# Activist Investing in Europe

2026

Mergermarket

Skadden

# Contents



# Foreword

European boards face a new era of assertive, data-driven activism amid global uncertainty.

**Armand Grumberg**
Head of Skadden's European M&A practice

The landscape for European companies is undergoing a profound transformation. Shareholder activism, once a sporadic challenge, has become a defining feature of the boardroom agenda. Over the past year, the marked escalation in both frequency and sophistication of activist campaigns across Europe indicates that it is not merely a reflection of local discontent, but the product of the global environment. Additional hurdles, such as economic and geopolitical uncertainty and environmental, social, and governance (ESG) imperatives, create fertile ground for activist intervention.

Europe has emerged as an affirmed battleground for activists, who are now targeting European companies with unprecedented vigour, bringing assertive tactics and a willingness to conduct campaigns in the public eye. The days of quiet, behind-the-scenes negotiations may be fading; today's activists are more media-savvy, data-driven and unafraid to challenge management teams in pursuit of rapid value creation. Notably, the past year has also seen a significant surge in activity from first-time activists, both local and non-local, adding a new layer of unpredictability to the activist landscape.

For European boards, this is both a challenge and an opportunity. The most resilient companies are those that have proactively interrogated their own vulnerabilities, fostered genuine dialogue with shareholders, and articulated a compelling, evolving value-creation story. Defensive measures are increasingly considered, but true protection lies in strong preparation: transparency, engagement, and adaptability. Boards must also recognise that institutional investors may be broadly tolerant of activist campaigns, and that superficial or reactive engagement is no longer sufficient.

The year ahead will demand more from corporate leaders than ever before. Success will hinge on the ability to anticipate activist demands, leverage data to identify emerging risks, and maintain open, strategic communication with all stakeholders. More than ever, preparation is paramount, as the rules of the game are being rewritten by both seasoned players and new entrants alike.

# European boards are under fire on multiple fronts

Despite increased shareholder engagement and proactively addressing potential flaws, companies throughout Europe continue to come under considerable strain from activist investors.

Investor activism in Europe is again on the rise. Our latest research evidences that 2025 was a high-profile year and also suggests that corporates expect to see more prominent campaigns over the year ahead.

This reflects a backdrop of ongoing volatility and market uncertainty. In such conditions, corporates are under more pressure than ever to set out a robust value-creation story to investors. With disruption and upheaval continuing globally, such stories need to evolve rapidly, or risk losing the faith and trust of all shareholders, including activists.

That requires corporates across the region to think carefully about how to respond to the threat posed by activists. The good news is many European companies have not wasted their time: they spent more resources interrogating their own vulnerabilities and engaging more actively with shareholders. Such efforts should be to the benefit of the business, as well as providing some protection against the possibility of future activist campaigns.

Nevertheless, activists continue to identify companies where they believe significant change is required. They also warn that campaigns are more likely, in the future, to be conducted publicly, rather than through discrete negotiations behind closed doors.

The stage is set. While many European corporates are working closely and collaboratively with their key shareholders, it remains likely we will see more activist campaigns break out in 2026, often in hostile circumstances.

**Methodology**

*In Q4 2025, ION Analytics surveyed 35 corporate executives from listed companies and 15 activist investors from the UK, France, Germany, Italy and Switzerland to gain insights into key trends in Europe's activist investing space. All responses are anonymous, and results are presented in aggregate.*

## Our key findings include:

1. Corporates were approached, over the last 12 months, about as often by local activists (40%) as by non-local activists (43%). Non-local activists have returned to the European arena – in our previous annual study, more than half of corporates said they were predominantly approached by local activists, just a quarter spoke about non-local pressure.

2. First-time activists have been out in force. Almost all corporates surveyed say first-time activists have become more active over the last 12 months, including 46% who say they became much more vocal over that time. In last year's study, barely a third of respondents said first-time activists had taken up more of their attention.

3. The activists surveyed in this study believe the best opportunities for campaigns over the next 12 months will be found in France, which accrues 33% of first-choice votes and 27% of secondary ballots. In our previous study, France was a distant four choice. This year, France is followed by Germany (27% of first-choice votes), the UK (also 27%), Italy (7%) and Switzerland (6%).

4. Almost all activists (94%) agree they are likely to adopt a more visible, public form of activism (incorporating public letters, media and campaigns) over the next 12 months, rather than take a more private approach. Almost half of activists (47%) strongly agree with taking a more assertive approach in their campaigns.

5. The landscape of shareholder activism in Europe is rapidly evolving, with certain sectors emerging as particular hotspots for activist attention. Over the next 12 months, the industrials & chemicals (I&C) sector (34% of first-choice vote) and telecoms, media & technology (TMT) sector (30% of first-choice vote) are expected to be at the forefront of activist campaigns.

6. Almost three-quarters of corporates (74%), over the last 12 months, considered adopting 'poison pill'-type provisions or other defence mechanisms to thwart activist campaigns. This is a major change from our previous study, when 60% of corporates said outright that they had not considered adopting such provisions or mechanisms.

7. ESG considerations in Europe are having a pronounced impact on the activist landscape. All activists agree they will increasingly prioritise ESG issues in their campaigns. However, some believe this approach could backfire – overall, 70% of respondents think activists, in taking an increasingly prescriptive approach to ESG, risk alienating other shareholders when seeking support for their demands.

8. While around half of respondents (52%) believe engagement by corporate boards with institutional investors can greatly diminish the role of activist investors, this figure is down from 66% in our previous study; a large minority (34%) outright disagree with that line of thought.

# Part 1: 2025 Review
# Edgy boards raise their defences

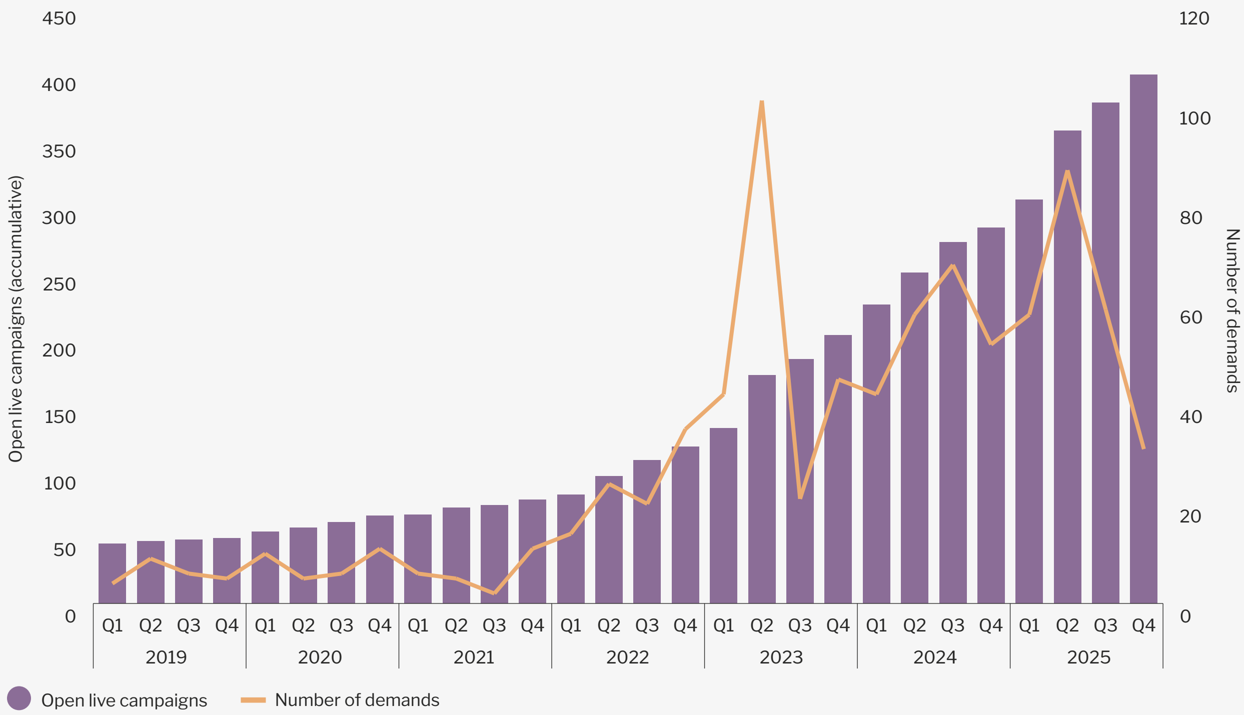
Proactively addressing their perceived weaknesses has been a point of emphasis for European companies – but, when all else fails, boards have been ready and willing to deploy defence mechanisms.

The number of public shareholder activist campaigns in Europe soared in 2025, with activists launching 116 new public campaigns, 43% higher than the equivalent figure for 2024. All told, the number of open, live campaigns in Europe reached 398 as of Q4 2025, up by more than 41% from end-2024, according to Activistmonitor data.

Of the 116 public campaigns launched in 2025, companies in the UK were targeted in 34 of them, up marginally from the equivalent figure in 2024 (33). However, more remarkable, and more emblematic of the upturn in public campaigns in Europe, is the number of occasions on which German companies were targeted in 2025 – 30, a notable increase from the 18 launched in 2024 that remain open. The total of campaigns still open against German companies that launched in 2023 is also 18.

Activists exerted the most pressure on larger companies – those with a market capitalisation over US$2bn were targeted in 70 new campaigns in 2025, 52% more than in 2024 (46). The number of campaigns against companies with a market cap between US$1bn-US$2bn

**Live campaigns in Europe**




Source: Activistmonitor

almost halved year-on-year, from 15 to eight, while smaller companies (with market cap under US$1bn) were targeted in 38 campaigns, up 90% from the year before (20).

The rise in the number of new public campaigns naturally triggered a corresponding increase in the number of demands issued, up by 7% year-on-year from 220 in 2024, to 235 in 2025. Per Activistmonitor's metrics, the single most common type of demand in 2025 was for structural governance changes, with 52 such demands issued, even higher than 2024's total of 45.

