025 and down 64% when compared to 2022.

3. Activists secured almost all but one of 85 board seats through settlement in H1, with the time taken to reach such formal agreements increasing to 36 days from 17 in the same period of 2025.

4. The number of shareholder proposals to face a vote at U.S.-based annual meetings dropped by over 15% in H1, as proponents shifted to alternative approaches including private negotiations, legal challenges and withhold campaigns.

5. Median granted CEO compensation in the S&P 500 increased by almost 8% to reach $18.2 million with AI beginning to surface as a performance metric in the tech sector.

6. The number of short campaigns advanced globally increased by 32% in H1 with the U.S. market accounting for 66% of overall activity.

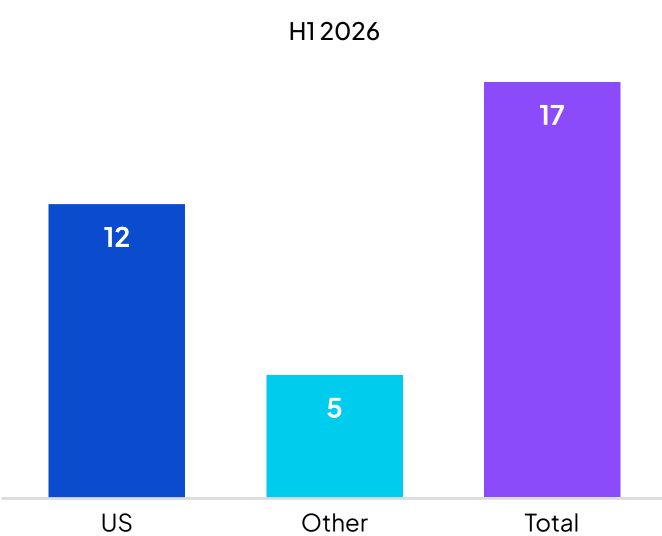
Activism infographics

No.board representation demands made by outcome and company region

Region	H1 2023	H1 2024	H1 2025	H1 2026
US				
At least one seat won	55	62	65	50
No seat won	35	56	34	32
Asia				
At least one seat won	15	21	18	12
No seat won	42	31	40	28
Europe (including UK)				
At least one seat won	9	20	9	8
No seat won	22	14	17	10
Canada				
At least one seat won	12	7	6	8
No seat won	5	9	5	5
Australasia				
At least one seat won	5	3	8	4
No seat won	9	12	8	7

Source: Diligent Market Intelligence / Activism

No. proxy contests advanced in H1, globally



Source: Diligent Market Intelligence / Voting

No. companies publicly subjected to activist demands, by region, half year

Region	H1 2023	H1 2024	H1 2025	H1 2026
US	414	467	454	408
Asia	169	158	189	231
Europe (including UK)	95	56	64	57
Canada	47	43	40	28
Australasia	23	25	29	26
Other	6	12	8	8
Total	**754**	**761**	**784**	**758**

Source: Diligent Market Intelligence / Activism

No. of M&A-focused demands in H1, by region

	Push for M&A	Oppose M&A
US	47	10
Asia	9	4
Europe	10	8
Canada	2	2
Australasia	2	0

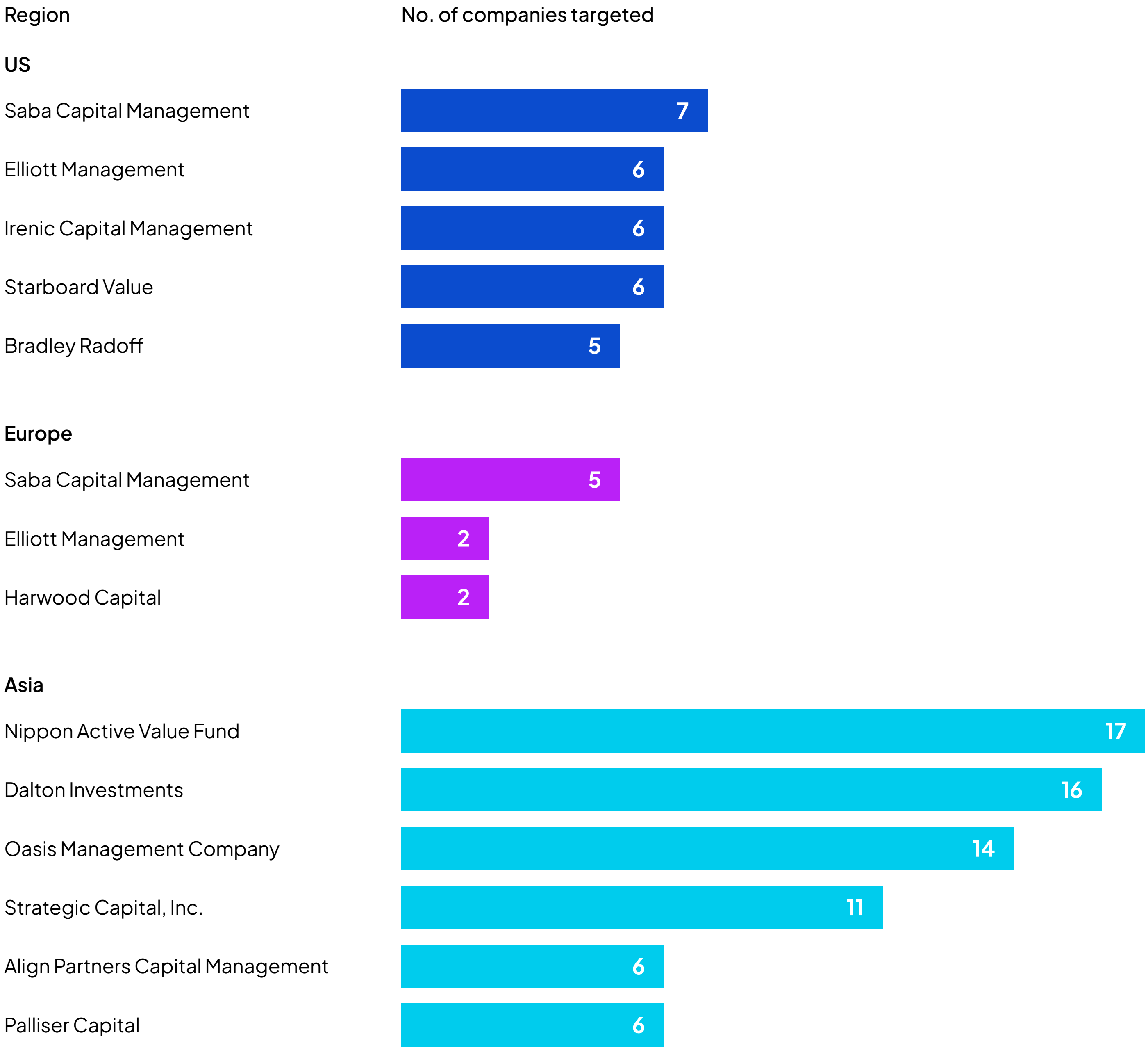
Source: Diligent Market Intelligence / Activism

No. of remuneration-focused demands in H1, by region

Region	
US	33
Asia	45
Europe	1
Canada	5
Australasia	2

Source: Diligent Market Intelligence / Activism

H1's key activist players

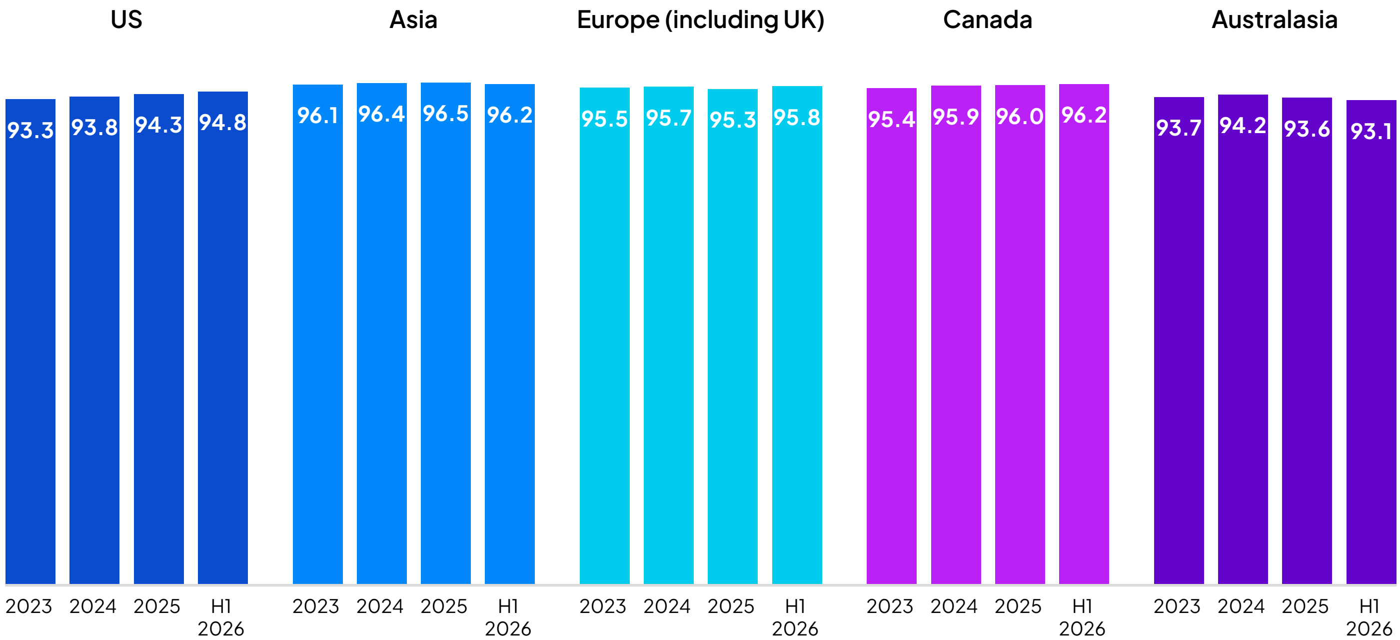


Source: Diligent Market Intelligence

(Based on primary and partial-focus activists)

