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WHITE & CASE

What's driving activism in the UK?

In conversation with Tom Matthews, Alex Woodfield and Sonica Tolani, White & Case.



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U.S. activists are increasingly looking to the U.K. for opportunities. What is increasing the appeal of the market?

Tom Matthews (TM): Many listed companies in the U.K. and Europe continue to be perceived as undervalued compared with those listed in the U.S. This perception has contributed towards recent strong levels of U.K. takeover activity by both strategic and private equity bidders, including many competing bid situations.

Other factors which continue to attract U.S. investors to the U.K. market include a stable and activism-friendly regulatory environment.

The U.S. also has a more mature activism market compared to the U.K., with many experienced and deep-pocketed activists pursuing similar strategies. For U.S. activists willing to venture beyond their home market, the U.K. and other European markets continue to present many attractive untapped opportunities.

The closed-end fund sector has been presenting as a key driver for activism in the U.K. Is this a relatively new draw and how concerned should the U.K.'s investment trust sector be?

Alex Woodfield (AW): Many U.K.-listed investment trusts (whether focused on illiquid assets such as real estate and infrastructure or on liquid assets, including shares in other listed companies) have struggled in recent years to address persistent discounts to net asset value (NAV). This has resulted in significant opportunities for shareholder activism and takeover activity, with many of such takeovers being catalyzed by activism, including as a result of activists campaigning for strategic reviews.

TM: A number of activists have focused specifically on the investment trust sector, including Saba Capital Management, one of the world's largest investors in the sector. In the past couple of years, Saba has invested heavily in U.K. investment trusts and has negotiated buybacks, liquidation schemes and other transactions with several of those trusts to allow all shareholders to benefit from the opportunity to exit at NAV. In recent months, the wider investment trust market has increasingly been proactively taking steps to reduce NAV discounts, benefiting shareholders of those investment trusts and with the parallel intention of reducing their vulnerability to activism.

How are U.K. company boards responding to U.S.-style activism, which tends to be viewed as more aggressive in a market where behind-the-scenes negotiations are often the norm?

Sonica Tolani (ST): Looking back several years ago, there was a widespread immediate attack-vs-defense mentality when it came to activism. Many U.S. activists would come to the U.K. and seek to deploy a more aggressive U.S. market approach to U.K. situations. At the same time, U.K. boards would often have a knee-jerk reaction to being approached by an activist, immediately pulling down the shutters and minimizing engagement.

In recent years, the increasing levels of activism in the U.K. have led to greater levels of sophistication on both sides. U.K. boards (and, importantly, their advisors) now increasingly understand the potential value of thoughtful engagement with an activist. The mantra for the majority of situations now, which is recognized by most activists and boards alike, is to seek to engage first, potentially avoiding the cost and distraction of a public campaign.

All that said, we have observed a trend over the past 12 to 18 months of activists (in particular those from the U.S.) dialing up their levels of aggression when it comes to board representation. We have not only seen demands for multiple board seats but also calls to sweep entire boards.

AW: Activists' techniques (including those traditionally favored by U.S. activists) are also increasingly being adopted by other investors in the U.K., including traditional long-only, private equity and debt/special situation investment funds, and even individual shareholders. Unlike activist investors, these other investors do not usually make investments with the expectation of deploying these activist techniques, but they increasingly view such techniques as part of a toolbox which they are willing to deploy where necessary. Well-advised boards should treat all shareholders as potential activists and even, ideally, act as their own activist to assess potential vulnerabilities and preempt any potential engagement.

Many headline campaigns have seen activists push targets to move their listing from the U.K. to the U.S. in search of better valuations. Do you expect to see this present in the activist playbook in 2026?

TM: There has been an ongoing theme in recent years of activists pushing for U.K.-listed companies to add a U.S. listing, migrate their primary listing to the U.S., or spin off a division to be listed in the U.S. In part, this reflected a perceived weakness of the U.K. markets compared to those in the U.S. However, recent moves to enhance the competitiveness of U.K. markets may have reduced the focus on choice of listing venue compared with 12 to 24 months ago. Nonetheless, adding or changing listing venues will remain a thesis for some companies, based on their specific circumstances, and the optimal configuration of listing venues will remain under consideration for many companies on an ongoing basis regardless of any immediate pressure from an activist.

We also expect to continue to see the theme of U.S. listings forming part of the thesis of break-up campaigns. Rather than arguing that a company should move its listing, an activist may perceive more immediate value in arguing that a U.S.-focused part of the group should be spun-off and listed in the U.S.

With a rebound in M&A expected by many, how are activists likely to use the lever in the U.K. market?

ST: In the past couple of years, as global M&A activity continued to be impacted by geopolitical uncertainty, we were seeing a focus on alternative forms of M&A-related activism campaign, such as break-ups, spin-offs, restructurings and migrations.