The next most common demand was for cost reductions and/or operational improvements, with 36, up by 16% from 2024's 31, when it was the most popular type of demand overall. Demands relating to opposition to acquisition and/or merger agreements saw a four-fold increase, from seven in 2024 to 28 in 2025. In contrast, there were just 13 demands in 2025 for board member appointments, less than half of 2024's total of 28.

Concerning the identity of key players in 2025, the single most prolific shareholder activist was Deka Investment. The next busiest activists, each responsible for four campaigns, were DWS Investment, Ethos Foundation and Elliott Management Corporation.

### Total campaigns by market capitalisation (live & potential)

| Market cap | 2024 | 2025 | Growth |
|---|---|---|---|
| <US$1bn | 20 | 38 | 90% |
| US$1bn-US$2bn | 15 | 8 | -47% |
| >US$2bn | 46 | 70 | 52% |
| **Total** | **81** | **116** | **43%** |

Source: Activistmonitor

### Demands made in open live campaigns

| | 2023 | 2024 | 2025 | Y-o-Y 2025 |
|---|---|---|---|---|
| Discussions | 2 | 6 | 8 | 33% |
| Oppose bolt-on/divestiture/spin-off | 6 | 6 | 9 | 50% |
| Special meeting | 1 | | | NA |
| Cost reductions/operational improvements | 32 | 31 | 36 | 16% |
| Share buy-back/dividend/return of capital | 13 | 10 | 12 | 20% |
| Bolt-on/divestiture/spin-off | 18 | 15 | 17 | 13% |
| Oppose acquisition/merger agreement | 11 | 7 | 28 | 300% |
| Acquisition/merger agreement | 1 | 2 | 3 | 50% |
| Strategic alternatives | 14 | 29 | 16 | -45% |
| Capital allocation/structure changes | 11 | 5 | 10 | 100% |
| Governance changes | 44 | 45 | 52 | 16% |
| Management/board changes | 32 | 31 | 30 | -3% |
| Board member(s) appointment | 22 | 28 | 13 | -54% |
| Environmental/social changes | 2 | 5 | 1 | -80% |
| **Total** | **209** | **220** | **235** | **7%** |

Source: Activistmonitor

## Threat amplification

Corporates across Europe faced significant pressure from activist investors throughout 2025. Domestic activists as well as those from further afield targeted corporates in the region. Notably, there was also a significant increase in the number of first-time activist investors focusing on Europe, according to our respondent pool.

Boards have been forced to respond. Many companies have been more proactive about addressing potential threats from activists. Conscious of the potential for disruptive campaigns, they have endeavoured to identify potential areas of weakness and to address these with shareholders before an activist targets their company. Many have also considered adopting defence mechanisms.

Every single corporate participating in this research says their board or senior management was approached at least once – publicly or privately – over the past 12 months. That compares to 91% of corporates who said the same in last year's edition of this research. Moreover, in 2025, 11% say their organisation had received three or four such approaches.

Clearly, shareholder activism is on the rise again. In part, that appears to reflect the increasingly global nature of activism. In 2025, 43% of corporates report that approaches came largely from non-local activists, with a further 17% saying approaches were split broadly equally between locals and non-locals. By contrast, in last year's report, more than half of respondents (53%) said approaches had come predominantly from local activists, and only 26% said non-local investors represented the majority.

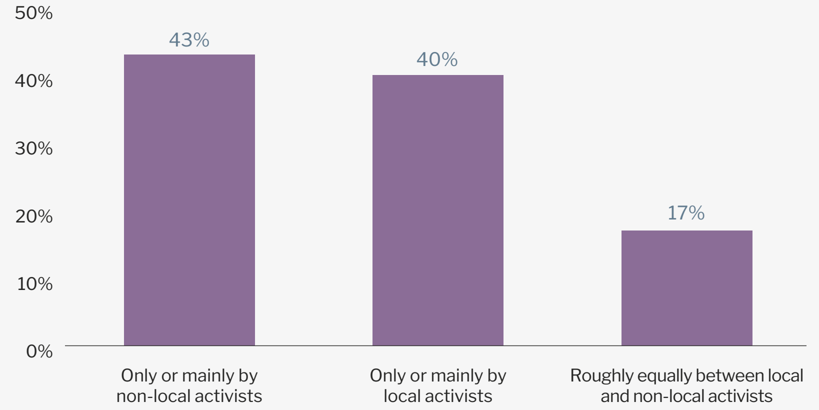
Corporates pick out activists based in the UK and the US, in particular, as common sources of new approaches. "Approaches have originated from the UK," says the executive managing director of one French company. "Public letters and demands have increased in the past 12 months, mainly exploring the opportunity for a takeover."

The CEO of a German corporate adds: "The most assertive activists, frankly, have been from the US. Their engagement is intense and very metrics driven. Local activists tend to be more relationship-oriented, even when their demands are similar."

The increased number of approaches also reflects an amplification in activism from several different groups of investors: 89% of corporates say private equity firms have become more active or vocal over the past 12 months; 83% say the same of hedge funds; and 66% cite increased activity from other institutional investors (excluding pension funds, retail investors and first-time activists).

Moreover, this research suggests the rise in shareholder activism during 2025 was

**Over the last 12 months, have you been approached mainly by local or non-local activists? (Corporates only)**




*As activism has grown in the US, many activists are targeting the same companies, creating a swarm of investors that are not always aligned in their investment thesis. As such, many activists are looking for new opportunities with less competition which may be driving the renewed interest in Europe.*

**Elizabeth Gonzalez-Sussman, head of Skadden's shareholder engagement and activism practice in the firm's New York office**

not simply a case of previous campaigners stepping up their activity. Nearly all corporates surveyed (92%) report increased activity from first-time investors; in last year's survey the equivalent figure was just 38%.

## Proactivity and defence mechanisms

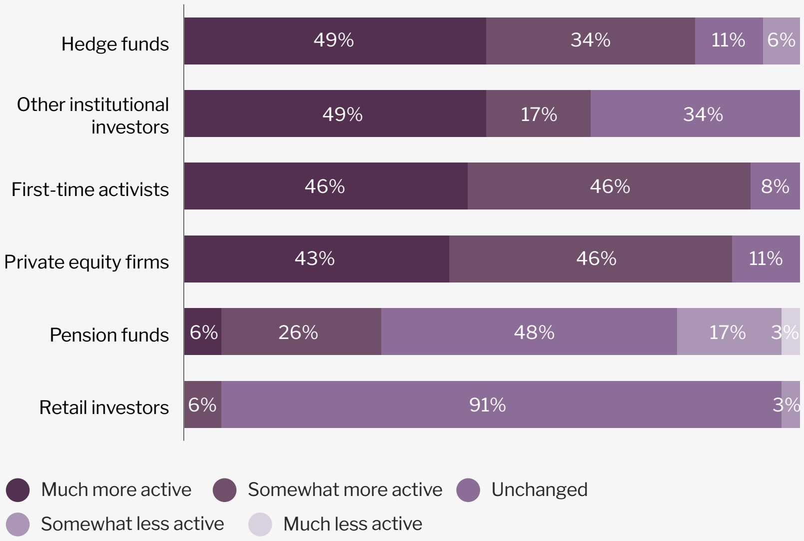
Faced with additional attention from activists, boards and management teams are anxious to head off the threat of a full-blown campaign. Almost nine in 10 corporates (88%) say their boards have held more proactive discussions about such threats over the past 12 months, including 57% who report such conversations have taken place far more frequently than usual. In last year's research, by contrast, only 68% of corporates reported more-frequent-than-usual discussions.

The goal of such discussions is often to pinpoint weaknesses that could give rise to an activist approach – and then to get ahead of such issues through interactions with shareholders or with action to address them. Some 80% of corporates report they have uncovered new weaknesses that activists might raise and then spoken to shareholders about the aspect.

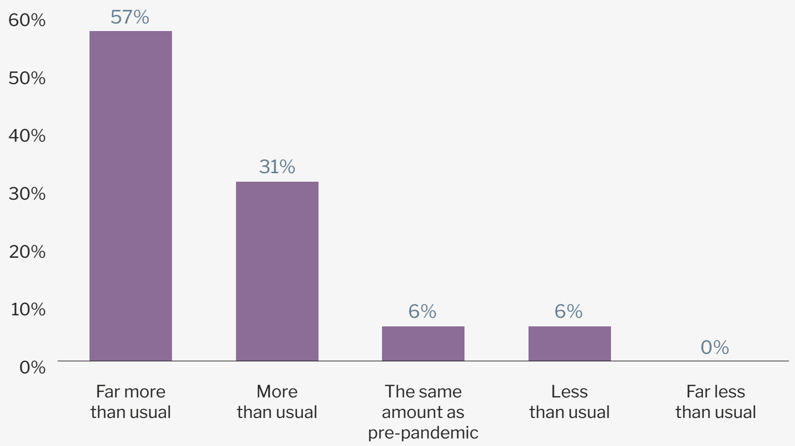
"Issues have come to light, especially pertaining to governance and strategy deployments. We have already discussed these with our shareholders to avoid further complications," explains a board member of an Italian corporate. "We believe this is the right thing to do now as the level of activism is increasing considerably, and therefore we are taking such measures to refrain from being impacted."