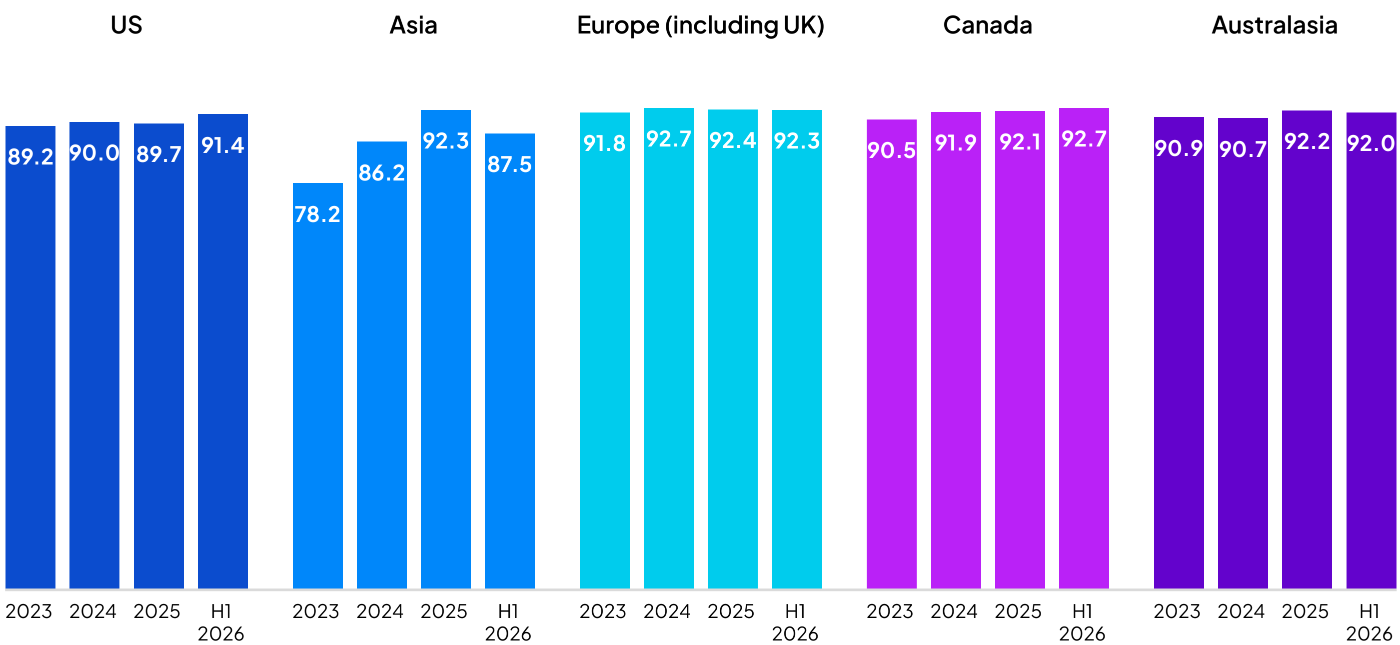
Management proposals

Average support (%) for director reelection proposals by region



Source: Diligent Market Intelligence / Voting

Average support (%) for "say on pay" / remuneration proposals by region



Source: Diligent Market Intelligence / Voting

Meeting the new activist challenge

Sodali & Co's Bill Dooley, Eric Kamback and Jonathan Eyl reflect on how shareholder activism is evolving in a more volatile market, where rising settlements, shifting investor expectations and new AI pressure points are reshaping the playbook for boards.

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The last two proxy seasons have seen a great deal of market volatility and, with that, a high number of settlements. Is this a temporary truce aimed at managing such uncertainty, or has it become easier to work with activists to avoid a proxy fight?

Bill Dooley (BD): This reflects more of a structural shift rather than a temporary response to market volatility. From the perspective of an institutional investor, significant shareholders want boards and activists to collaborate as co-architects of change rather than combatants. Long-term investors expect credible activists to raise real issues and targeted boards to engage, concede where appropriate and avoid unnecessary fights that divert focus from execution.

Arguably an additional fundamental driver in the continued increase in settlements is the Universal Proxy Card (UPC), introduced in 2022. Before UPC, boards could rely on shareholders choosing one slate or the other. Now institutional investors can effortlessly pick off individual directors they consider weak, making a full-length proxy fight genuinely unpredictable for the board and management team. Conceding a seat or two through a quiet negotiation has simply become the safer bet.

Settlements are frequently reached in under three weeks and often before a campaign even becomes public. That said, this "path of least resistance" does not mean the tension has completely dissipated. These settlement agreements and the underlying provisions are proving to be highly conditional. Activists are increasingly returning if performance targets are missed and sizeable institutional investors are exercising greater independence from standard proxy advisor guidance.

With M&A reemerging as a key lever in activist situations, what are the earliest signs that a campaign is moving from private pressure to a more organized attempt to influence other shareholders?

Eric Kamback (EK): The language in activist public communications and disclosures shifts from "investment purposes" to references to "strategic alternatives" or "board structure" as these funds begin laying the legal groundwork for a contest. Another signal is a shift in tone between the activist and management, or even in advisor-to-advisor posturing. To escalate pressure, the activist stops engaging with management entirely and pushes for direct board access.

> “Significant shareholders want boards and activists to collaborate as co-architects of change rather than combatants.”

A more concrete indicator is a shift from synthetic to physical exposure. Activists moving from swaps or options into common stock, especially ahead of key milestones or after stalled dialogue, signal an intent to control an upcoming vote.

Execution of sizeable blocks combined with persistent and above trend volume suggests the activist is building a core position or converting swaps below public disclosure thresholds, preparing for a more assertive stance.

Leaked letters and comments begin appearing in the media, typically framing a board “unwilling to engage” with a significant shareholder’s suggestions to increase shareholder value. By the time a white paper or public letter lands, the campaign has been running for weeks, fight sites have been built, and the public launch is the culmination, not the beginning.

How is the influence of AI on markets changing activist strategies?

BD: AI itself is becoming a recurring thesis lever for activists. Fund managers are pressing for AI pivots, accelerated adoption or more precise capital allocation around AI investment in sectors like software, e-commerce, life sciences and data-intensive businesses. Recent activist campaigns include pressure on healthcare and tech companies to embrace AI-driven models as well as investor criticism around how AI initiatives intersect with layoffs and, more broadly, capital discipline.

Boards’ AI strategies are now scrutinized not just for growth potential but for governance, risk, oversight and execution quality. That scrutiny is becoming a standard feature of governance-focused activist agendas in 2026. This means an increase in targeted demands for AI oversight at the board level, AI skills included in new board nominees and KPI-driven plans around data, infrastructure, and talent.

How is the rise in founder-led or hybrid activism changing the playbook for boards and management teams?

BD: Strategies once deployed only by activist-focused hedge funds are now accessible to frustrated founders and other stakeholders. Activism is not their primary mandate, but they have shown a willingness to escalate when boards fail to engage. The challenge lies not in novel tactics but in the unpredictability of the non-traditional actors deploying them.

Boards can no longer mentally bucket activist risk as something that only arrives with a well-known fund’s 13D or leaked letter. The trigger can be a founder letter, a disgruntled family office, or a small but vocal coalition of retail investors with a compelling narrative. Anyone with a thesis and a stake can reach, segment, and persuade investors given the right data and channels, raising the baseline for how prepared boards must be.

With diversity less of a priority for institutional investors, what criteria are considered most important for new board members and what are the most common concerns raised by activist investors about board composition?

EK: The move away from explicit diversity mandates reflects a shift away from demographic proxy statements toward a more demanding question of whether a board actually holds management accountable for performance. Accountability and effective oversight remain top priorities for investors, with many describing this as a return to basics around whether boards are genuinely independent, informed and holding management accountable.

Activists, however, approach board composition from the opposite direction. Where institutional investors consider what a board needs going forward,

> “AI itself is becoming a recurring thesis lever for activists.”

activists look back on what structural failures caused underperformance. It is common for activist campaigns to target companies with a number of directors serving a decade or more, not because long tenure is inherently problematic, but because entrenched boards make a compelling explanation for sustained, unchallenged underperformance. Demographic board diversity has retired as a criterion, but the accountability that it partially represented has not.

Governance-focused shareholder proposals continue to secure strong backing from institutional investors. What does this mean for boards?

EK: This level of sustained support is something that boards cannot afford to ignore: the persistent gap between the structures many boards maintain and the standards their shareholders expect. Majority voting proposals and declassification proposals continue to receive meaningful support. The clear implication here is that proactive reform is always preferable to reactive change. A board that voluntarily adopts market-standard governance practices, like declassification, majority voting, and proxy access, removes one of the most powerful elements of any potential activist campaign before it even begins, forcing activists to make their case exclusively on strategic and financial grounds instead.

The urgency for early action becomes clearer due to the compounding consequences of inaction. Ignoring a majority-supported proposal in year one creates a predictable, escalating sequence. ISS and Glass Lewis may issue a negative recommendation against specific directors the following year, and the resulting opposition votes become a documented record of shareholder frustration. By the time an activist steps in, the governance record has already built its own case against the board.

The AI advantage in activism defense

How can AI and advanced data analytics provide a lens for companies to better understand potential risks and changes in their shareholder base in an M&A or activism scenario before concerns harden into a public campaign?

Jonathan Eyl: The use of AI models allows for quicker and more thorough analysis when trying to determine who activists will target next and why. Underperforming TSR has always been the foremost tell that a company is likely vulnerable, but that is not the only piece activists look for when running their multi-variable internal models. These models are what we have recreated based on historical interactions and asks from the activists. We then apply them to the situation at hand which allows us to be proactive and predictive. Given Sodali’s involvement in some of the highest profile activist campaigns, our AI models that include predictive voting analytics give our clients the ability to detect vulnerabilities early, engage shareholders proactively, and quietly avoid a 13D filing.