More recently, we have been seeing strong levels of public M&A activity in the U.K. (including numerous competitive situations) and private M&A deal pipelines appear increasingly busy. In this context, we expect to see an uptick in activists pushing for M&A and strategic reviews or, for bad deals, opposing the terms on which M&A is being proposed. However, recent changes to the U.K. listing rules have significantly narrowed the circumstances in which U.K. companies are required to obtain shareholder consent for material M&A transactions. So, in practice, the opportunity for activists to oppose conventional M&A transactions is now largely limited to proposed public takeovers.

AW: As we have observed over the past few years, we continue to see an increasing number of activist investors who are willing and able to consider pursuing take privates themselves. Activists pursuing such transactions typically seek to partner with private equity funds, who have been showing renewed deal appetite in recent months.

Activists move to unlock value in Germany

In conversation with Thyl Haßler and Frederic Wuensche, White & Case.



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Germany is considered one of the largest markets in Europe for shareholder activism with many high-profile targets. How has activism been evolving over recent years?

Dr. Thyl Haßler (TH): Germany has become the second-largest target market for activist shareholders in Europe, just behind the U.K. Until 2023, the number of public campaigns remained consistent. In 2024, there was a slight decline and in the first half of 2025, only a few campaigns were made public. We consider it likely that this decline is due to various uncertainties affecting the German economy, such as declining industrial productivity, high costs, and geopolitical developments.

However, even though most activist approaches do not result in public campaigns, we believe that most publicly listed companies in Germany have been approached by activist shareholders in recent years. Recent activist campaigns have focused on increasing corporate value, with emphasis on breaking up conglomerates and the

composition of management and supervisory boards. ESG issues have taken a back seat over the past two years, as short-term financial performance has become a higher priority. A notable trend is the growing involvement of domestic institutional investors, who increasingly support activist campaigns.

How are activists now perceived by boards at Germany-listed companies?

Frederic Wuensche (FW): Historically, activist campaigns were rare and met with strong resistance from the conservative corporate culture in Germany, especially when using aggressive tactics, including public campaigns.

This has changed considerably. Successful campaigns leading to the breakup of conglomerates, better financial performance, improved governance, and a focus on ESG issues has shifted board perceptions of activism. Boards of publicly listed companies are now more open to engaging constructively with activists and considering their proposals.

“ German corporations are undervalued compared to other European markets, with low price-to-earnings ratios and valuation multiples. ”

This shift is due in part to activists’ “soft approach,” favoring private discussions with the board before public campaigns. Consequently, many boards now recognize activists as valuable sources of insight and strategies for enhancing corporate value and performance.

Germany’s dual tier governance structure can present a unique challenge for activists. What barriers does this create when considering a campaign for board change?

FW: Germany’s two-tier board system includes an executive board for day-to-day management and a supervisory board overseeing and advising it. The supervisory board is also able to appoint and dismiss executive board members.

Consequently, shareholders can only elect supervisory board members, not executive board members, limiting direct proxy fights against the latter. To influence the executive board, activists must first secure a seat on the supervisory board. They can do this by proposing candidates at the annual general meeting or having a company-nominated candidate. Once on the supervisory board, they can influence the executive board’s composition and management.

However, this process is lengthy and risky. Activist candidates often fail to get elected, as seen with Petrus Advisers’ candidates at Aareal Bank in 2019, PrimeStone Capital’s candidate at Brenntag in 2023, and Private Values Media’s candidates at Mister Spex in 2025.

Moreover, once elected, a candidate on the supervisory board cannot represent or take instructions from the activist to whom he is affiliated. However, some activists have managed to exert influence without formal representation. Recently, Active Ownership Capital successfully campaigned for the resignation of Gerresheimer AG’s CFO without having a seat on the supervisory board.

U.S. activists continue to be drawn to the market with Sachem Head Capital Management and Inclusive Capital Partners among those to find success in gaining board representation in recent years. What is enticing such players to the market?

TH: German corporations are undervalued compared to other European markets, with low price-to-earnings ratios and valuation multiples, offering lucrative opportunities. Additionally, Germany’s industrial sector faces challenges such as declining productivity, geopolitical issues, U.S. tariffs, high costs and lower demand, leading to weak returns on capital and slow valuation growth.

This volatility encourages continued activist engagement in Germany, further driven by a recovering M&A market.

Leadership change and break-up campaigns have presented as some of the key demands in many headline campaigns in the market over recent years. How are these likely to continue to focus investors for the rest of the year and on into 2026?

FW: We expect these demands to remain on activist agendas in the coming years, as evidenced by public campaigns in 2025. In April, 7Square called for the separation of DHL from Deutsche Post AG, arguing DHL was significantly more profitable than the rest of the group. Similarly, Gerresheimer AG faced demands from activists, including Active Ownership Capital, to sell its moulded glass business. This pressure led Gerresheimer AG to initiate a sales process for this division in August. In the summer of 2025, a group of activists, including Private Values Media, attempted to replace the executive and supervisory boards of the online eyewear retailer Mister Spex. Although their candidates were not elected, both the executive board and two supervisory board members resigned shortly after. These examples highlight the continued focus on these trends and suggest they will remain central to activist strategies.