In other cases, corporates have become concerned about broader issues, particularly in the context of ESG factors. For example, the executive managing director of a French corporate says: "We identified

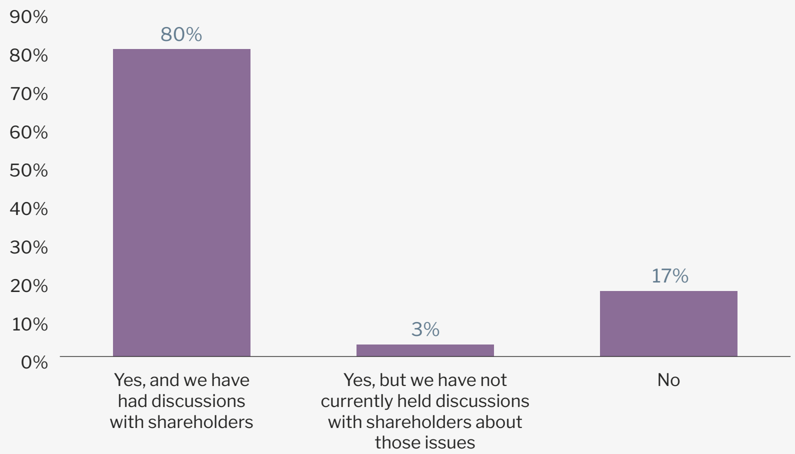
### Over the last 12 months, how much more or less active/vocal have the following types of activists been compared to the preceding 12 months? (Corporates only)




### Over the last 12 months, how often has your board proactively discussed the threat of activist campaigns? (Corporates only)




### Over the last 12 months, have you identified any new weaknesses that could be raised by activists in potential campaigns? (Corporates only)



potential questions around our sustainability targets and ESG disclosures. We then held investor calls to ensure alignment and to demonstrate that we are taking those expectations seriously."

However, in many cases, corporates have felt compelled to do more than just talk to their shareholders. Almost three-quarters (74%) say they have considered making use of defence mechanisms to discourage activist investors considering targeting them. That figure includes 26% who adopted such mechanisms and a further 20% with plans to do so.

The shift in views on this question since last year's research underlines the mounting concern at many corporates about the threat posed by activists. Only 40% of corporates even considered tactics such as defence mechanisms in 2024.

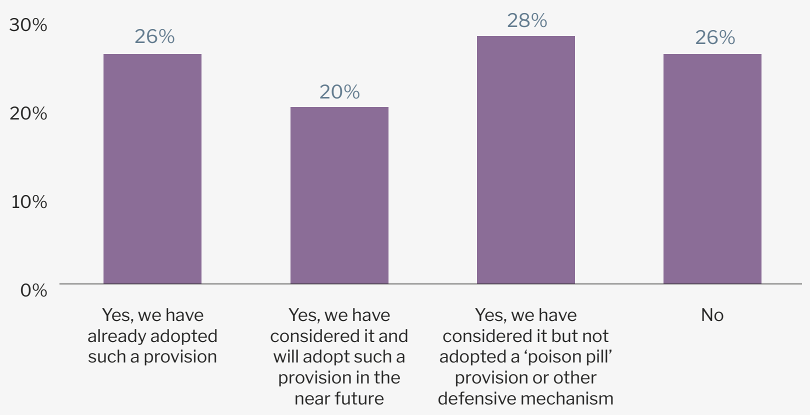
It is sensible to take precautions, argues a board member at a French corporate. "We are aware of our weaknesses, and we know that activism could increase due to these weaknesses," the board member says. "We have considered changing shareholder rights, and we are discussing the specifics with our legal and other advisory teams." The CEO of a German corporate adds: "The board has agreed in principle to introduce a trigger mechanism if any investor exceeds 15% ownership without prior dialogue – it is about buying time, not blocking change."

This is not to suggest all corporates believe they need to move so aggressively. "We considered tightening our by-laws around director nominations, mainly to prevent sudden board changes," says the CEO of a corporate in Italy. "But we decided to focus instead on deeper engagement with shareholders."

> *As boards face mounting activist pressure and a more unpredictable landscape, we are seeing a clear shift toward the adoption of robust defence mechanisms. Companies increasingly recognise that proactive preparation, whether through trigger mechanisms, changes to shareholder rights, or other defensive tools, is essential to buy time, protect value, and ensure they remain in control of their strategic direction.*

**Lorenzo Corte, Partner in Skadden's London office**

**Over the last 12 months, has your board considered adopting a 'poison pill'-type provision or other defence mechanisms? (Corporates only)**




# Part 2: 2026 Outlook Parties advocate the talking cure for fretful Europe

Companies in Europe face no shortage of concerns, fears and threats. Boards must engage meaningfully with shareholders to tell a compelling value-creation story in 2026.

Many corporates are anxious about what lies ahead and remain wary of the threat posed by activists. There is certainly no room for complacency, particularly given continuing geopolitical and economic volatility worldwide.

## 1 Emboldened amid uncertainty

Corporates across Europe are on the alert. More than three-quarters of companies taking part in this research (77%) anticipate an increase in shareholder activism over the next 12 months; that includes 46% who expect a significant increase. Many boards also expect to face unwanted M&A advances – 86% think Europe will see an increase in the volume of unsolicited or hostile takeovers over the year ahead.

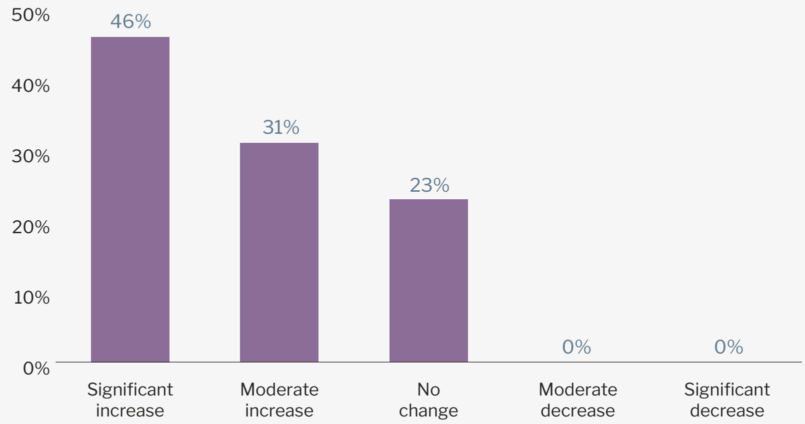
However, sentiment has shifted somewhat compared to last year. In our previous edition of this research, 86% of corporates expected to see increased shareholder activism; this year's modest fall in that number may reflect the heightened activity experienced over 2025 – some corporates may now believe activism has reached a high-water mark. In contrast, the proportion of corporates forecasting increased unsolicited or hostile takeover bids this year has risen; a year ago, only 72% said they expected such activity to become more common.

While corporates are expecting a challenging year in 2026, activists themselves are more circumspect. Most of them (60%) expect to be involved in only one or two activist campaigns over the next 12 months, with a further 27% anticipating involvement in three or four campaigns. Just 13% expect to play a role in five or more confrontations with corporates.

These findings reveal a stark change in activists' expectations. In last year's research more than three-quarters of activist investors (80%) anticipated being involved in at least three campaigns. Just 20% thought their involvement would be limited to only one or two cases.

It is possible that after a busy 2025, activists' capacity to take on new targets may now be limited. Some may be focused on campaigns that are already underway, but which have yet to bear fruit. Others may feel that many of the most obvious targets have already been picked off. Nevertheless, it is clear that

**What type of evolution in activity are you anticipating in shareholder activism over the next 12 months? (Corporates only)**



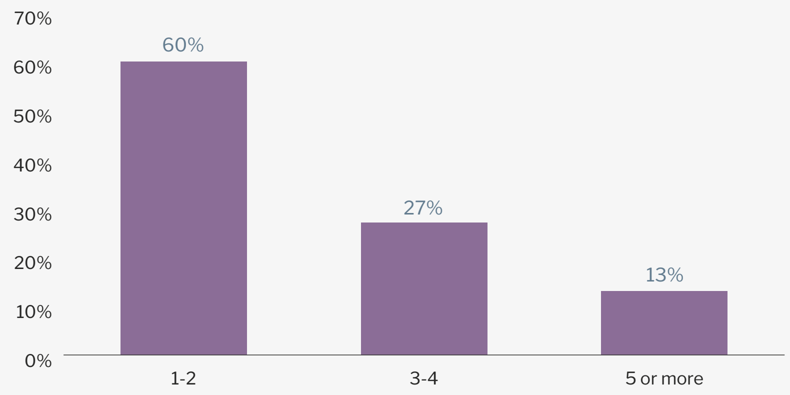
many activists do still expect to be closely involved with campaigns this year – corporates are not off the hook yet.

Indeed, it looks as if the nature of activist campaigns may also be about to shift, with a trend towards more public activity. Corporates and activists alike believe investors are more likely to pursue tactics such as public letters, media activity and visible campaigning over the year ahead – rather than making approaches privately and seeking to keep engagements confidential. Overall, 94% of those taking part in this research agree this is likely. Corporates are more likely to strongly agree that this will be a trend to watch.

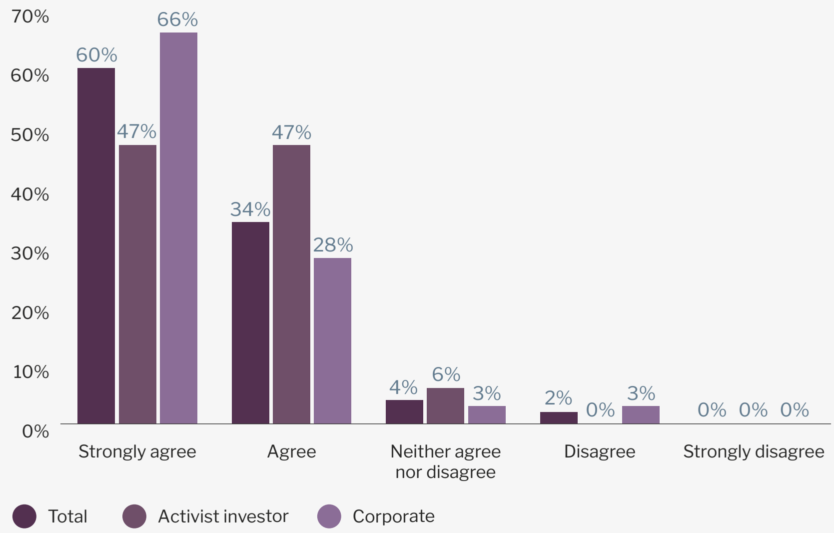
"We have already seen a shift – activists are becoming bolder and more media-savvy," says a member of the board at a French corporate. "With the rise of ESG scrutiny and shareholder power, they want to pressure companies in the public eye rather than behind closed doors."

