2023

Corporate Governance in Europe

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WHITE & CASE

Contents

Corporate Governance in Europe 2023

Published by
Insightia, *a Diligent brand*

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Editor's foreword

Falling behind or leading again?

For a continent beset by war, energy security concerns, and high inflation, Europe looks like it is moving into a position where it can provide fresh leadership on ESG, writes Josh Black.

"Europe's longstanding position as a leader on ESG shows that difficult objectives can be reached, so long as they are tackled from all sides."

Josh Black
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Despite plenty of challenges, ESG is not on pause in Europe. As this special report highlights, investors have shifted some of their priorities in response to the war in Ukraine and its secondary effects. Social concerns, including the cost of living and employee welfare more generally, have come to the fore. Executive compensation is proving to be a lightning rod. And activist investors have held companies to account on M&A activity and operational metrics.

But on the environmental front, the European Union's Corporate Sustainability Reporting Directive (CSRD) is a potential game-changer not just for companies within the bloc but for those with significant operations or business in Europe, regardless of their headquarters. Even as the U.S. and other markets consider making greenhouse gas emission and transition planning reporting mandatory, the CSRD will continue to be a blueprint and challenge for companies worldwide to improve their disclosure and engagement.

Greater data dictates engagement

Europe's longstanding position as a leader on ESG shows that difficult objectives can be reached, so long as they are tackled from all sides. This report highlights that major progress has been made on board diversity by countries that implemented quotas. Germany, a laggard, is starting to copy those pioneers but investor pressure needs to increase to accelerate results.

To improve employee welfare or prepare companies for the energy transition, cultural change, tough investor voting policies, and elevating the right skills at the executive and board level will also be required. Stakeholders need to pull together but companies can stay ahead of this pressure and avoid embarrassing or time-consuming conflicts by staying on top of data about their organizations and peers. As this report highlights, Europe-based companies score lower on social categories than environmental or governance ones in Insightia's new ESG module, powered by data from ClarityAI. Little surprise that investors are starting to demand better performance.

Some issues may require more nuance. Executive compensation has been a sore spot in Europe for some time, with U.S. issuers outbidding for talent increasingly aided by a stronger currency and better overall market performance. Yet investors are watchful for European companies joining the arms race without consideration for the shareholder or employee experience. Both sides can take advantage of Diligent's data solutions to help facilitate more nuanced engagements.