A perfect storm

Activist investors kept up a brisk pace in the first half of 2026 despite a new wave of market volatility, taking more time to settle as M&A and AI became two of their most potent levers, writes Simon Roughneen.

Just over 400 U.S.-based companies faced activist demands in H1 amid a new wave of geopolitical uncertainty in the Middle East. Despite the turbulence, the level of activity held largely in line with that seen in the opening half of 2025 when "Liberation Day" led many to pause efforts or pivot to private engagement.

"What was unusual about 2025 was that we saw record activism in the back half of the year," said Amy Lissauer, global head of activism and raid defense at Bank of America. "The typical nomination window, when we would expect to see the most new activism campaigns begin, is not as indicative as it used to be. We are seeing activists launch campaigns when they think the company is most vulnerable."

> "M&A is back in a big way."

M&A: a big deal

Having reemerged as a defining theme in the second half of 2025, M&A continued to be a driver of activism in the first half of 2026, with DMI data tracking 47 push-for-sale demands over the period, up almost 50% on the same period last year.

"M&A is back in a big way," said Peter da Silva Vint, a partner at Jasper Street Partners, pointing to a more favorable regulatory backdrop. "Deals are going to be fast-tracked, they're not going to be opposed like they were years prior," he said.

At the megadeal end of the market, Paramount Skydance's $111 billion takeover of Warner Bros. Discovery served up one of the season's most heated bidding wars with Netflix bowing out at the end of February. The situation also drew multiple activists, with Pentwater Capital Management floating a withhold effort and Ancora Advisors threatening a proxy contest over Warner's repeated rejection of Paramount's earlier bids.

Beyond the largest transactions, advisors said a relatively subdued M&A and capital markets environment had created a "perfect storm" for activism. "The market for M&A and capital markets remained limited. In addition to more megadeals, we're seeing a lot of unsolicited bids this year by strategics and by activists trying to take companies private." Lawrence Elbaum, co-head of Sullivan & Cromwell's shareholder activism practice, told DMI.

One of the most closely watched small-cap situations involved Athens-based Diana Shipping, which combined a proxy contest at Genco Shipping & Trading with a pursuit of the U.S.-listed peer. Although Genco declared victory in the contest at its June meeting, Diana said the outcome "does not - and will not - in any way diminish our commitment to acquiring Genco and delivering attractive value to all shareholders."

Avoiding the ballot box

The number of proxy contests advanced by activists fell to a record low in H1 with just 12 pursued, down 33% on the opening half of 2025 and a 66% drop when compared to H1 2024.

With settlements the chosen path, activists secured 84 seats via the method, with just one seat secured at the ballot box. The time taken to ink such an agreement, however, increased to 36 days, from an average of 16.6 days in H1 2025.

"Activists and companies alike have been more comfortable with settlements instead of allowing shareholders to weigh in," said Bill Dooley, managing director, M&A & activism at Sodali & Co.

> "Activists and companies alike have been more comfortable with settlements instead of allowing shareholders to weigh in."

According to Glenn Welling, founder of activist fund Engaged Capital, economic and geopolitical trends are also part of the settlement consideration. Businesses "that are subject to activism are more likely to have been on the receiving end of these challenges," he told DMI, citing tariffs and higher oil prices among other things. "I think that is leading boards and management teams to have a stronger desire to settle rather than add another chal-lenge to their lives."

The balance toward settlement is further tilted by the universal proxy card, according to Bill Anderson, senior managing director and head of global activism at Evercore. "When individual directors are perceived to be vulnerable, companies have been willing to settle to avoid exposing the vulnerable directors to a proxy fight," he told DMI.

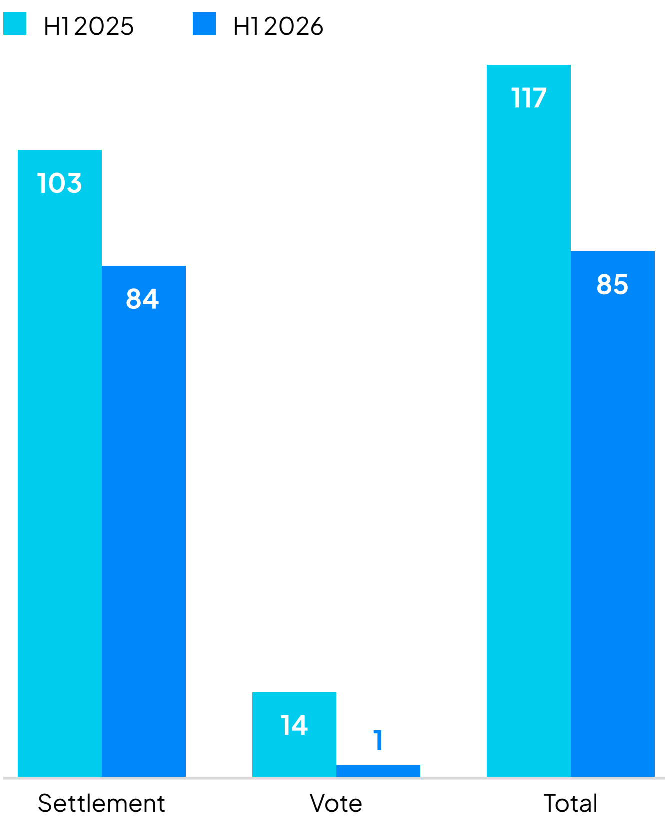
The "SAASpocalypse"

AI's influence on markets also saw activists rethink their strategy with advancements in the technology exposing enterprise software providers as potentially vulnerable. Elbaum said the feared "SAASpocalypse" is likely to create targets. "We don't know how far the cut is going to be into these stock prices until they've plateaued but anytime stocks drop, particularly in an industry where there are a lot of public company competitors and peers, some of them are going to turn into M&A targets," he told DMI.

The integration of AI also found its way to the tip of the spear in some of H1's key activism campaigns. Tripadvisor settled with Starboard Value in March after the hedge fund took issue with the travel site's alleged lack of urgency around the technology, while Snap was confronted by Irenic Capital Management with demands to "properly" deploy AI and put it at the core of cost rationalization and monetization enhancements.

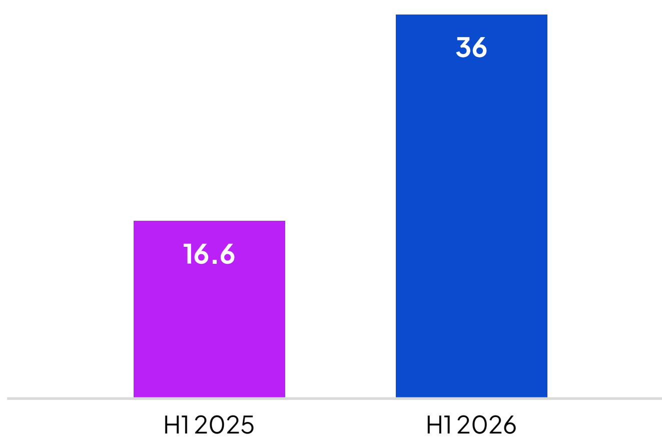
For some activists, AI is now an explicit part of the playbook. Anson Funds, which lists technology among its focus areas, told DMI that AI has become a formal lever in its toolkit. "We have been helping companies dramatically improve their operations over the past year," said Anson Portfolio Manager Sagar Gupta. That has raised the pressure on boards to act before AI becomes a point of vulnerability. "We think companies are already trying to get ahead of that, not to mitigate activism risk, but because shareholders are focusing on it," noted Lissauer.

No. seats secured on US-based company boards, by method



Source: Diligent Market Intelligence / Activism

Average time taken to reach formal settlement at US-based companies, by days



Source: Diligent Market Intelligence / Activism

No. proxy contests advanced at US-based companies, by H1

	H1 2022	H1 2023	H1 2024	H1 2025	H1 2026
No. of contests	33	21	35	18	12

Source: Diligent Market Intelligence / Activism

Back-half bounce

With the official proxy season calendar viewed as less relevant, advisors expect the second half of 2026 to bring a fresh wave of activity should markets contend with less uncertainty. “Some campaigns that might have faded away will be back and maybe in late summer or even early fall. They’re going to start earlier than they used to,” predicted Elbaum.

And, while M&A is likely to remain the primary force, capital allocation is also expected to feature more prominently should volatility ease.

“Some campaigns that might have faded away will be back.”

“We are seeing more of a focus on activists pushing for a return of capital and this is linked to where we are in the market cycle,” noted Lissauer. “When there is uncertainty, companies tend to be more conservative with capital. When the environment becomes clearer, shareholders tend to get a little bit more impatient if you’re sitting on excess reserves.”

Breakdown of activist demands at US-based companies

Demand type	2023	2024	2025	H1 2026
Appoint personnel	154	165	155	81
Capital structure	19	20	30	12
Divestiture	27	36	35	22
Environmental	86	100	64	38
Governance	254	248	285	252
Operational	52	57	57	29
Oppose M&A	30	20	30	10
Push for M&A	43	56	74	47
Remove personnel	53	64	76	38
Remuneration	82	83	92	33
Return cash to shareholders	34	54	39	27
Social	131	168	102	68

Source: Diligent Market Intelligence / Activism

Wildest campaigns of 2026

Despite a fresh wave of market volatility, shareholder activism proved remarkably resilient in the first half of 2026, with activity holding steady at H1 2025 levels.

M&A continued to build momentum as a key lever for activists with many also more willing to stand in the way of deals they viewed as undervalued or poorly timed. Outside of dealmaking, AI also found its place in the activist playbook with key technology brands pressed on integration and cost rationalization.

Settlements provided the only real path to the boardroom with few fights going the whole way to a vote as boards and activists worked to find common ground in uncertain markets.