Both groups share the view that this more public style of campaigning has a better chance of delivering successful results. "Visibility drives impact," says the managing partner of an activist investor based in the UK. "If an activist writes a public letter or goes to the press, it not only pressures

**How many activist campaigns do you expect your organisation to be involved in over the next 12 months? (Activist investors only)**




**Do you agree with the following statement: 'Over the next 12 months, activists in Europe will increasingly employ a strategy of visible, public activism (i.e., public letters, media and campaigns), as opposed to one of private, 'quiet', confidential activism.'?**




*With non-local activists returning in force and first-time activists becoming far more vocal across Europe, boards face a broader and more unpredictable activist landscape in 2026. To stay ahead, companies must treat preparation as a discipline – identify vulnerabilities early, articulate a credible value-creation strategy and engage shareholders consistently rather than reactively.*

**Arash Attar-Rezvani, Partner in Skadden's Paris office**

the company but also signals to other investors that something needs to change."

## Persistent pressures

Multiple factors underpin shareholder activism, from macroeconomic drivers to region- and industry-specific issues. Certainly, momentum matters – activists experiencing successful campaigns (or seeing others succeed) are more likely to be willing to fight again.

It is also the case that the ESG phenomenon has opened a new front for activists in recent years, with companies under pressure to resolve weaknesses in areas such as sustainability and governance, as well as to tackle financial underperformance. More broadly, the idea of accountability – a key element of ESG – is emboldening activists.

The uncertain backdrop facing companies in regions and markets worldwide is relevant here, too. In a world facing challenges such as the conflicts in Ukraine and the Middle East, the rise of tariffs and trade protectionism, the ground for activist investors is bound to be more fertile. Volatility often drives discontent, or opportunism.

Both corporates and activists think such challenges will have an increased impact on investor activism over the next 12 months. Almost three-quarters of activists (74%) and more than half of corporates (54%) share this view.

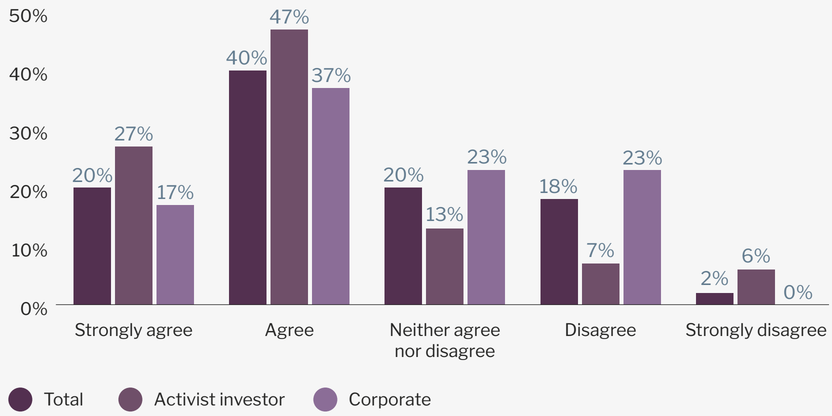
"When macroeconomic conditions tighten, activists tend to become more vocal," argues the managing partner of an activist investor in the UK. "Rising interest rates and political shocks squeeze valuations, and activists see a chance to push for cost cutting or asset sales. I think the next year will bring more of that."

In Germany, an executive board member of a German corporate agrees. "We operate in an interconnected world," the

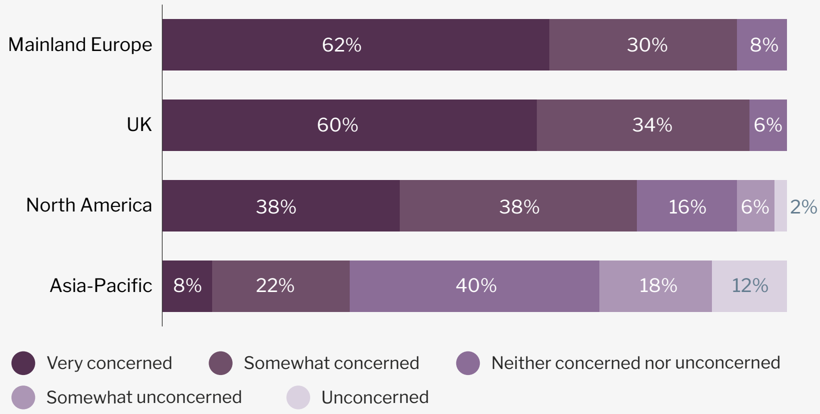
> *The increasing level and influence of US- and UK-based activists has forced European corporates to match that level of sophistication by constantly monitoring investors' discord and offering proactive and constructive engagement. This is certainly a positive development as long as the focus remains on long-term value creation.*

**Ani Kusheva, Partner in Skadden's London office**

**To what extent do you agree with the following statement: 'The political/ geopolitical environment (e.g., tariffs, wars in Ukraine/the Middle East, central banks' decisions on interest rates) will have an increased impact on the level of shareholder activism over the next 12 months.'?**




**To what extent should companies in Europe be concerned about becoming targets from activists based in the following regions over the next 12 months?**



executive explains. "Geopolitics impacts supply chains, costs and regulation, all of which feed into shareholder expectations. It is logical to expect more activism as these issues persist."

Still, while these are global concerns, it is notable that activists in some countries are regarded as a greater threat than their peers elsewhere. Participants in this year's research are most likely to regard activists based in the UK (cited by 94%) as driving corporates' concerns, with their counterparts in mainland Europe (92%) also flashing red. By contrast, there is less concern about activists in the US, though many respondents expect these investors to remain a threat in Europe.

"Activists from the UK are often quite aggressive, well-resourced and experienced in pushing for board or strategic changes quickly," warns the executive managing director of a French corporate.

## Target locked

Where is such activism headed? France is now the stand-out market. In this research, over half of respondents (60%) cite France as a top-two European market in terms of the opportunities it is likely to afford activist investors over the next 12 months. A third of respondents (33%) see it as the number-one target market for activists. By contrast, a year ago, France ranked only fourth overall on the same question.

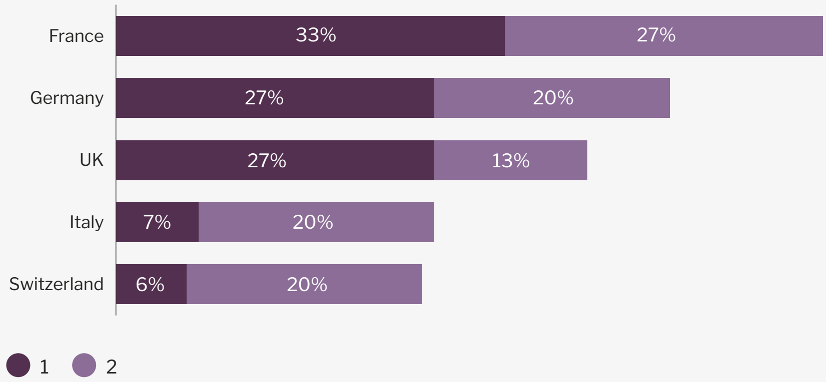
"In France there is rising investor activism, pressure for portfolio simplification and shifting attitudes toward shareholder influence," explains a partner in a French activist investor. "There is momentum in the market for unlocking hidden value."

Still, other markets are in activists' sights too – notably both Germany and the UK, cited by 47% and 40%, respectively.

"While Germany's two-tier board structure can make activism more complex, we are seeing a growing appetite among investors to challenge entrenched management teams, particularly around capital allocation and ESG issues," says the head of business development at an activist investor in Switzerland.

The managing partner of a UK-based activist adds: "The UK remains the most active market for shareholder engagement,

**Which European markets do you expect to offer the best opportunities for activist campaigns over the next 12 months? (Select top two and rank 1-2) – Activist investors only**




> *It is no surprise to see industrials & chemicals (I&C) and technology, media & telecoms (TMT) as the most active sectors for activist campaigns. Companies in the industrials sector are facing challenges to evolve their business models as well as pressure in the face of tariffs and the uncertainty of geopolitics. Similarly, TMT companies continue to face disruption to their business models as a result of AI and other new technologies. This is leading to investors pressing for either consolidation or the divestment of non-core or low-growth businesses.*

**Simon Toms, Partner in Skadden's London office**

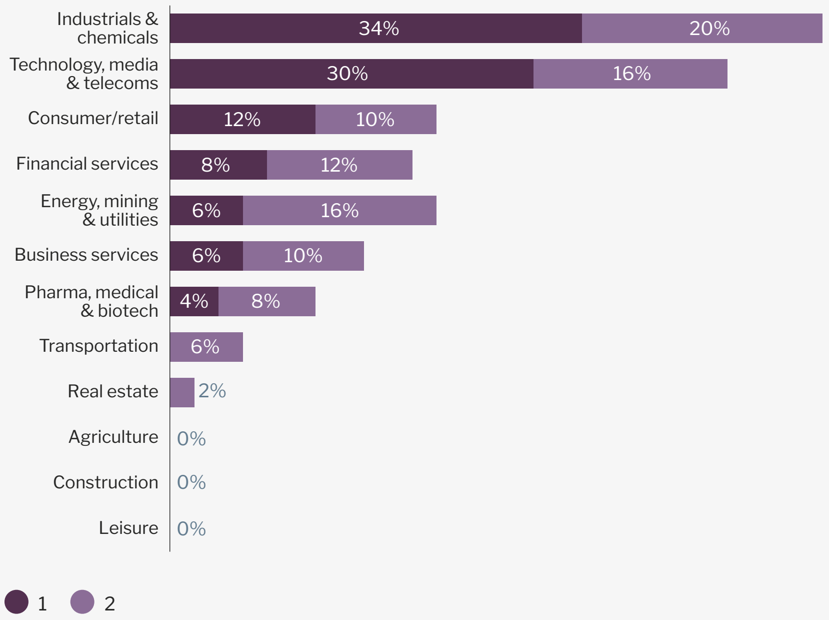
with a well-established governance framework and investors who are not afraid to push for change."