Activism could bounce back

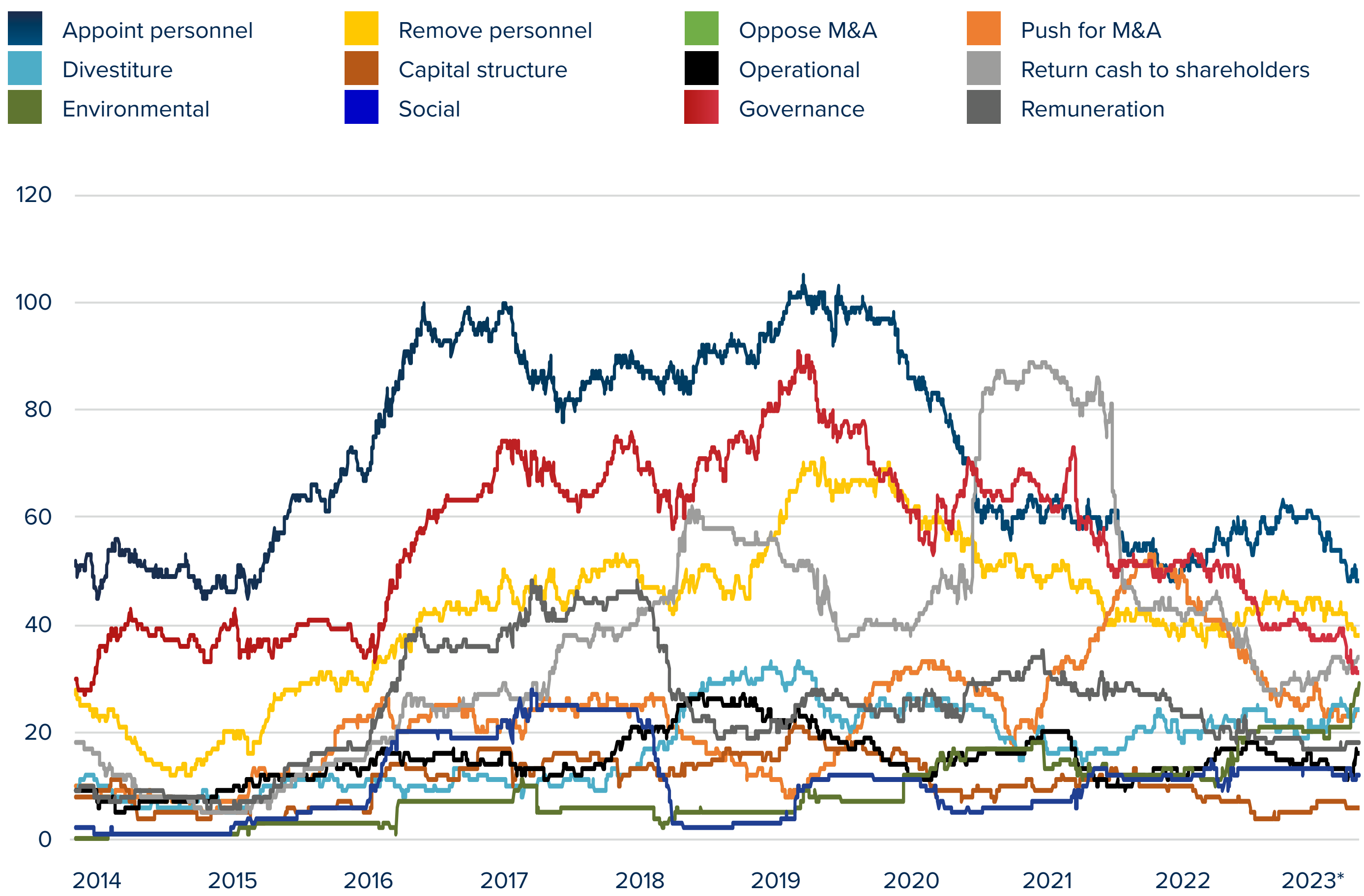
The number of companies in public battles with traditional financial activist investors has been in decline since the start of the pandemic, especially as measured in board fights. As well as showing more discretion about publicity, activists may be focusing their attentions elsewhere, including the North America and Asia, or waiting for more targets after a spike in activity in 2018 and 2019.

That doesn't mean that companies can afford to relax, however. Data in this report highlight several spikes in certain demand types over the past few years, including more operational campaigns as profitability becomes more important, and M&A-related demands. The latter, in particular, seems to have risen with optimism about M&A generally, a trend illustrated by Insightia's partnership with Manzama, another valuable data tool from Diligent. If the economy continues to stabilize, this report argues that there will be more breakup demands. But we could also see investors push for M&A and possibly also more cash to be returned to shareholders based on recent trends. Subscribers to *Insightia One* will get access to data and insights that will help them keep ahead of their peers on those fronts.

It's been great to work once again with law firm White & Case and shareholder engagement firm Alliance Advisors on this update on trends across Europe. We hope you find the greater scope of our reports valuable and look forward to continuing to track developments on ESG, shareholder engagement, and corporate accountability in the months ahead.