The Diligent Market Intelligence editorial team tracked the season’s defining contests. Here are our picks for the wildest:

1: Paramount outplays Netflix in Warner Bros. Siege

Warner Bros. Discovery quickly became one of the season's defining M&A battlegrounds as Netflix and Paramount Skydance locked horns in a fight for the media giant. Paramount ultimately prevailed with an enormous all-cash bid that included the company's television channels, which Netflix planned to exclude.

The high-stakes sale unsettled investors. Pentwater Capital Management threatened to withhold support for directors if Warner failed to engage with Paramount, while Paramount raised the prospect of a proxy fight and unveiled plans to solicit against the approval of the competing Netflix transaction.

Netflix later sweetened its proposal into an all-cash offer, only for Paramount to respond with a ticking fee for shareholders. Ancora Advisors then said it was considering its own proxy contest over Warner's lack of engagement.

> "The high-stakes sale unsettled investors."

After one more sweetened offer in late February from Paramount, Netflix declared itself out of the race and paved the way for the storied media group to be acquired by David Ellison's media company.

And while the deal passed with overwhelming support at the April 23 special meeting, Warner Bros' $1.4 billion golden parachutes package was rejected with 82% opposition. Pay dissent lingered with the remuneration plan facing 84% opposition at the company's June annual meeting.

2: Founder returns to Lululemon with product-first plan to 'regain cool'

Covered in over a dozen articles on DMI's newswire in H1, Lululemon Athletica's clash with its founder and ex-CEO Chip Wilson ended in May when both parties arrived at a settlement that saw the comeback activist walk away from a proxy contest in exchange for two board seats.

The monthslong campaign targeting the Canadian retailer was one of many founder-led efforts this season. Wilson, who founded Lululemon in 1998 and owns around 8% of the shares, had argued that the activewear company had been "losing its soul" due to an alleged disinterest in product development while pointing to controversies linked to the quality of its ultra sheer "Get Low" leggings as well as a 2024 scandal involving the design of its Breezethrough range. Wilson, who left the board in 2015, had insisted that his slate would foster a creative culture at the Vancouver-based yoga pants maker and help it ''regain its cool.'' Prior to inking the deal, Lululemon made several leadership changes including the naming of Nike executive Heidi O'Neill as its new CEO, who will take up the helm from Calvin McDonald in September.

> "The monthslong campaign targeting the Canadian retailer was one of many founder-led efforts this season."

3: STAAR-Alcon merger collapses as Broadwood leads shareholder rebellion

Another heated M&A battle emerged at STAAR Surgical as Broadwood Capital prevailed in its bid to derail the medical device maker's planned combination with Swiss peer Alcon in a deal that had been valued at around $1.5 billion when rolled out in August 2025. The deal didn't land with a large cross-section of the investor base and Broadwood spearheaded a campaign that pointed to STAAR's sound prospects "with sufficient cash, strong demand, new products ready to be launched." The 30% shareholder quickly ramped up support with Yunqi Capital and STAAR ex-CEO David Bailey also coming out against and Defender Capital and California State Teachers' Retirement System (CalSTRS) following. Proxy advisors Institutional Shareholder Services (ISS) and Glass Lewis had also recommended against. By December, Broadwood had moved to target three of the U.S. eye lens maker's directors. After several postponements and a sweetened bid, the January 6 special meeting saw the sale collapse. A week later, STAAR settled with Broadwood, with the deal reshaping the board and also seeing the departure of both the CEO and chair.

> "The deal didn't land with a large cross-section of the investor base."

4: BP's climate clash claims another chair

BP returned to the wildest list this season with climate governance once again at the center of the turmoil and another chair left exposed. At its April annual meeting, BP Chair Albert Manifold – less than a year into the role – faced 19% opposition. The vote had followed a tumultuous period after the energy giant had refused to feature a climate proposal from Follow This on its ballot and had also moved to rescind two legacy resolutions linked to company-specific climate disclosures. To many investors, the moves were seen to undercut shareholder rights. Railpen and Legal & General Investment Management were among those to cast a protest vote on the chair while proxy advisors had flagged concern over "transparency, shareholder communication and responsiveness." Almost one month after the meeting, BP removed Manifold, citing concerns over governance standards, oversight and conduct.

5: Starboard rolls out AI playbook in push for integration at Tripadvisor

In one of the first campaigns to see AI emerge as the central focus of an activist thesis, Starboard Value sought control of the board of Tripadvisor. The dissident, which had been pushing for change at the company since mid-2025, warned that the pace of change was unacceptable in an environment where speed matters. The travel review platform had earlier drawn Palliser Capital's call for a strategic review. In March, just over a month after making its board bid public, Jeff Smith's fund reached a cooperation agreement that saw the U.S.-based travel company add four directors. Snap was another company to face AI-focused activist pressure this season with Irenic Capital Management pressing the messaging platform to put the technology at the core of cost rationalization and monetization enhancements.

Honorable mentions

Not every campaign that defined the first half made the top five, but several still stood out for the twists they delivered across markets.

In Asia, Young Poong and ally MBK Partners bolstered their presence on the board of Korea Zinc but with the chair maintaining his grip with nine director seats. Choi Yun-beom's reelection had hit several last-minute headwinds after ISS recommended a vote against, followed by a decision by South Korea's National Pension Service, which holds 5.2% of Korea Zinc, to abstain. The dissidents have questioned plans to build a critical minerals refinery in Tennessee - that will be funded largely by Washington – arguing that it would position the U.S. as a "white knight," rather than serving the company's commercial interests.

Australia also delivered. In June, Elliott Management pressed Northern Star Resources on a sale, arguing the miner had been weighed down by operational missteps, weak performance and a long-overdue CEO exit. By early July, the miner had named Glencore top executive Suresh Vadnagra as its new CEO while also replacing the chair. But the wilder fight came at Australian financial services provider Humm where a months-long clash with Raper Capital and Collins Street Value erupted over the company's handling of Credit Corp's AU$385 million takeover approach. After the Australian Takeovers Panel criticized Humm over unresolved conflict concerns in its earlier assessment of the bid, the company emerged from a May meeting with a broad governance reset that included the exit of former Chair Andrew Abercrombie and the appointment of two new directors under a deal with the activist duo.

In the U.K., Saba Capital Management also notched a notable victory by taking control of the board of Edinburgh Worldwide Investment Trust after a long-running campaign and a dispute around the closed-end fund's discounted NAV, as well as its stake in Elon Musk's SpaceX. In the U.S., Six Flags Entertainment earned an honorable mention of its own after Jana Partners disclosed a partnership with NFL star Travis Kelce, adding celebrity firepower to the growing list of investors that had circled the theme-park operator.

> "The season also served up many heated battles hooked on governance and shareholder rights."

Beyond board bids and M&A, however, the season also served up many heated battles hooked on governance and shareholder rights with Exxon Mobil's move to Texas driving 30% opposition from the votes cast at its May AGM, while a shareholder proposal seeking changes to its controversial retail voting program secured almost 25% backing.

Activism in Europe

The level of activity in Europe in the opening half of 2026 was slightly down on that recorded in the same period of 2025 with almost 60 companies finding activist attention and with the U.K. again surfacing as the key driver.

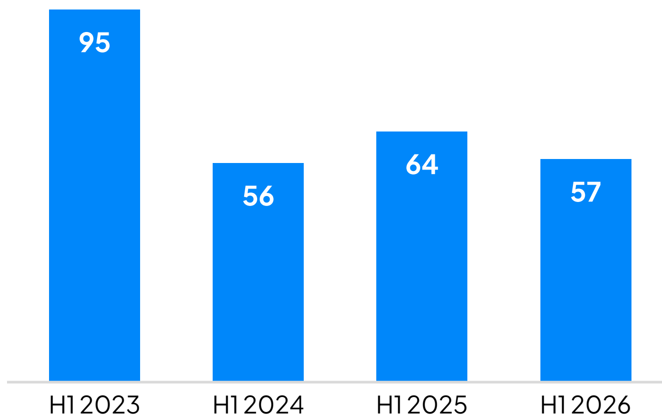
Demands in 2026 were centered on boardroom change with activists securing 22 board seats over the six-month period, and with 73% secured via vote. Outside board access, however, there was also a notable increase in calls to return cash to shareholders.

Within the wider region, the U.K. saw a marked rise in activity, with 36 companies targeted, up from 29 in H1 2025.

In Germany, activity was broadly unchanged, with five companies targeted across the technology, healthcare, and consumer sectors.

Italy also recorded steady activity, with activists pushing for reforms at five companies and board representation remaining a key objective.

No. of Europe*-based companies publicly subjected to activist demands



*Including UK

Source: Diligent Market Intelligence / Activism

No. of seats secured on Europe*-based company boards, by method

	H1 2025	H1 2026
Settlement	3	6
Vote	17	16
Total	**20**	**22**

*Including UK

Source: Diligent Market Intelligence / Activism

Breakdown of activist demands at Europe*-based companies

	H1 2025	H1 2026
Appoint personnel	20	22
Capital structure	2	2
Divestiture	4	11
Environmental	5	5
Governance	22	18
Operational	10	4
Oppose M&A	4	8
Push for M&A	10	10
Remove personnel	15	17
Remuneration	3	1
Return cash to shareholders	9	16
Social	6	2

*Including UK

Source: Diligent Market Intelligence / Activism

No. of UK-based companies publicly subjected to activist demands

H1 2023	H1 2024	H1 2025	H1 2026
25	21	29	36

Source: Diligent Market Intelligence / Activism

No. of Germany-based companies publicly subjected to activist demands

H1 2023	H1 2024	H1 2025	H1 2026
17	9	8	5

Source: Diligent Market Intelligence / Activism

No. of France-based companies publicly subjected to activist demands

H1 2023	H1 2024	H1 2025	H1 2026
10	4	3	0

Source: Diligent Market Intelligence / Activism

No. of Italy-based companies publicly subjected to activist demands

H1 2023	H1 2024	H1 2025	H1 2026
2	2	5	5

Source: Diligent Market Intelligence / Activism

Activism in Asia

Shareholder activism continues to gather momentum in Asia with an almost 26% increase in activity in the opening half of 2026 when compared to the same period in 2025.