As for target sectors, the two industries expected to see the most activist campaigns in Europe over the next 12 months are industrials & chemicals (I&C) and technology, media & telecoms (TMT) sectors, which accrue 34% and 30% of first-choice votes, respectively.

I&C tops the target list for the second year in a row, underlining the pressure that businesses in these industries are coming under to transform. Asset-heavy companies are making major investments in digital technologies and in artificial intelligence (AI). The conditions for activist campaigns are therefore in place: supply chains continue to come under strain and the sustainability question looms large.

As for the TMT sector, the fast-moving pace of these industries sees companies quickly come under pressure when returns on investment falter or as shareholders begin to question strategy. Listed TMT companies have seen elevated equity market volatility in recent months, driving investor unease. The pressure for M&A in the technology sector also remains high.

### In Europe, in which industries do you expect to see the most activist campaigns over the next 12 months? (Select top two and rank 1-2)





## 2 Assertive activists

What do activists want? The short answer is more control to achieve their own goals. Their campaigns are typically aimed at installing senior leaders more sympathetic to their priorities or introducing new procedures that make it easier for shareholders to pursue their agendas.

This year's research reaffirms this. More than a fifth of respondents (22%) expect changes to the board or senior management to be the most common goal for activist investors in campaigns over the next 12 months, and a further 20% see it as a top-two priority for activists. Similarly, more than a third of respondents (36%) expect changes to governance structures to be the most or second-most prevalent demand. Over the many years that we have conducted this research, these demands consistently feature among the most popular answer options identified by respondents.

"Activists usually start by looking at leadership if they think it is not aligned with shareholder interests," says the executive managing director of a French corporate. "Once that is questioned, they turn to how capital is being deployed, whether investments and returns make sense. It is really about fixing who is in charge first, then how the money is managed."

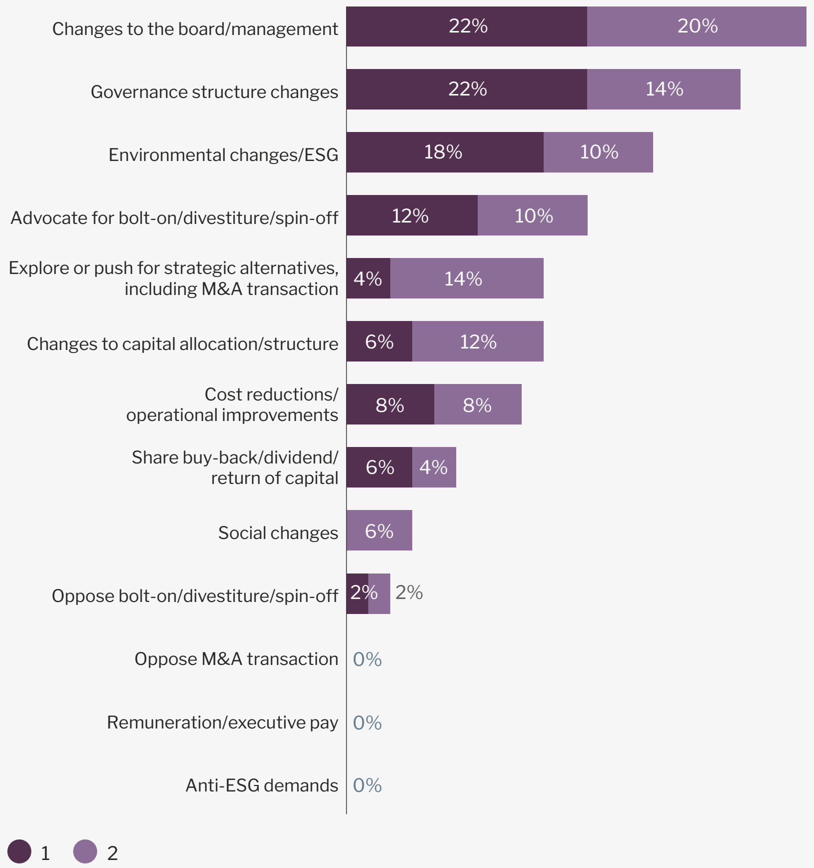
Also in France, a corporate board member adds: “I think we will continue to see activists push hard on governance because that’s the foundation for everything else. There has been a lot more scrutiny around how boards are structured, on independence, diversity, tenure and overall accountability. Europe still has some catching up to do with investor expectations, especially compared to the US or UK.”

This is not to say activists do not have other priorities, too. Strikingly, for example, 18% of respondents believe demands for environmental and ESG improvements will be the top focus for activists this year. “Environmental accountability is now a baseline expectation in Europe, and investors are becoming less patient with slow movers,” says a board member at a UK corporate.

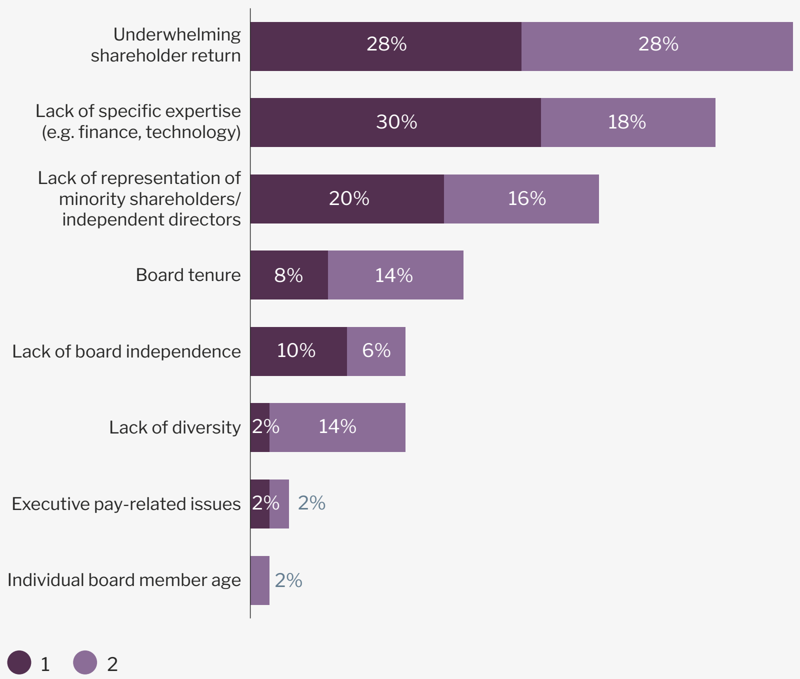
The question of what exactly gives rise to an activist campaign is also important. In this year’s research – in common with last year’s findings – the most cited motivation for activist pressure is the need to improve underwhelming shareholder returns. In other words, activists are intervening to drive change they hope will boost the business’s valuation and share price performance. More than half (56%) see this a key motivation for activists.

One notable shift on this question compared to a year ago is that activists are now seen as much more likely to demand change because they are concerned the company lacks specific expertise (48% of top-two votes, including 30% of first-choice votes). It may be, for example, that activists are worried that a business does not have senior leaders with the ability to successfully leverage advances in AI. They may also be concerned about a shortage of skills in areas in which they are advocating change, such as transformative investment or M&A.

### Of the various categories of activist demands, which of the following do you believe will be the most prevalent in Europe over the next 12 months? (Select top two and rank 1-2)




### What are activists’ main motivations when demanding changes to the board/management of a company? (Select top two and rank 1-2)



It should also be recognised that activists are very often looking for a rapid payback on their efforts. Almost three-quarters of activists (73%) expect that they and their peers will focus on share buy-back and dividend issues over the next 12 months. More than half of the corporates taking part in this research agree with this view.

That said, the consensus on this issue has lessened. Overall, 58% of participants agree share buy-back and dividend questions will come to the fore over the next 12 months, including 20% who strongly agree; in last year's research, 78% said the same, including 26% who strongly agreed.

Nevertheless, activists remain squarely focused on returns. "When activists engage, their first ask is usually around returning cash," confirms a board member at a German corporate.

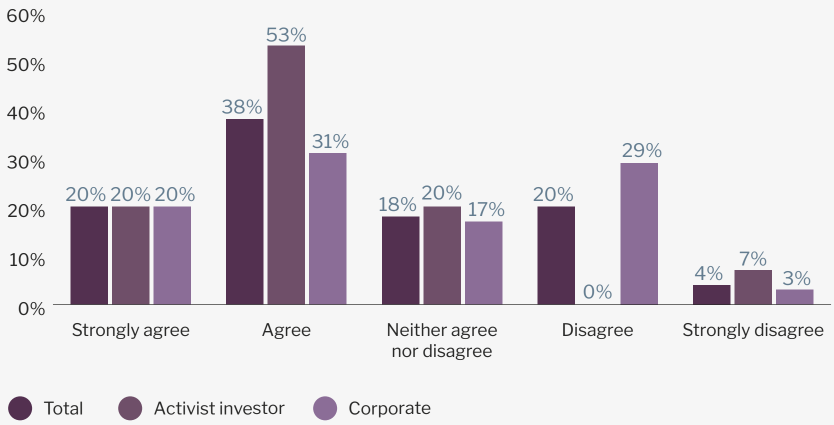
## ESG inflexibility

ESG issues have the potential to cause further flashpoints between corporates and activist investors. One interesting shift over the past year is that corporates appear to have become less concerned that activist campaigns will be ESG-focused. While 69% of corporates agree that activists will increasingly prioritise ESG issues in their demands, including 20% who strongly agree with this idea, that percentage has fallen from 91% in last year's research.