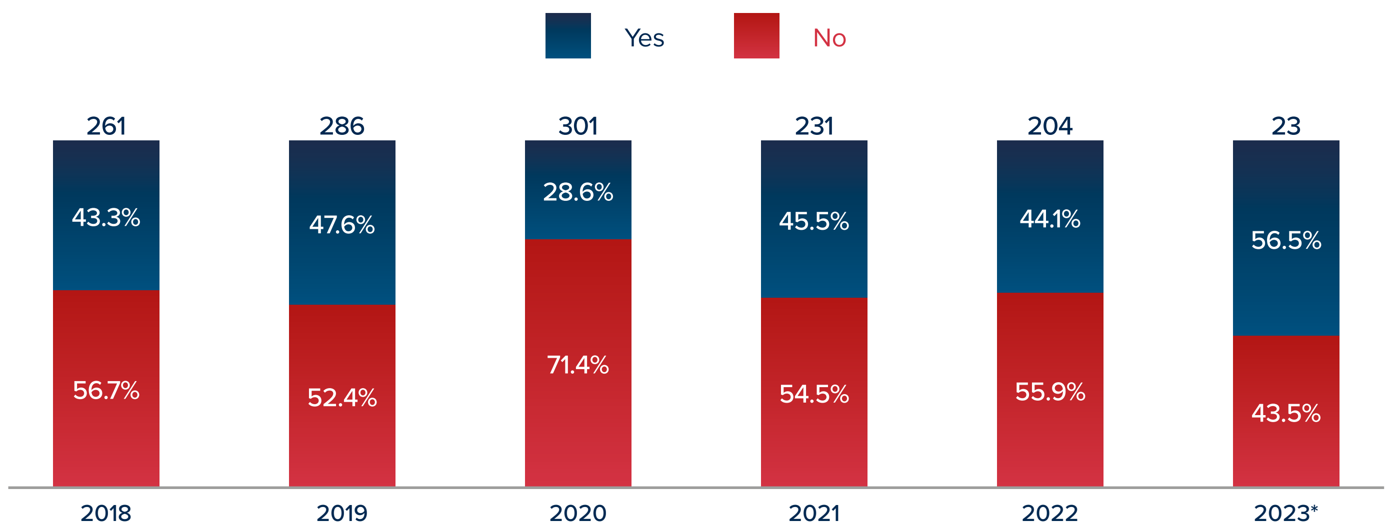
Europe infographics

Rolling 365-day total of public activist campaigns at Europe-based companies by demand type



*As of February 28 2023 Source: Insightia / Activism

Proportion of activist campaigns at Europe-based companies where the activist was at least partially successful (%)



*As of February 28 2023 Source: Insightia / Activism

No. Europe-based companies subject to activist demands by market-cap

Market-cap	2021	2022	YoY%
Large-cap	46	38	↓ 17.39
Mid-cap	46	32	↓ 30.43
Small-cap	33	29	↓ 12.12
Micro-cap	29	19	↓ 34.48
Nano-cap	24	21	↓ 12.50
Total	**178**	**139**	**↓ 21.91**

Source: Insightia / Activism

FTSE 350 CEO total realized pay

Year	Average total realized pay (£)	Average base salary	Average base salary % of total
2020	2,086,362	615,947	44.66%
2021	2,692,686	682,746	36.52%
2022	3,032,475	708,324	38.33%

*Disclosed at time of publication

Source: Diligent / Compensation and Governance Intel

CAC 40 CEO total realized pay

Year	Average total realized pay (€)	Average base salary	Average base salary % of total
2020	5,799,571	1,060,945	36.54%
2021	5,466,462	1,093,234	32.46%
2022*	11,860,665	1,671,607	17.20%

*Based on three CEOs

*Disclosed at time of publication

Source: Diligent / Compensation and Governance Intel

DAX CEO total realized pay

Year	Average total realized pay (€)	Average base salary	Average base salary % of total
2020	8,902,986	1,201,220	15.90%
2021	12,730,160	1,257,633	16.65%
2022*	3,604,381	1,127,750	14.93%