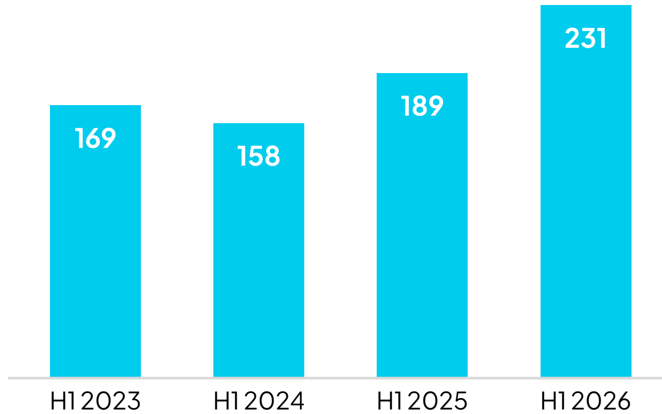
Japan continued to build its position as the region's activism stronghold with 140 companies targeted, or 61% of the overall total.

This was followed by South Korea where almost 70 companies drew activist attention amid ongoing regulatory and policy reforms aimed at raising corporate governance standards in the market.

Governance was the key driver for many activists operating in the Asia region with 145 such demands advanced in H1, up 29% on H1 2025. Efforts to return cash to shareholders were also expanded with 83 such demands, compared to 74 in H1 2025.

Overall, activists secured 24 seats on Asia-based boards in the opening six months of 2026, down from a record 58 achieved in H1 2025.

No. of Asia-based companies publicly subjected to activist demands



Source: Diligent Market Intelligence / Activism

No. of seats secured on Asia-based company boards, by method

	H1 2025	H1 2026
Settlement	2	11
Vote	56	13
Total	**58**	**24**

Source: Diligent Market Intelligence / Activism

Breakdown of activist demands at Asia-based companies

	H1 2025	H1 2026
Appoint personnel	54	60
Capital structure	22	26
Divestiture	19	23
Environmental	11	3
Governance	112	145
Operational	15	17
Oppose M&A	5	4
Push for M&A	10	9
Remove personnel	52	50
Remuneration	41	45
Return cash to shareholders	74	83
Social	6	5

Source: Diligent Market Intelligence / Activism

Activism in Canada

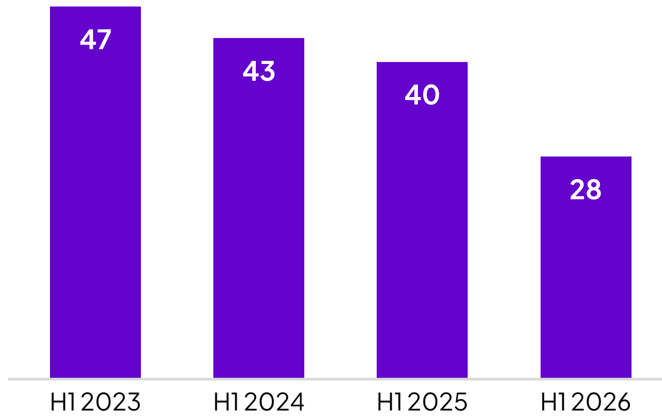
Activist investors advanced demands at 28 Canada-based companies in H1, with activity down by 30% when compared to the opening half of 2025.

Governance-related reform remained the primary focus with 15 such demands advanced.

The number of seats secured by activists held steady with 13 won and almost all through negotiated settlement. One saw activewear-focused Lululemon Athletica reach a May board pact with founder and long-time dissident Chip Wilson while another saw Plantro enter into a cooperation agreement with farm equipment manufacturer Ag Growth International.

Of the board representation demands advanced overall in H1, eight saw the activist secure at least one seat.

No. of Canada-based companies publicly subjected to activist demands



Source: Diligent Market Intelligence / Activism

No. of seats secured on Canada-based company boards, by method

	H1 2025	H1 2026
Settlement	13	12
Vote	0	1
Total	**13**	**13**

Source: Diligent Market Intelligence / Activism

Breakdown of activist demands at Canada-based companies

	H1 2025	H1 2026
Appoint personnel	15	7
Capital structure	4	5
Divestiture	2	1
Environmental	9	6
Governance	17	15
Operational	3	1
Oppose M&A	4	2
Push for M&A	3	2
Remove personnel	7	7
Remuneration	6	5
Return cash to shareholders	2	0
Social	8	8

Source: Diligent Market Intelligence / Activism

Activism in Australasia

Activity in Australasia held flat in the first half of the year, with 26 companies targeted.

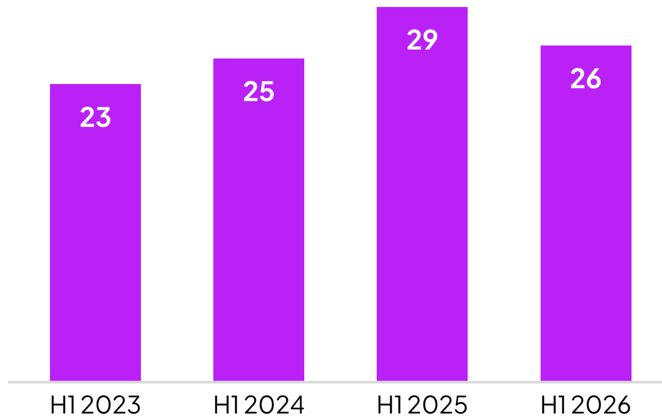
Australia accounted for almost 88% of overall activity with smaller companies emerging as a popular draw.

Northern Star Resources was among the large-caps targeted in a campaign that saw U.S.-based hedge fund Elliott Management return to the market, calling on the gold miner to launch a strategic review, refresh its board and pair the process with a search for a new CEO.

Governance was among the most common demands for activists operating in the region over the six-month period, with operational demands also seeing a rise.

After a record first half for board gains in 2025, the number of seats secured in the first six months of 2026 fell by over 60%. With eight secured via settlement, this included a cooperation agreement that saw Big Digital Energy add five new directors in a truce with Endeavour Blockchain.

No. of Australasia-based companies publicly subjected to activist demands



Source: Diligent Market Intelligence / Activism

No. of seats secured on Australasia-based company boards, by method

	H1 2025	H1 2026
Settlement	14	8
Vote	7	3
Total	**21**	**11**

Source: Diligent Market Intelligence / Activism

Breakdown of activist demands at Australasia-based companies

	H1 2025	H1 2026
Appoint personnel	11	12
Capital structure	2	2
Environmental	3	3
Governance	4	10
Operational	0	4
Oppose M&A	3	0
Push for M&A	2	2
Remove personnel	20	13
Remuneration	0	2
Return cash to shareholders	2	0
Social	1	0

Source: Diligent Market Intelligence / Activism

Lessons from the season

Co-heads of Sullivan & Cromwell's shareholder activism practice Lawrence Elbaum and Patrick Gadson unpack what this proxy season taught boards about activism preparedness, board readiness and value creation.

Lawrence Elbaum
Partner
Sullivan & Cromwell

Patrick Gadson
Partner
Sullivan & Cromwell

What do you see as the most important lessons from this proxy season for boards, given that it was marked by more market volatility, lots of early-stage settlements and a steadily increasing drumbeat for M&A activism?

Lawrence Elbaum (LE): Boards must treat activism preparedness as a 365-day-a-year job. Activists are no longer confined to the traditional proxy calendar, and market volatility can create openings at unexpected times. Boards must prepare before the storm by conducting regular vulnerability assessments, reviewing strategy and portfolio alternatives, maintaining a strong pipeline of potential directors, and understanding how their shareholder base is likely to react to activist pressure.

The prevalence of early settlements also shows that readiness is not only about winning a proxy fight. Boards need to know in advance where they are prepared to compromise, where they should hold the line, and what settlement terms would protect the company's long-term strategy.

Despite recent market volatility and political change, the north star of activism defense has not changed: value creation. Boards need a credible, well-supported value-creation story. Where performance has lagged or the story is still developing, boards should acknowledge the issue, invite investor feedback and convey a clear plan to unlock value for which they will be held accountable quarter-over-quarter and year-over-year. Ultimately, the best defense against a proxy fight remains a rising stock price.

For boards that may be more inclined to fight and win a proxy fight, what does best-in-class readiness look like today in practical terms?

Patrick Gadson (PG): The first question a board needs to ask itself when facing an activist is how it defines winning. Does winning mean preventing an activist from obtaining a single board seat, from taking control of the board, or could it mean reaching a cooperation agreement where the activist is invited to meetings as an observer? A board's ultimate goal is to increase company value, and any proxy fight strategy must advance that goal.

When it comes to best-in-class readiness, the universal proxy card (UPC) has changed the playing field for companies. It has made it harder for activists to win a clean sweep but easier to win a single seat. Therefore, the crucial battle is between the activist's strongest nominee and the

> The traditional 'proxy season' is not dead but it is changing.

company's most vulnerable nominee. Each incumbent should have a clear rationale tied to the company's current strategy, and the board should regularly evaluate each director's skills, contributions and vulnerabilities.

Additional best practices include adopting shareholder intelligence programs to identify shareholders and catch unusual trades, proactively reaching out to shareholders outside earnings calls and annual meetings, and engaging advisors before an activist mounts an attack. The sooner advisors are in the door, the faster they can help fortify the walls.

When a strategic transaction is challenged, how should boards reset the narrative quickly enough to avoid creating an opening for activists, unsolicited bidders, or governance-focused critics?

LE: Resetting the narrative starts long before a strategic transaction is challenged. Boards should anticipate that activists may use an announced deal as an opening to attack the company. Two themes matter most for boards: process and value.