Private dialogue preferred path for activists in France

In conversation with Diane Lamarche, Saam Golshani and Simon Martin-Gousset, White & Case.



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For activists operating in the French market, much of the engagement typically takes place behind the scenes. Is this less public approach likely to continue?

Diane Lamarche (DL): Private engagement has consistently been the preferred approach for activist investors in France, proving faster, less costly, and more effective than public campaigns. This explains why the Autorités des Marchés Financiers (AMF) and various think-tanks actively encourage confidential preliminary exchanges ahead of any public campaign, a position further reinforced by Paris Europlace in its June 2024 Guide du Dialogue Actionnarial, which promotes early and constructive engagement with issuers.

This behind-the-scenes trend will likely continue for several compelling reasons. French listed companies have become increasingly sophisticated in handling activist situations, recognizing the strategic value of pre-empting public campaigns through early engagement. Additionally, activists are no longer viewed solely as adversaries. Lead

independent directors and board members now receive specific training on constructive dialogue with activists.

The approach delivers mutual benefits: activists achieve objectives efficiently while companies avoid reputational damage and market disruption. Successful recent high-profile cases of the French market demonstrate this model's effectiveness.

Given regulatory support, proven results, and growing corporate expertise, the decline in public campaigns reflects a maturing market where private engagement has become the established standard rather than a temporary phenomenon.

What are the most common demands for activist investors when pushing for governance reforms at their target companies?

Saam Golshani (SG): Activist investors targeting governance reforms typically focus on a set of well-established demands aimed at enhancing board accountability and transparency. In France, where

governance standards have undergone a significant upgrade over the past decade, such interventions are now less frequent, but still arise when companies underperform or resist change.

The most common governance-related demands include the separation of CEO and chairman roles to avoid concentration of power, as well as efforts to refresh the board. Others are focused on the creation of specialized committees to address conflicts of interest or oversee strategy. On executive pay, activists in the market are also increasingly pushing for enhanced disclosure.

Simon Martin-Gousset (SMG): Activists may also push for the appointment – or increasingly, the replacement – of a lead independent director to improve shareholder dialogue. These demands reflect global governance norms and are often a prelude to broader strategic critiques. French issuers increasingly anticipate these demands but remain exposed where governance misaligns with shareholder expectations.

Many activists have used their position to take action to oppose spin-off plans with Ubisoft recently pushed to hold a shareholder vote on its plan to spin out three of its biggest games into a subsidiary. How do you expect such demands to feature in activist engagement for the year ahead?

DL: Event-driven activism and opposition to complex transactions have been a consistent feature of activist campaigns for over a decade, remaining the primary form of activism in recent years. Historically, activists have frequently advocated for spin-offs to break up conglomerate structures and unlock value.

The core objective of financial activists remains unchanged: maximizing shareholder value. This can manifest itself in two ways in the context of event-driven activism: either proposing strategic transactions (M&A, spin-offs, carve-outs, divestitures), as seen with Pernod Ricard and BP, or opposing management's proposed deals (or the initial proposed terms of such deals), as seen with Ubisoft and Vivendi.

SG: Looking ahead, we expect activists to continue scrutinizing complex transactions on a case-by-case basis rather than systematically opposing spin-offs. Their stance depends entirely on whether the proposed structure maximizes value. The Vivendi example demonstrates that aggressive legal activism can effectively achieve activist objectives whether temporarily or permanently.

Amid political and regulatory changes, markets such as the U.S. have seen support for ESG proposals lose traction with a notable drop off this season. How are such issues being received by investors in the French market?

SMG: ESG-focused activism has lost momentum in France, mirroring a global pullback, especially in the U.S., amid shifting investor and societal priorities. Several factors are seen as contributing to this retreat.

First, European and France's French regulatory frameworks (SFDR, CSRD, Article 29 LEC) impose extensive ESG disclosures, reducing the need for activist pressure. Companies have therefore pre-emptively adapted, anticipating scrutiny through enhanced transparency.

Secondly, economic uncertainty has led both financial and retail investors to prioritize short-term corporate profitability and purchasing power over climate ambitions. Shareholders themselves increasingly urge management to focus on core business performance rather than allocate resources to transition plans.

Thirdly, legal constraints under French corporate law limit the binding force of ESG resolutions, and recent doctrinal positions have challenged shareholder competence in this field, pending potential legislative clarification.

Finally, political ambiguity across Western countries makes it difficult for activists to assess the long-term economic impact of ESG policies. As a result, ESG activism in France now reflects a more cautious, pragmatic stance.