*Based on six CEOs

*Disclosed at time of publication

Source: Diligent / Compensation and Governance Intel

FTSE 350 board diversity by sector

Sector	Gender male no.	%	Female no.	%
Basic materials	116	63%	67	36%
Communication services	39	61%	24	38%
Consumer cyclical	330	61%	206	38%
Consumer defensive	128	60%	85	39%
Energy	70	66%	36	33%
Financial services	312	59%	215	40%
Funds	335	58%	240	41%
Healthcare	75	59%	52	40%
Industrials	242	62%	146	37%
Real estate	139	62%	83	37%
Technology	96	64%	53	35%
Utilities	40	54%	33	45%
Total	1,922	60%	1,240	39%

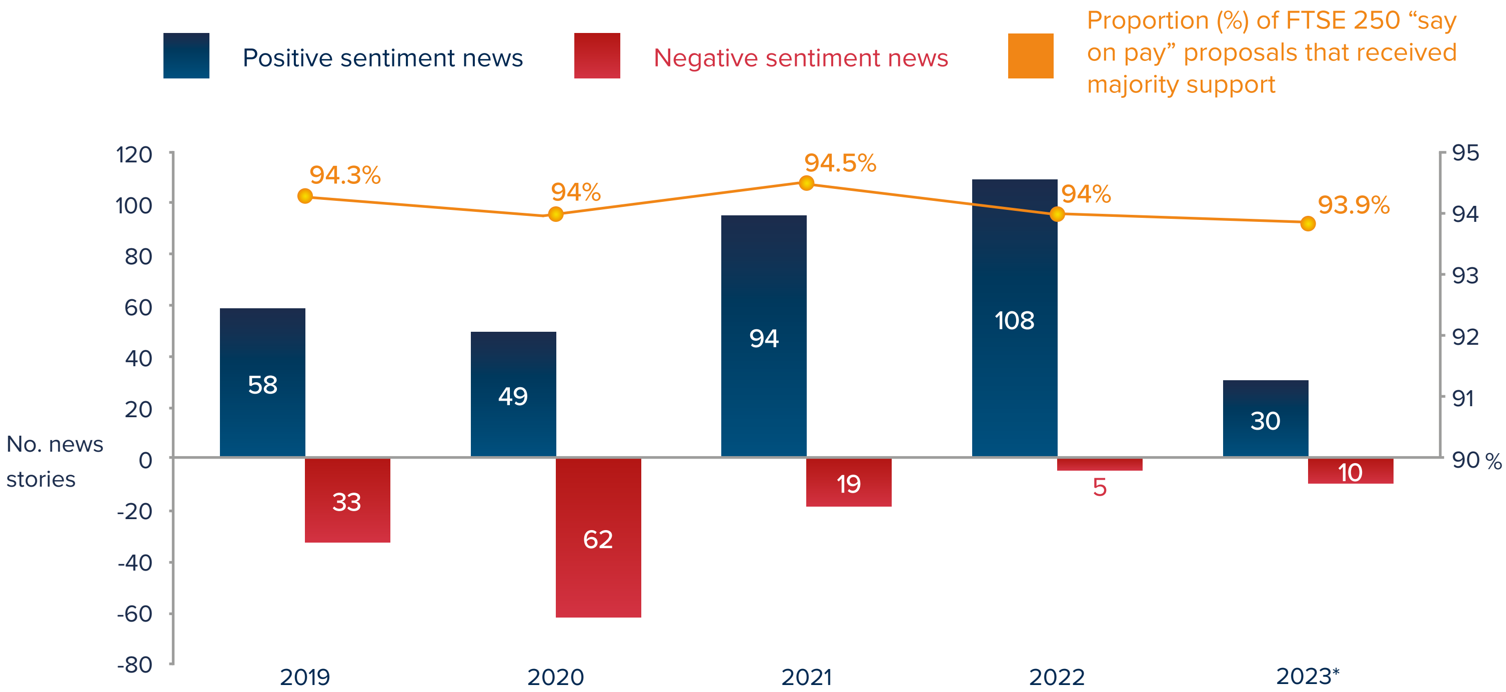
Source: Insightia / Governance

No. and proportion of Europe-based companies where director re/elections faced >20% opposition