First, the board must show that it followed a fair process. If shareholders believe the outcome was predetermined, the process was rushed, or management incentives drove the decision, activists will have an easier attack. Fairness goes beyond technical compliance with Delaware law. Shareholders need to believe that the board considered relevant alternatives and approved the transaction for the right reasons. That is especially important where the transaction involves change-in-control payments or other management benefits. Visible involvement by independent directors can reinforce the credibility of the process.

Second, the board must explain the transaction's value-creation story quickly and clearly. From announcement through closing, the company must answer why this deal, why now, why these terms and why this path is better than the alternatives. Boards should acknowledge transaction risks while explaining why shareholders are better off with the deal. The goal is to make the transaction a story about process and value before critics make it a referendum on board judgment.

How does a hostile bid from a strategic acquiror differ from an activist campaign, and where do the response playbooks converge?

PG: Hostile bids and activist campaigns differ because a hostile bid usually involves a concrete transaction, while an activist campaign usually challenges the company's strategy, governance, performance or capital allocation.

In a hostile bid, the board's response is more transactional and legal. There is a clear playbook for what companies legally have to do when facing a hostile bid. The board faces a more transaction-specific fiduciary analysis, including whether enhanced scrutiny or Revlon duties may apply. The central question is whether the proposal maximizes value compared with the company's standalone plan or other alternatives.

The playbook for an activist defense is more bespoke. Activists come knocking for a wide variety of reasons and each requires a distinct response. An activist seeking to split up the company presents a different challenge than one seeking a single board seat.

The playbooks converge because both situations become contests for shareholder confidence. In either case, the board must act deliberately and explain why its path creates more value than the challenger's alternative. In any control contest, the board must know its shareholders, maintain unity, and prepare the response team.

> “Despite recent market volatility and political change, the north star of activism defense has not changed: value creation.”

Has the traditional activism calendar effectively broken down, and if so, how should boards prepare for campaigns that could emerge well outside the historic proxy season rhythm?

LE: The traditional “proxy season” is not dead but it is changing. Activists are increasingly pressuring companies outside the annual meeting cycle, sometimes raising board composition, strategy or M&A issues long before nomination windows open. In some cases, activists begin discussing potential nominees shortly after the prior annual meeting or go public before engaging privately with the company, making the timing of campaigns less predictable.

The calendar has also expanded because activists increasingly pursue objectives beyond winning board seats at the annual meeting. M&A-focused campaigns may push for a sale, breakup, divestiture, spin-off or strategic combination. Other campaigns may pressure companies to accelerate investor days, adopt more aggressive targets, change capital allocation or refresh the board. “Vote no” and withhold campaigns also allow activists to apply pressure without running a full proxy contest.

How should nominating committees think about succession planning and board refreshment given the recent focus on these areas from activists?

PG: Succession planning and board refreshment matter more because activist nominees are increasingly credible. Activists are more likely to nominate directors with industry or operating experience, not just financial expertise. That makes it harder for boards to dismiss dissident candidates and more important for nominating committees to assess the board proactively.

Nominating committees should start with the company’s strategy and ask whether the board has the skills and experience needed for the next three to five years. They should regularly review the board’s skills matrix, identify expected retirements and committee-chair transitions, assess directors, and maintain a pipeline of potential candidates before a vacancy arises.

Long tenure can be a particular vulnerability. Many proxy advisors and institutional investors scrutinize longer-tenured directors, often using nine years as a relevant marker, although tenure should not be treated mechanically. The key is to explain why each director continues to add value and where refreshment is needed. To defend against activism, boards should identify their own vulnerabilities before an activist does.

Beyond the ballot

Shareholder proponents are turning to what some describe as experimentation and improvisation as the infrastructure and procedural protections they have long relied on change shape, writes Antoinette Giblin.

The number of shareholder proposals to face a vote at U.S.-based company meetings dropped by a third in the opening half of this year as investors contend with weaker backing from major asset managers and a hostile regulator.

According to Diligent Market Intelligence (DMI) data, 386 proposals faced a vote in the six-month period, down from 456 in the opening half of 2025.

Investors who regularly file shareholder proposals have shifted to alternative approaches, including private negotiations, legal challenges, and withhold campaigns, following the Securities and Exchange Commission (SEC) decision to remove itself as the arbiter of no-action requests.

While many worried that the SEC's change would lead to wholesale exclusions, the reality was more balanced. In the first five months of the year, just over 100 no-action letters were issued with a unilateral "unqualified representation" from companies that they had a reasonable basis to do so, compared to 120 in the same period in 2025 when the regulator had offered its judgment on the arguments made by both parties.

> "Investors did not retreat in the face of this new no-objection process. They stood up and were counted."

"I don't think companies immediately rushed to use the SEC's withdrawal from the no-action process. Many ignored the SEC decision entirely and just kept dialogues going with proponents," said Tim Smith, senior policy advisor at the Interfaith Center for Corporate Responsibility (ICCR).

Veteran proponent John Chevedden told DMI that a lot of his proposals were excluded "on unsubstantial reasons so the companies just took the easy way out. One thing that certainly is up is the frivolous reasons companies give for excluding."

A new framework

Faced with a new and uncertain regulatory environment, proponents and issuers alike reconsidered their options. For boards, especially those with earlier shareholder meetings, most of the calculation centered on legal exposure. Starbucks opted not to exclude any proposals, referencing the "absence of clear post-guidance precedent." Walt Disney included three proposals it felt would have been worthy of the SEC's blessing, citing "recent regulatory changes."

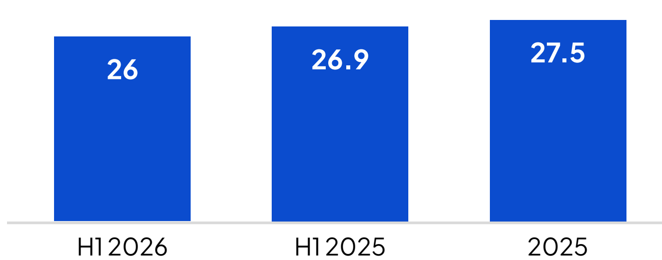
Several companies that did exclude proposals were met with investor-led lawsuits. "Investors did not retreat in the face of this new no-objection process. They stood up and were counted," said Smith. "The SEC has regularly stated that it's not the final arbiter in decisions on resolutions. It's the courts and this year we saw investors file six lawsuits."

Withhold campaigns were also used to exert pressure with SOC Investment Group calling for a vote against the reelection of four Amazon directors after the retail giant excluded seven shareholder proposals from the ballot of its May 21 meeting. "We believe that responsibility for Amazon's decision to omit certain shareholder proposals falls principally on the nom and gov committee," the advocacy group had argued. Amazon's three nominating committee members received less than 95% support, slightly down on last year, according to DMI *Voting* data.

Shareholder proposals to face a vote at U.S. companies, by H1

No. of proposals		
H1 2026	**H1 2025**	**2025**
368	550	655

% support



Source: Diligent Market Intelligence / Voting

Outside of the no-action controversy, smaller shareholders faced a further challenge in publicizing their campaigns after the SEC released revised guidance in January that restricted the voluntary filing of Notices of Exempt Solicitation on EDGAR, its electronic filing system. In response, shareholder proponent As You Sow unveiled an open-access platform Proxy Open Exchange, while ICCR published a tracker of companies it considered to have unilaterally omitted a resolution.

> “Proponents are persistent and committed, and they'll continue to explore the best ways of raising their concerns.”

The road ahead

Addressing a July conference, SEC Chair Paul Atkins said the season had proved a “turning point” and a “proof of concept,” arguing that the market for corporate governance functioned as it should when regulators stopped “calling balls and strikes” and companies and shareholders engaged directly.

Many observers in the investor community told DMI that they'd be surprised if the no-action process was returned to its original format following the SEC's one-time reshaping of the process. Higher submission thresholds in Texas's corporate law were a point of contention in reincorporation efforts by Delaware companies, even when they committed to retaining the lower thresholds.

“What's more likely to happen is that maybe later this year, they'll issue a rulemaking proposal to make very radical changes to Rule 14a-8, maybe even a move to eliminate it,” suggested Sanford Lewis, director and general counsel at the Shareholder Rights Group.

Many advisors see the process as a relatively reliable way for investors to express a view and for companies to gauge dissent without inviting a more adversarial confrontation.

“If you take that right away and investors are still supportive of certain issues they genuinely view as financially material to the long-term success of the business, they still need to express that with their vote which may effectively force them to vote against directors,” said Jeff Barbieri, a director at Aon.

Even in a tougher environment, proponents are likely to keep finding ways to get their message in front of investors, Lewis said. “I think many key proponents are persistent and committed, and they'll continue to explore the best ways of raising their concerns, even though there may be no equivalent to the efficiency and effectiveness of Rule 14a-8.” Well-governed companies, he adds, will also adapt to amend their bylaws to allow shareholder proposals to appear on their proxy.

“Who knows how the landscape might change in two years. MAGA politics has weighed heavily on shareholder rights,” said Chevedden. “I hope proponents still advance proposals. It's a way to inform shareholders and they have an educational value even if they don't get a big vote, and hopefully the politics will change.”

The ‘G’ remains key

- Notching up average support of around 32% in the opening half of 2026, governance continued to resonate with the investor base.
- Of the roughly two dozen shareholder proposals to attract majority support in H1, some 75% were focused on governance-related reforms.
- Within the governance umbrella, efforts to declassify the board performed the best with average support tracking at 75%. This was followed by advisory resolutions that had pressed targets to adopt a majority vote as standard with average support of around 59%.

Pay controls

As CEO pay continues to reach record highs, boards are under growing pressure to strengthen controls amid simmering investor concerns over alignment and rising quantum, and as AI begins to creep into compensation design, writes Will Arnot.

Median granted CEO pay at the S&P 500 rose from $16.9 million in 2024 to $18.2 million in 2025, according to DMI data collected during this past proxy season, while in the Russell 3000, the figure increased from $7.3 million to $7.5 million.