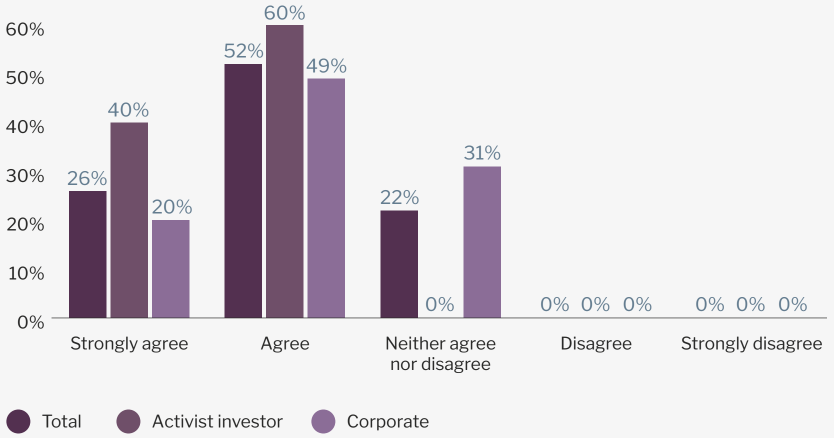
It may be that corporates think the backlash against certain ESG trends in the US will have knock-on effects in Europe – particularly, perhaps, for US-based activists. But they should be cautious with such views. In this research, every single investor surveyed believes activists will continue to increase their focus on ESG matters over the year to come.

The key is to look at ESG through a strategic or commercial lens, argue many activists.

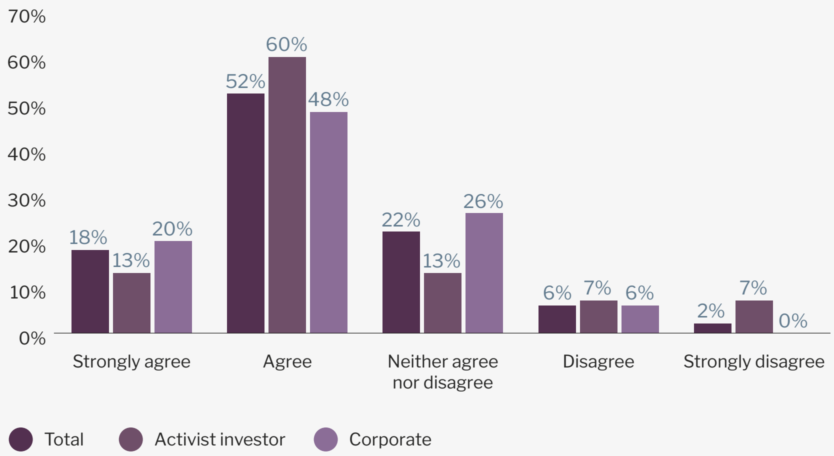
### Do you agree with the following statement: 'Activists will particularly focus on share buy-back or dividend issues over the next 12 months.'?




### To what extent do you agree with the following statement: 'Activists will increasingly prioritise environmental, social and governance (ESG) issues in their campaign demands.'?




### To what extent do you agree with the following statement: 'Activists have recently become more prescriptive in their ESG-related demands and are less likely to find broader shareholder approval for these demands than they were 12 months ago.'?



The managing partner of an activist investor in the UK explains: "We will see more ESG language, but often it is a means to an end; activists might use ESG arguments to drive broader strategic change." In Switzerland, the head of business development at another activist investor adds: "Activists see ESG as both a moral question and as a financial lever around which they can frame campaigns on value creation."

Still, managing ESG-centric campaigns can often be challenging – particularly as activists often appear to be seeking very specific outcomes or changes. More than two-thirds of those taking part in this research (70%) say that activist investors have become more prescriptive in their ESG demands, including 18% who strongly agree with this sentiment. The overall figure has increased sharply from last year's research, when only 26% felt this way.

"Activist demands are becoming more granular and less about broad principles," warns the executive managing director of a French corporate. "That can create friction, because not all shareholders share the same level of enthusiasm for every specific ESG initiative."

"Over the past year activists have been much more hands-on with specifying what they want in terms of ESG," agrees the head of business development at an activist investor based in Switzerland. "While well intentioned, I think that level of prescriptiveness can alienate other investors who prefer flexibility."

## 3 De-escalation through dialogue

Be open and keep talking – that is the advice of participants in this research for boards seeking to reduce the likelihood of being targeted by an activist campaign.

Almost a third of respondents (30%) say maintaining transparent disclosure practices is the single most important thing that corporates can do in this regard – and more than half (56%) cite it as offering at least some protection. In addition, 26% of respondents regard promoting broader shareholder engagement as the critical preventative measure, with 58% seeing it as one important step corporates can take.

This is perfectly understandable: corporates that provide a detailed narrative around the evolving stories of their business give activist investors less opportunity to exploit defensiveness or opacity. Those that build strong relationships with a wide range of shareholders ensure that activists find fewer natural allies when trying to build campaigns.

"We prioritise transparency with our shareholders because clear, timely disclosure builds trust and reduces uncertainty. When investors feel fully informed, there is less room for misunderstandings or activist interventions," argues an executive board member at a German corporate. "By maintaining an open dialogue, we can address issues proactively and build stronger trust; it makes us less vulnerable to activist campaigns," adds a board member at a French company.

Investor engagement is commonly seen as an effective defensive measure that corporates can take when an activist launches a campaign. More than a third of respondents (38%) see this as the number-one priority

*While recent trends in the US reflect a growing anti-ESG sentiment and European legislators are currently negotiating certain simplifications to ESG legislation, the overall significance of ESG in Europe continues to increase. The Corporate Sustainability Reporting Directive, which has already been implemented by most member states – with the notable exception of Germany – is expected to place additional pressure on corporations. Enhanced ESG reporting obligations could equip activist investors with new tools for their campaigns, potentially including demands for management changes or divestitures of specific business areas.*

**Ruediger Schmidt-Bendun, Partner in Skadden's Frankfurt office**

when a corporate faces such a campaign, with 70% overall regarding it as an important element of the defence strategy. A further 24% see getting the support of other shareholders as the most critical defence tactic.

The broader question of communications is also interesting here. Respondents certainly recognise the significance of coherent and consistent communications in the face of an activist campaign; pulling up the drawbridge is not likely to work (only 2% of respondents recommend just ignoring the campaign). But it is not the absolute priority – either when it comes to broad communication or talking to the activist itself, cited as the top defence mechanism by just 16% and 14%, respectively.

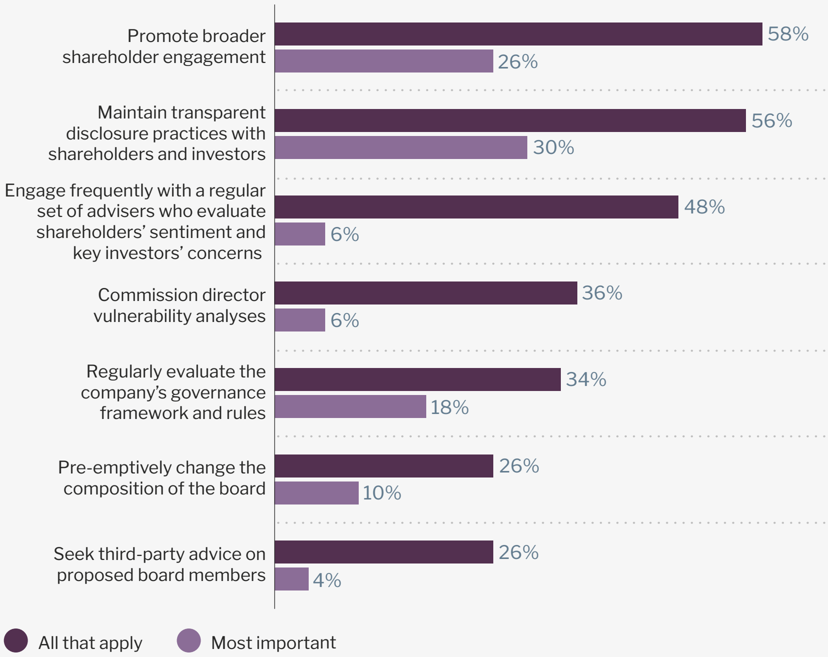
There has also been one marked shift worth noting. In last year's research, 20% of respondents said making an acquisition or divestment was the most effective defensive tactic for corporates facing a campaign; this year, the percentage advocating for this radical measure as the top defensive mechanism has fallen to only 8%.

## Meaningful discourse

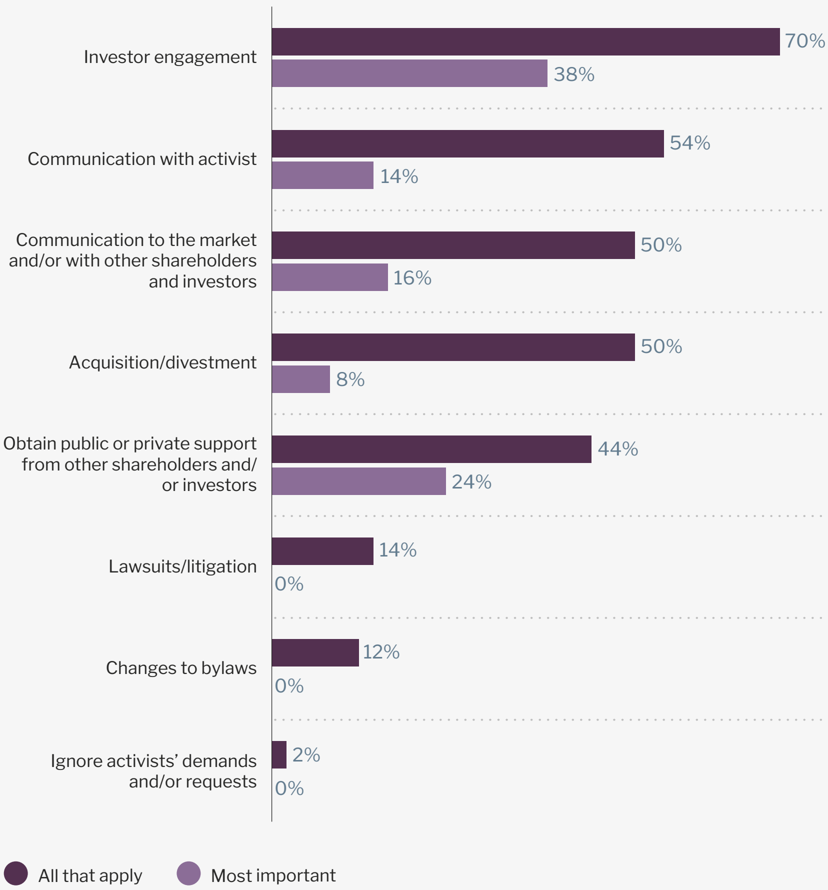
Engagement and communication are broadly seen as the keys to a successful defence against an activism campaign. Indeed, more than half the respondents to this research (52%) agree that increased engagement between large institutional investors and the companies in which they invest could greatly diminish the role of activist investors.