	2021					2022				
	No. proposals	Proposals w. results	No. revolts	% revolts	Average vote result for (%)	No. proposals	Proposals w. results	No. revolts	% revolts	Average vote result for (%)
U.K.	4,835	3,892	72	1.8	97.9	5,039	4021	55	1.4	97.6
Austria	38	25	1	4.0	97.1	56	15	0	0.0	97.4
Belgium	163	30	8	26.7	89.1	166	14	3	21.4	92.4
France	728	644	41	6.4	94.5	763	676	24	3.6	95.6
Germany	42	19	1	5.3	94.1	110	78	5	6.4	94.9
Ireland	534	249	16	6.4	95.5	482	227	21	9.3	94.4
Italy	61	33	1	3.0	97.5	33	15	0	0.0	99.7
Luxembourg	860	36	1	2.8	96.2	549	27	2	7.4	93.7
Netherlands	165	120	9	7.5	95.3	170	123	3	2.4	97.1
Poland	73	41	1	2.4	96.7	55	39	0	0.0	98.1
Spain	139	121	1	0.8	97.6	181	164	11	6.7	96.6
Sweden	777	25	0	0.0	99.0	787	10	0	0.0	97.8
Switzerland	617	366	9	2.5	96.3	652	405	15	3.7	95.4

Source: Insightia / Voting

UK financial-related news stories



*As of February 28, 2023.

Source: Insightia / Voting and Diligent / Manzama

ESG regulations evolve

Recent policymaking has put mandatory ESG reporting on the agenda for a broader range of European issuers this year, with sustainability and board diversity high on the agenda, writes Rebecca Sherratt.

Corporate Governance in Europe

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Enhancing corporate ESG disclosure has been a key priority for European regulators for years and the latest fruit of their labor, the Corporate Sustainability Reporting Directive (CSRD), looks set to usher in a new era of ESG accountability for a broader number of companies.

Under CSRD requirements, made effective January 5, 2023, all Europe-listed companies with more than 250 employees will be required to report on sustainability policies and targets, incentive schemes linked to sustainability matters, and due diligence processes related to corporate value and supply chains. Such reporting must be subject to a third-party audit and made publicly available annually, starting in 2025.

Approximately 50,000 companies are expected to conform to these standards, compared to the roughly 11,700 subject to sustainability reporting rules under the European Union's previous directive, which only targeted companies with upwards of 500 employees.

"For the first time, European issuers will be required to disclose their Scope 3 emissions derived from their value chain."

Investors have welcomed CSRD's implementation with open arms, being particularly supportive of the policy's efforts toward ensuring consistency and comparability of ESG-related disclosure.

"The introduction of mandatory, EU-wide reporting standards will give investors comparable and qualitative data to better consider the impacts of their investments," Maria van der Heide, head of EU policy at ShareAction, told Insightia. "With the standards covering the full ESG spectrum and following a double materiality approach, investors will be able to reorient capital flows towards more sustainable activities."

"Outside the U.S., we often find that there's an asymmetry of information that makes it hard to compare companies like-to-like," John Galloway, principal and global head of investment stewardship at Vanguard, told Insightia in an interview. "Consistent and comparable disclosure allows us to both understand and identify any areas where we might have concerns."

CSRD is also winning the hearts of investors thanks to its ambitious emissions reporting requirements. For the first time, European issuers will be required to disclose their Scope 3 emissions derived from their value chain.

"CSRD will be instrumental in enabling greater accuracy in emissions reporting," Eni Board Member Karina Litvak said during a panel at ICGN Stockholm, noting that calculating a company's Scope 3 emissions will be a substantially easier task, given that its supply chain will also be expected to do so.

Driving diversity

European issuers have historically led the charge when it comes to board diversity and regulators continue to set rigorous targets to enhance gender diversity. In November, the European Parliament adopted new rules mandating that listed companies feature 40% of the underrepresented sex among non-executive directors or 33% among all directors, by June 30, 2026.