It comes as overall investor backing for "say on pay" continues to climb, with average support reaching 90.3% at the S&P 500 in the first half of 2026 and 91.9% at the Russell 3000.

However, investors have shown a willingness to use their vote when they perceive an unmitigated disconnect between executive pay outcomes and the shareholder experience.

Of the 16 Russell 3000 pay plans to fail in H1, performance misalignment was the most common concern cited in investor rationales collected by DMI, followed by insufficient disclosure and outsized quantum.

> "Relative TSR has certain structural drawbacks."

Guardrails

With over 10% of U.S.-based companies attracting less than 80% support for their pay plans in H1, many have moved to reconsider their controls.

Marc Trevino, a partner at Sullivan & Cromwell, said financial metrics are "verifiable" and help boards maintain credibility in the pay program.

By far the most common of those is total shareholder return (TSR), a measure of stock price change plus dividends. Nine out of every 10 TSR-related key performance indicators (KPIs) in S&P 500 long-term incentive plans (LTIs) for 2025 disclosed to date were relative TSR, according to DMI's *Compensation* data. Relative TSR is benchmarked to a peer group or index.

For boards and investors, a link to the shareholder experience provides a valuable market check, as David Thieke, head of Mercer's U.S. and Canada rewards practice, told DMI: "Many companies have a stock-based award so implicitly embedded in the value of the award and the vehicle in which the award is delivered is a linkage to shareholders via stock price and returns."

Absolute TSR, which focuses more directly on the company's actual stock price performance over a set period, accounted for 4.4% of all TSR classifications identified for 2025.

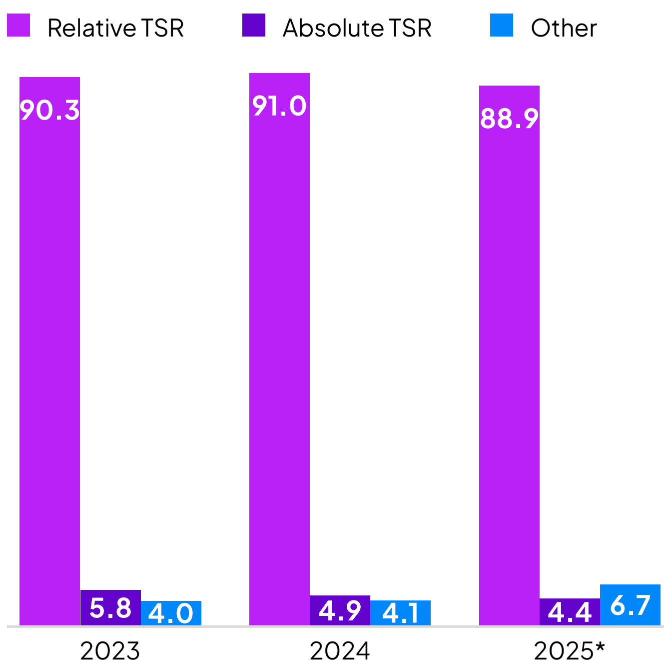
Pfizer was one company to opt for the control in its bid to deliver value "based on long-term alignment with shareholders by linking rewards to absolute TSR over a five- or seven-year period." That alternative approach reflects a move to address investor discomfort with above-target awards in periods of declining share price.

While relative TSR is widely used, it also has certain "structural drawbacks," as Trevino explained. "While it is useful when long-term performance is hard to forecast, it can make compensation programs look unstable and harder to sustain."

AI joins the scorecard

Outside of measures such as TSR, AI presents the clearest test of where compensation design may be moving next. To date, fewer than 10% of the S&P 500 have AI incorporated into a broader scorecard metric based on disclosures over the past proxy season, according to data compiled by compensation consultants Willis Towers Watson.

Breakdown (%) of TSR classifications in S&P 500 LTI plans*



Source: Diligent Market Intelligence / Compensation

*Percentages reflect TSR metric classifications identified. Companies may use multiple TSR types. 2025 data is based on YTD proxy disclosures.

The metric is most likely to surface in the technology sector, where AI has been designated as a major business stream. Broadcom offers one of the clearest examples. In its latest proxy statement, the semiconductors and infrastructure software provider used AI revenue as the performance metric for CEO Hock Tan's 2025 PSU award, with payout linked to the highest aggregate AI revenue generated over any four consecutive quarters between fiscal 2028 and fiscal 2030. Broadcom said the redesign was intended to retain Tan through 2030 and to tie the next phase of his compensation more directly to AI-led growth as the company navigates what it described as a profound AI-driven transformation.

Tesla has taken a similar approach, linking the technology to Elon Musk's latest mega grant as it shifts "from a hardware-centric business to a physical AI company." Operational milestones tied to the award include a target to deploy one million self-driving robotaxis into commercial operation, alongside other AI- and autonomy-related performance triggers.

Outside tech, however, advisors note that investors are more likely to support AI metrics that are tied to measurable and tangible business outcomes. These, as Aon director Jeff Barbieri noted, include "revenue growth, achieving efficiencies, cost savings, helping with risk management and commercial deployment."

A steady anchor

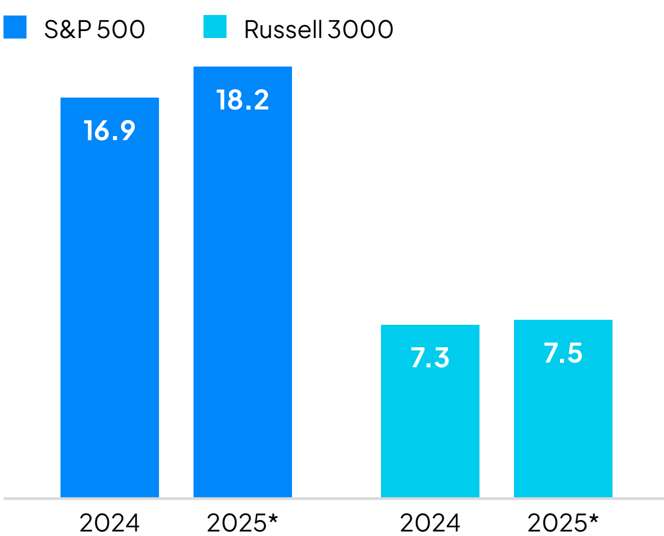
Recent history may be instructive. Kenneth Kuk, a rewards practice leader at Willis Towers Watson, pointed to the rise and retreat of ESG-linked measures, noting that many companies adopted such metrics as others were doing the same. The lesson, he suggested, is not that non-financial measures are unwelcome, but that they need to demonstrably drive value creation.

> "Many shareholders take the view that AI is going to drive more productivity. It's going to come through in the financials anyway."

"In industries where AI is not native to the business model, shareholders may take the view that AI-driven productivity would come through in the financials anyway. So, they would expect a business case for why you need to measure this differently," said Kuk.

For Thieke, whatever the innovation in pay design, there is no "one-size-fits-all" metric. "It's more about the process, the governance around the program, the standards in place for goal setting, and how those goals are communicated internally and externally so investors can understand how the program links back to business strategy," he told DMI.

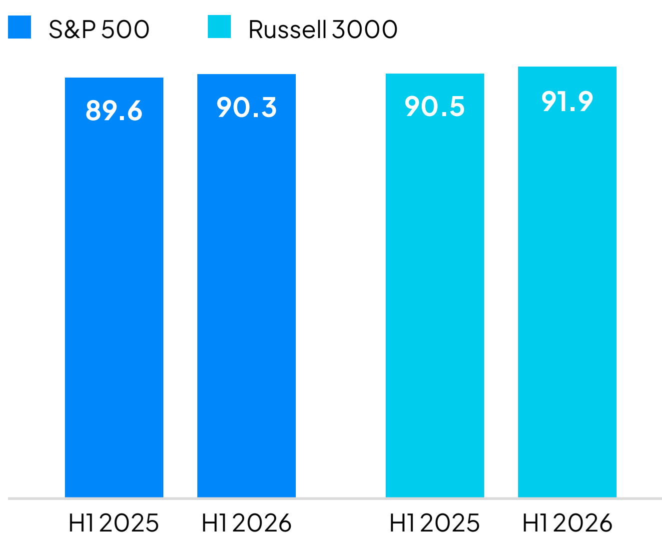
Median granted CEO pay ($m), by index



Source: Diligent Market Intelligence / Compensation

*Based on YTD disclosures

Support (%) for "say on pay," by index



Source: Diligent Market Intelligence / Compensation

A test for US short sellers

The U.S. remains the dominant market for activist short selling, but a recent court ruling has sharpened the legal risks for short outfits operating in its otherwise lenient environment, writes Ross Carney.

With 63 public activist short campaigns, the U.S. market accounted for two-thirds of overall global activity in H1.

The level of activity has been supported, at least in part, by a more permissive regulatory backdrop for issuers and the AI-fueled tech rally, short sellers told Diligent Market Intelligence (DMI).

"Enforcement actions are down, which emboldens companies to use more aggressive language and operate with fewer checks and balances," Siegfried Eggert, founder of Grizzly Research, said. "The lower rate of legal enforcement against public companies has contributed to more misrepresentation, which in turn creates more work for short sellers."

> Those with more assets and more at stake may have become somewhat more cautious.

The Andrew Left precedent

While the U.S. market has maintained its position as the most fertile ground for short selling, the conviction of Andrew Left by a U.S. court on June 2 brought renewed attention to the risks involved. In the landmark verdict, the founder of Citron Research was found guilty of market manipulation and trading opposite to the position he presented to the public over a period from at least March 2018 to October 2023. He is scheduled to be sentenced on August 31.

"Frauds such as the one perpetrated by Left can erode investor confidence which impacts our capital markets," said Patrick Grandy, assistant director in charge of the FBI Los Angeles field office.

For some in the industry, particularly those running larger funds, the case may have a chilling effect. Eggert told DMI that those with more assets and more at stake may have "become somewhat more cautious."

Others, however, argue the verdict is unlikely to alter the core mechanics of short selling.