However, it is important to stress that not all such activity is created equal – which may be one reason why 34% disagree with this idea. Proactive, personalised and holistic dialogue will pay dividends; superficial and overly defensive engagement

### In your view, what are the most effective preventative measures that companies can use to mitigate the chances of activist campaigns? (Select all that apply and most important)




### What are the most effective defensive tactics that companies use when faced with a public activist campaign? (Select all that apply and most important)



less so, particularly when it appears that corporates only want to work with shareholders when faced with an attack.

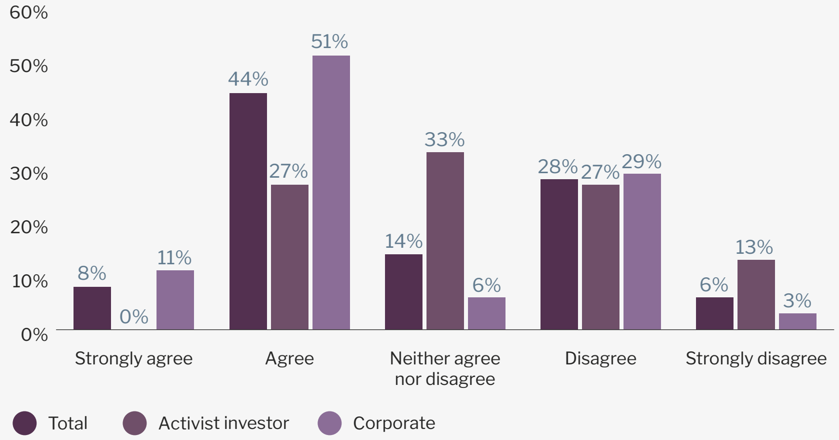
"Investor engagement is less effective if it is done reactively," warns the head of business development at an activist investor in France. "Investors prefer companies that build long-term relationships rather than scrambling to find allies during a crisis." In Germany, the CEO of a corporate adds: "Overly aggressive attempts to secure backing from other shareholders can come across as defensive posturing, rather than a genuine strategy."

Critically, corporates must articulate strategic direction on an ongoing basis. "In the past, simply updating investors on the numbers was enough, but today if you do not discuss strategy or ESG issues, engagement falls flat," warns the CEO of a French corporate. "Trying to show support without real alignment or strategic reasoning has become less effective because activists and other investors see through superficial backing," adds the chairman of a corporate in Italy.

The other critical point here is that engagement must be a two-way process. "Engagement is not about just telling investors what you are doing; it is about listening, understanding their concerns and integrating that feedback where it makes sense," advises the head of business development at a German activist. "Investors really appreciate it when you treat them as partners rather than adversaries. That approach has shown tangible results in reducing public conflicts with activists."

The danger here is that corporates fall into the trap of becoming overly adversarial – it is notable that 44% of espondents to this research believe boards of directors are likely to be intolerant of activist investors and public campaigns.

**Do you agree with the following statement: 'Increasing engagement between large, institutional investors and the companies in which they control major shareholdings will greatly diminish the role of activist investors.'?**




There might have been a time when corporates could assume other investors would rally to their defence in the event of an activist intervention. But 84% of respondents believe institutional investors will be accepting of such campaigns, including 34% who think these shareholders will be accepting. Investors may share activists' concerns and motivations, even if they are less willing to embrace confrontation.

For boards, the key is consistent engagement with all stakeholders, including activists themselves. "Institutional engagement often helps mitigate the issues activists exploit," points out the CEO of a UK corporate. A German CEO

*Think about shareholder support as the result of a permanent effort by the corporate that requires continued, very thoughtful attention – and ticks the right boxes. Open and substantial communication (speaking and listening) in combination with a clear, value-driven strategy that is thoroughly executed inspire the trust required to obtain key shareholder support. Do not expect to get this support if you only meet with your key shareholder every once in a while and simply repeat what your most recent accounts or reports say.*

**Holger Hofmeister, Partner in Skadden's Frankfurt office**

adds: "Activist communication that is personalised and shows a real willingness to listen is trending. It is amazing how much it de-escalates potential conflicts."

## 4 Controlling the conversation

In any conflict or disagreement, one side generally has the upper hand. But, broadly speaking, both corporates and activists accept that the balance of power between them is finely poised. Overall, 61% of respondents to this research regard the balance of power as roughly equal.

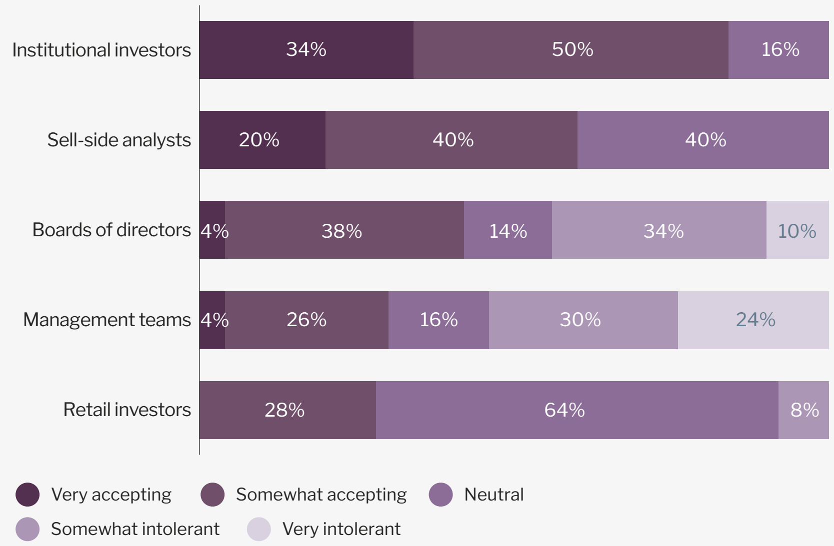
"It feels like a fair fight and both sides are learning from each other," says the managing partner of an activist investor in the UK. "I have not noticed a major tilt either way over the last 12 months, though there is definitely more dialogue happening before conflicts escalate." An executive board member at a German corporate adds: "It is balanced – activists have stronger voices than they used to, but corporate governance structures are robust."

Not everyone feels this way. Among corporates, 43% argue that the balance of power has become unfairly skewed towards the activists (and while no activist agrees with this claim, only 7% complain that the opposite is true).

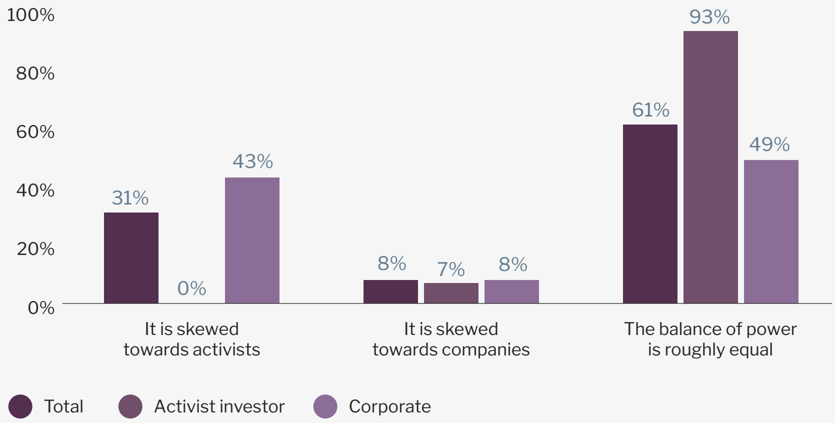
Some corporates argue that the media coverage of campaigns often benefits activists. "Activists definitely seem to have the upper hand," says a board member at a French corporate. "They have more data, media influence and sometimes board level allies. Over the last year, this trend has grown, partly due to the greater public focus on corporate accountability and ESG issues."

Also in France, the executive managing director of another corporate adds: "It feels like

**Over the next 24 months, how accepting or intolerant do you believe the following stakeholders will be of activist and public campaigns? (Select one option for each stakeholder type below)**