Prior to this rule, European companies were subject to fines where they failed to ensure at least 40% of non-executive board seats were held by women. According to the European Women on Board's Gender Diversity Index, which tracks the board composition of 668 of the largest European-listed companies, female representation currently averages 35%.

"Strengthening short-term accountability is key to ensure companies make good on their ESG commitments," ICGN Board Member Christine Chow said at ICGN Stockholm. "Setting three-to-five-year plans with tangible outcomes will spur board members to proactively address these topics."

Demand-type breakdown of companies publicly subjected to activist demands

Demand group	2021	2022	2023*
Appoint personnel	52	51	5
Capital structure	7	7	0
Divestiture	19	20	2
Environmental	10	14	8
Governance	47	34	8
Operational	13	11	6
Oppose M&A	29	15	2
Push for M&A	13	15	2
Remove personnel	36	39	2
Remuneration	22	17	2
Return cash to shareholders	39	32	6
Social	13	10	2

*As of February 28

Source: Insightia / Activism

The high standards expected of European boards translates into impressive levels of investor support for directors. European director re/election proposals won 96% support in both 2021 and 2022, with just 41 and 24 of proposals of this kind failing to receive majority support, respectively.

In comparison, U.S. directors won 94.4% and 93.9% average support in 2021 and 2022, with 107 and 120 reelections failing to muster majority support, respectively, according to Insightia's *Voting* module.

> *"On average, French companies had the highest ESG score of 74.27 out of 100, followed by Spanish and Italian companies which scored 69.41 and 65.15, respectively."*

Average ESG risk scores by sector for Europe-based companies

Sector	Average total ESG risk score	Average environmental risk score	Average social risk score	Average governance risk score
Basic materials	55.5	53.3	54.3	61.2
Communication services	57.9	63.3	54.1	61.4
Consumer cyclical	51.9	57.0	43.2	61.0
Consumer defensive	54.3	60.1	48.1	56.4
Energy	53.7	48.2	54.1	61.9
Financial services	52.1	60.9	44.5	59.4
Funds	43.5	44.2	41.2	48.7
Healthcare	47.2	48.5	38.0	58.1
Industrials	51.9	52.0	47.0	60.5
Real estate	52.1	50.8	47.4	58.4
Technology	49.5	52.8	39.2	62.4
Utilities	54.4	57.3	46.2	60.8

*Insightia's ESG module assigns corporate ESG scores out of 100, with higher numbers reflecting fewer ESG-related risks.

Source: Insightia / ESG - powered by Clarity AI

Recent European regulatory updates

April 20, 2022

The U.K.'s Financial Conduct Authority (FCA) reveals public companies must report on whether their boards feature a minimum of 40% female representation on a "comply or explain" basis.

October 25, 2022 - January 25, 2023

The FCA launches a consultation on anti-greenwashing measures, proposing stricter regulation of sustainable investment labels and sustainability terms in product marketing.

November 22, 2022

European Parliament mandates that listed companies feature 40% of the underrepresented sex among non-executive directors or 33% among all directors, by June 30, 2026.

January 2, 2023

The Corporate Sustainability Reporting Directive (CSRD) is made effective, requiring European public companies with upwards of 250 employees to report on greenhouse gas (GHG) emissions, sustainability targets and directives annually, starting in 2025.

UK: Turbulent markets enhance scrutiny

An interview with Tom Matthews and Sonica Tolani, partners, and Alex Woodfield, counsel, White & Case.

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How is U.K. activism being impacted by current market conditions?

Sonica Tolani (ST): As with the wider global markets, the U.K. has recently been facing turbulent market conditions, with M&A activity and activism dampened by significant geopolitical uncertainty, rampant inflation, and interest rate rises.