DMI data show that 10 U.S.-focused activist short campaigns were advanced in the almost one-month period to the end of H1 since the Left verdict was announced, largely flat on the same period in 2025.

Muddy Waters Research, which advanced two U.S.-focused short campaigns in H1, said the conviction should have little bearing on firms whose work is built primarily on published research rather than the more trading-driven approach prosecutors said Left used.

"The rest of us are researchers first and when you publish multiple pages explaining the bases for your opinions, absent any smoking gun message to the contrary, the basis for showing the opinions are honestly held is evident," the short outfit said in a post on X.

Hithawk Research, which has its base in the U.S. but focuses on Europe, also argued that the case would be unlikely to represent a fundamental turning point for short selling, claiming instead that it could make the industry "better and more disciplined."

"If the research is correct, public disclosure merely starts a process that becomes increasingly difficult for the company to stop. In some cases, the consequences materialize quickly; in others, structural weaknesses may take weeks or even months to become apparent," the short outfit wrote in a post on X.

> Does this change the business for activist shorts sellers? No. The rest of us are researchers first.

The deepest pool

Whatever the implications on the future of short selling, many still see the U.S. as offering the richest pipeline of targets.

With this year's equity gains increasingly concentrated in a small group of tech giants, some investors argue the AI-driven rally has left pockets of the market looking speculative even as weakness emerges elsewhere.

"Much of this year's performance has come from a small number of AI-adjacent companies. At the same time, there's noticeable weakness across other parts of the market," said Aandahl.

That disconnect, he argued, could create a particularly fertile backdrop for short sellers in the second half. "My expectation is that the next six months could be a bonanza for short selling because of that setup – the speculative mania, the froth and the irrational investor exuberance."

Going global

Outside of the dominant U.S. market, investors are also finding opportunity elsewhere with Europe and Canada among those to see a notable uptick.

In Europe, activity reached a record high in H1 when 15 campaigns were initiated, compared to just three over the same period in 2025.

"I think the increase in Europe is likely to be a more sustained trend, at least for a while," outlined Eggert, who claimed that the region has "been underserved in terms of critical research."

Blue Orca Capital Chief Investment Officer Soren Aandahl added that a series of corporate scandals have also made certain jurisdictions in Europe less hostile towards short selling: " "In a post-Wirecard world, some European markets have correctly recognised that short selling plays an important role in well-functioning capital markets. It serves a valuable purpose by deterring misconduct and identifying risks for other investors."

Canada also saw increased interest with nine short campaigns advanced in H1, compared to just two in the same opening half of 2025.

Asia, meanwhile, saw activity hold flat with four campaigns advanced at targets in China, Hong Kong and Japan.

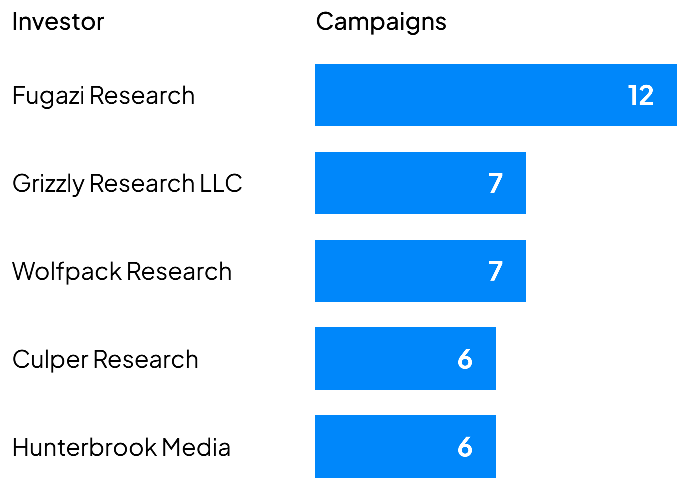
Shorts infographics

No. short campaigns, by region, H1

	H1 2025	H1 2026
US	61	63
Europe (including UK)	3	15
Canada	2	9
Asia	4	4
Australasia	0	2
Other	2	2
Total	**72**	**95**

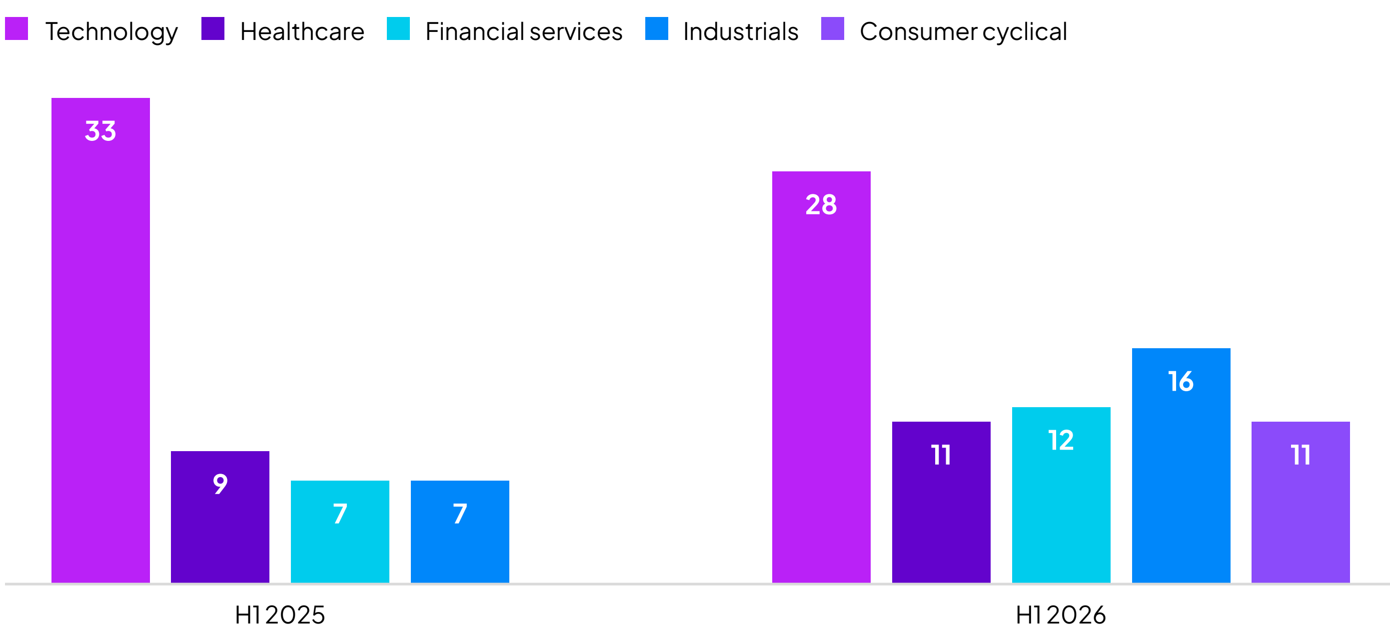
Source: Diligent Market Intelligence / Activist Shorts

H1's most active short sellers by campaign count



Source: Diligent Market Intelligence / Activist Shorts

Most targeted sectors for short campaigns, globally



Source: Diligent Market Intelligence / Activist Shorts

Stewardship Intelligence

Operationalize internal voting and stewardship with independent, policy-ready data

Stewardship Intelligence is a purpose-built data feed for asset managers, delivering structured governance, executive compensation, and shareholder data that integrates directly into your voting policies, engagement workflows, and portfolio oversight. **The result:** consistent, auditable stewardship decisions, without reliance on third-party proxy recommendations.

Faster time to insights

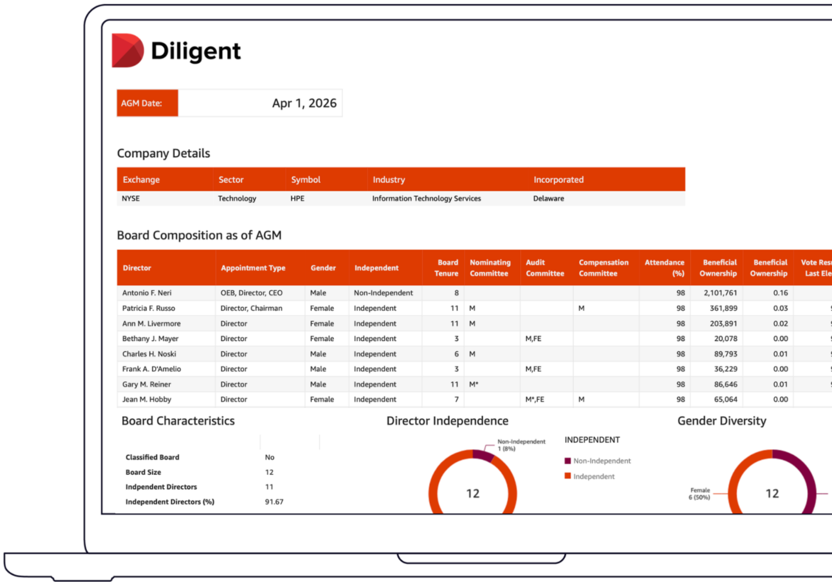
Accelerate decision readiness with data delivered within **6 days** of proxy filing.

In-house voting policy execution

Apply internal voting policies, thresholds, and stewardship frameworks consistently across portfolios.

Analysis at scale

Integrated governance and compensation coverage to support screening, benchmarking, and policy alignment.



Data coverage

- **Current company coverage:** 6,500+ companies, expanding to 12,000+
- **Regional feed options:** Global, U.S.
- **Depth:** 525+ Compensation data points, 300+ Governance data points
- **Updates:** Daily
- **Delivery:** Snowflake data feed

"The level of disruption in the stewardship space around tech enhancements is welcome and long overdue. I want to make stewardship even more insights driven — harnessing more data, better measurement, getting a more proactive lens to see if we can deepen the link between stewardship and value creation over time."

Senior Stewardship Leader
Global Asset Manager

Request the full data dictionary and a sample dataset. Contact sales: dmi.sales@diligent.com