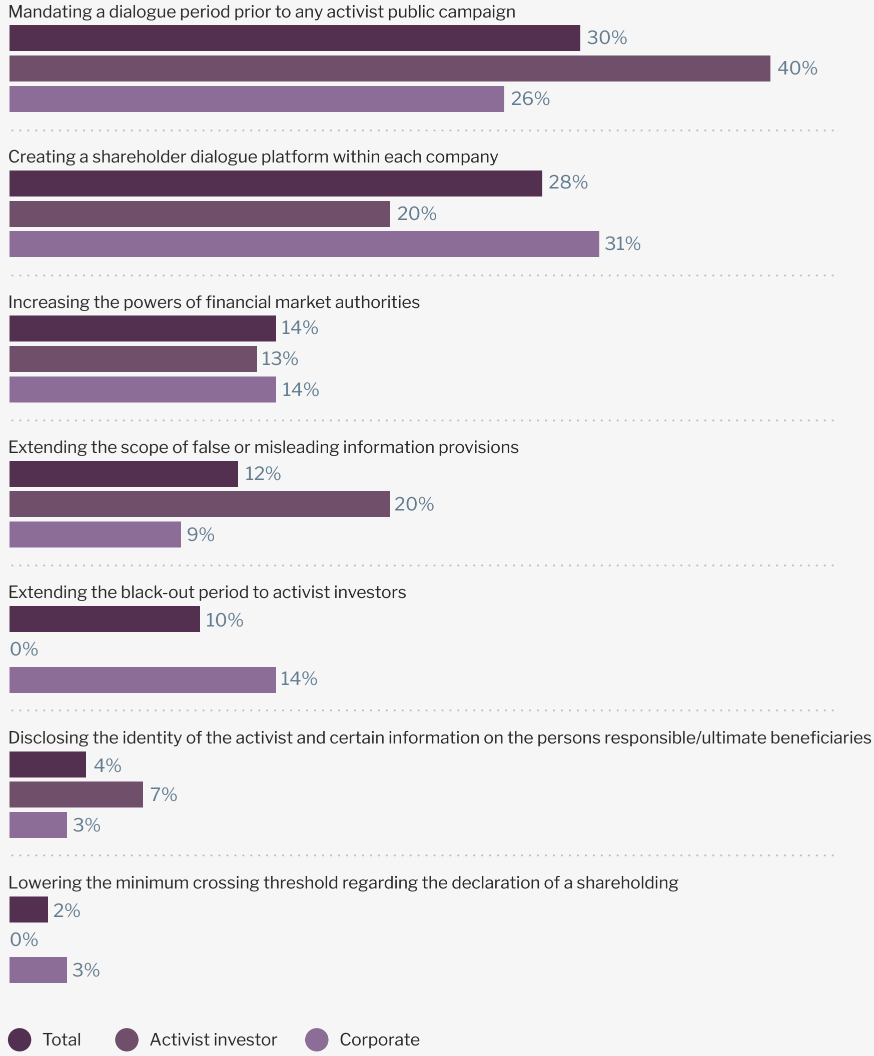

**Regarding the 'balance of power' between activists and companies, do you think it is roughly equal, or skewed more towards one side?**




*Corporates may feel that they are at a disadvantage as the media increasingly love to cover new activist positions, often amplifying their message while not always given the same amount of coverage to a corporate's response.*

**Elizabeth Gonzalez-Sussman, head of Skadden's shareholder engagement and activism practice in the firm's New York office**

### On which area do you believe the evolution of the legal framework should focus with respect to activist investors and public campaigns?




activists are steering the conversation more than ever. Over the last 12 months, their influence has grown thanks to social media amplification and institutional investors being more vocal."

## Lowering the temperature

Looking ahead, changes to legal frameworks to encourage closer engagement and more formal communication are two areas where both activists and corporates see scope for evolution. For example, 40% of activists are in favour of prioritising mandatory dialogue period prior to any public campaign, with 26% of corporates sharing this view.

"Having a mandatory dialogue period would allow both sides to clarify their intentions and concerns before things hit the press," says the head of business development at a Swiss activist investor. "It would reduce knee-jerk reactions and unnecessary market noise."

"Many conflicts could be resolved quietly if there was a structured window to talk," agrees an executive board member at a corporate in Germany. "It gives the company a chance to respond constructively and the activist a chance to refine their proposals."

Moreover, 31% of corporates say the top focus of evolving the legal framework should be around having shareholder dialogue platforms created within every company; 20% of activists agree. "Having a formal platform would make communication much smoother," argues a board member at a French corporate. "It gives shareholders a structured way to raise issues before they escalate into activism."

This year's finding that mandatory dialogue periods would be popular with many corporates and activists is in line with the conclusions of last year's research, when both groups also called for this. However, shareholder dialogue platforms have risen up the agenda compared to a year ago.

By contrast, fewer respondents are now stressing the importance of giving financial market authorities and regulators more powers to get involved in activist situations. Only 14% overall now believe this should be the number one priority, though calls for specific changes are more common: activist investors are particularly likely to advocate giving top focus to extending the scope of false or misleading information provisions (20%) while some corporates are more keen on extending the black-out period to activists (14%).

Some respondents do think broader changes are required. "Frankly, the current oversight is a bit patchy," says the executive managing director of a corporate in France. "Giving authorities more teeth would help enforce rules consistently and prevent abusive activist campaigns that harm markets."

# New game, new players, new rules

We end where we began: the European stage is undoubtedly set for further shareholder activism in the year ahead. Equally, however, no individual corporate should consider confrontation inevitable – activists are far less likely to target well-run businesses with open and engaged leaderships who are able to tell a compelling value-creation story.

It therefore behoves boards and senior management teams to cast businesses in that image. "Unless companies are able to unlock good shareholder value, the level of activism will only increase," warns a partner at an activist investor in the UK. "European companies are becoming more vulnerable to macroeconomic threats. They need to build more resilience." The head of business development at a German activist investor adds: "Engagement is going to be the buzzword – activists want dialogue before battles, at least at first…"

Organisations failing to recognise these imperatives increase their odds of finding themselves at the centre of an activist campaign – and that could come from anywhere. "Cross-border activism is increasing," warns the partner of an activist investor based in France. "European firms are now dealing with investors who do not even live here – it's a new game."

The nature of the threat is also evolving, with activists alive to the new options for campaigning and securing support that emerging technologies create. "Data-driven activism is coming," says the chairman of an Italian corporate. At another Italian business, a board director adds: "We will see more digital campaigns because there is so much more data now available."

Moreover, it is not only corporates' financial performance that faces scrutiny. ESG issues remain centre-stage in Europe and create the potential for confrontation even at profitable businesses. Investors increasingly believe that ESG is not only an ethical and moral duty but also that strong performance on issues such as decarbonisation are becoming ever-more closely linked to commercial returns. The CEO of a German corporate is clear about what Europe should expect. "Sustainability-linked lobbying by investors is going to get much more granular," the executive predicts. "They want metrics, not promises."

Corporates eager to avoid a run-in with activists need both a credible story to tell about commercial goals, ESG performance and their future strategy, but also a plan for communicating the narrative to their shareholders. Plus, they must be ready to adapt their storytelling as the environment evolves.

There must also be a recognition this may not always be enough; sometimes, even well-run businesses face demands from activists. Part of the challenge, then, is to be fully ready – to have contingency plans for campaigns and a clear idea of how to defend against them. An activist threat is best avoided in the first place, but boards also need to consider in advance how they will react if a belligerent activist does emerge.

"Corporates will have to set a good strategy to manage investors and communicate with them often," warns a board member at a German corporate. "They need to test corporate strategy frequently to make it more resilient to market uncertainties – that is what is required to keep activist investors happy."

# Key takeaways:

**1** **An ethos of engagement is imperative.** Investor engagement has evolved into a critical, ongoing discipline that demands more than routine updates or reactive outreach: it is no longer simply a box to tick off; it must be proactive, personalised and strategic. "Scrambling for allies during a crisis", as one respondent put it, rather than pursuing meaningful long-term engagement, is no longer sufficient and can erode trust. Superficial or boilerplate communications are quickly seen through and may even exacerbate tensions. Boards that build genuine relationships – who listen as much as they talk – will be in a better position to pre-empt or defuse activist campaigns before they ever have a chance to arise. In short, 'engagement' must be more than simply a buzzword for boards.

**2** **Europe faces a wave of both international and first-time activism.** After a brief respite from international pressure, there has been a marked increase in approaches by non-local activists over the last 12 months. Boards should expect to face more sophisticated and coordinated campaigns from multiple activists within Europe, but also a growing number of first-time activists who may bring different perspectives and novel tactics. Investors based in the UK are widely regarded as assertive and well-resourced, while US-based activists, too, are expected to play an increasingly prominent role in Europe in 2026. This internationalisation of activism, amplified by the influx of first-time activists from both local and foreign jurisdictions, means companies must be prepared for a broader and more unpredictable range of tactics and demands. They should ensure their defence strategies and shareholder engagement frameworks are robust, agile and tailored to address experienced and first-time activists, both local and international.

**3** **Macroeconomic uncertainty is driving mounting pressure.** Amid growing macroeconomic volatility and persistent concerns over the undervaluation of European companies, boards must sharpen both their tactical and strategic responses to activist threats. The current environment is likely to embolden activists, who see opportunities to press for operational changes, asset sales or governance reforms. To avoid being caught off guard by increasingly tough and public activist demands, boards should proactively review and address potential vulnerabilities, communicate transparently with shareholders, and ensure that their value proposition is clearly articulated and defensible.

**4** **Delving into data is vital.** Given the wealth of data now available to activists, corporates can no longer rely on past assumptions about investor perceptions. The level of data-led scrutiny – especially, but not only, relating to ESG and other sustainability-related issues – will only continue to increase. Companies must closely monitor trends and use data to identify weaknesses before activists do. By better leveraging data, boards can anticipate activist demands and approach shareholders with more confidence to maintain control over the narrative.

**5** **Preparation is everything.** Preparation is, as always, essential for companies facing the rising tide of shareholder activism. In today's environment, proactive identification and remediation of potential vulnerabilities, transparent communication of strategy and value proposition, and ongoing, meaningful engagement with shareholders are essential to pre-empt activist demands and maintain control of the narrative. Companies treating engagement as a strategic discipline – rather than a reactive measure – are best positioned to deflect activist pressures before they escalate, ensuring resilience and stability in the face of the evolving type of activism as well as evolving activist tactics and expectations.

*In 2026, boards will need to maintain resilience amid relentless, increasingly public activist scrutiny while navigating global uncertainty. Proactive engagement and, above all, rigorous preparation will be, more than ever, absolutely key to facing the continuously more granular demands of both local and non-local activists.*

**Armand Grumberg, Head of Skadden's European M&A practice**

# About Skadden

Skadden is a global leader among law firms involved in mergers and acquisitions and other corporate transactions, and a top adviser for clients on corporate governance, takeover preparedness, contests for corporate control, proxy fights, and other forms of shareholder activism defence. We provide clients with an integrated team from different areas of law, including attorneys from our M&A, corporate governance, and litigation practices. Our diversity of experience helps clients address the full spectrum of issues presented by activists and is key to helping our clients prepare for and respond to activist shareholders advocating strategic, financial, or structural changes.

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