Such dampening contrasts with the past few years, during which the U.K. has otherwise seen many activists seeking to increase value through M&A solutions. The viability and attractiveness of such transactions, and activists' appetite to push for them at the current time, are constrained by market conditions – particularly those requiring debt or equity financing.

U.K. companies suffering from depressed valuations may be considered as potential takeover targets. However, takeover offers, particularly those considered to be opportunistic, are expected to face increased scrutiny from shareholders, with potential for opposition and opportunities for bumpitrage.

What about U.K. activism more broadly?

Tom Matthews (TM): Whilst some of the most prominent recent campaigns have been undertaken by long-established activists, the universe of investors engaging in shareholder activism continues to expand. Existing activists are entering new markets, new activist funds are being established, and private equity, debt, and other investment funds are increasingly adopting activist techniques.

An increasing number of investors engaged in activism are also willing and able to consider pursuing and/or financing takeovers themselves, reflecting the broadening universe of activist investors, and activist fund structures becoming more flexible. Activists who are shareholders of U.K. companies with ongoing depressed valuations may have an incentive to consider a defensive bid, to avoid crystallising losses in the event of a sale to a third-party bidder.

How may current developments affect future shareholder voting?

Alex Woodfield (AW): Some of the largest institutional shareholders have been taking steps to pass through voting rights to underlying investors in some of their funds. Although this emerging trend towards "democratization" is currently in its early stages, we anticipate it is likely to become more widespread over time and may in the future impact proxy voting, particularly on topics such as board remuneration and ESG.

How do you expect the economic backdrop to impact investor views on remuneration for U.K.-listed companies?

ST: Whilst remuneration is a perennially sensitive topic for listed companies, we anticipate this year will see significant attention paid to executive remuneration in view of the cost-of-living concerns for companies' own workforce and customers. There is also expected to be particular scrutiny of remuneration arrangements which have been impacted by geopolitical factors and other considerations outside of management's control.

> *"Takeover offers, particularly those considered to be opportunistic, are expected to face increased scrutiny from shareholders, with potential for opposition and opportunities for bumpitrage."*

AW: In some cases, remuneration arrangements may appear particularly generous due to using performance during the pandemic as a baseline, or as a result of companies profiting significantly from dramatic increases in energy prices resulting from the war in Ukraine. At the other end of the spectrum, many companies have received significant financial support from the government in respect of their energy bills.

How have recent developments been impacting investors' focus on ESG?

TM: With the war in Ukraine giving rise to public focus on unprecedented energy price rises and short-term energy security, some of the momentum behind environmental activism appears to have dampened, at least temporarily. However, sustainability remains a major focus for many investors and seems certain to reemerge as a key trend.

Through a combination of legal changes and voluntary guidelines, regulators and investors are seeking greater consistency from companies in their sustainability reporting, with a particular emphasis on clamping down on greenwashing.

France: Embracing activism

An interview with Diane Lamarche and Saam Golshani, partners, and Simon Martin-Gousset, associate, White & Case.

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How is shareholder activism evolving in France?

Saam Golshani (SG): 2022 activist campaigns provided further evidence that activism is now firmly embedded within the French markets. Market participants are more accepting of activists and willing to engage. This is reflected in a number of campaigns being undertaken behind closed doors on a confidential basis, and dialogue between activists and issuers is becoming increasingly effective in overcoming issues or concerns.

Activists' tactics are also becoming more sophisticated from a legal perspective, with activists exercising their rights as minority shareholders to their advantage. As an example, activists who once sought to minimise contact with the French regulator, the Autorité des Marchés Financiers (AMF), are now, at times, actively seeking its support.

At TotalEnergies' 2022 annual meeting, climate-related resolutions proposed by a group of 11 investors were rejected by the company's board for attempting to dictate the strategy of the company in this area. The shareholders requested that the AMF intervene, which it declined to do.

Nonetheless, seeking to involve the AMF in the first place can be seen as a significant development when compared with past practice. This comes against the backdrop of public positions taken by the AMF in 2020 and 2021, which pointed to the potential benefits of shareholder activism as contributing to the proper functioning of markets and to an improvement in the corporate governance and management of issuers.

Did 2022 spur any notable developments regarding "say on climate" in France?

Diane Lamarche (DL): As was anticipated, the "say on climate" initiative gave rise to one of the most prominent campaigns of 2022, that of TotalEnergies. The focus on "say on climate" and corporate climate transition plans confirms the importance of ESG and strongly suggests that ESG (climate change in particular) will remain a central issue in investor engagements in 2023. Without existing legislation in place, influential market participants are lobbying issuers to include "say on climate" resolutions on a voluntary basis.

In response to the rise in such campaigns, the AMF published a statement on shareholder dialogue on environmental and climate issues. In its statement, AMF calls on companies to strengthen shareholder dialogue by presenting their climate strategy at each general meeting and facilitating discussion. The strategy should be accompanied by precise targets with follow-ups arranged at regular intervals. The AMF also noted that it would be appropriate, in the future, for this information to be approved by shareholders, similar to the approval of annual financial statements.

Which debates and/or changes in the regulatory framework occurred in France in 2022?

Simon Martin-Gousset (SMG): France has not seen any substantive legislative developments directly impacting activism in 2022. However, a strong debate arose concerning the ability of shareholders to vote on certain corporate issues, in particular resolutions regarding the company's climate strategy.

> *"The focus on 'say on climate' and corporate climate transition plans confirms the importance of ESG and strongly suggests that climate change will remain a central issue in investor engagements in 2023."*

In the context of this debate, several prominent think-tanks and academics have expressed the view that legislative reform in this area is not necessary. In light of the AMF confirming that it is unable to rule on the allocation of powers between shareholders and their board of directors (i.e. how shareholders should be able to influence company strategy), it is anticipated that investors whose proposed resolutions are excluded from annual meeting agendas will instead seek to challenge such exclusions in the commercial courts.

In addition, we note a strong trend in Europe of introducing environmental- and social-related requirements into company law and we would anticipate that investors will push for French companies to comply with such requirements and/or use new legislation as tools in future campaigns.

Germany: Primed for an ESG revolution

An interview with Dr Murad M. Daghles and Dr Thyl Haßler, partners, White & Case.

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What demands were made of German companies by activists in 2022 and early 2023?

Dr Murad Daghles (MD): In 2022, there were a number of high-profile campaigns mainly targeting blue-chip companies. Demands ranged from calls for a change in leadership to urging companies to split and/or divest business units to maximize shareholder value.

Bayer faced demands from large investors calling for the CEO to be replaced and for a vote of no confidence in the managing board's 2021 performance by refusing to ratify the conduct of the board. These demands were not ultimately successful at the drug manufacturer's 2022 annual meeting.

In January 2023, Inclusive Capital Partners and Bluebell Capital Partners continued to call for a change in Bayer's leadership and for a separation of the company's pharmaceutical and agricultural businesses. This ongoing market pressure ultimately led to Bayer's CEO being replaced.

Another campaign of note is Primestone Capital's public call for market leading chemical distributor Brenntag to end takeover talks with its U.S. rival Univar Solutions, citing financial and operational risks and antitrust concerns. Activist investor Engine Capital joined the campaign in early 2023 and requested a seat on Brenntag's supervisory board and a split of Brenntag. In March 2023, Brenntag announced a share buy-back of up to €750 million ($808 million) and a 37% increase to its 2022 dividend. In April 2023, PrimeStone Capital claimed a seat on Brenntag's supervisory board and a split of the group.

Did 2022 bring forth any notable developments in ESG-related activism in Germany?

Dr Thyl Haßler (TH): Two landmark campaigns are noteworthy for their ties to ESG. Enkraft Capital's engagement with energy company RWE involved an ESG-related demand which was unprecedented for a German shareholder meeting. Enkraft (with a shareholding of 0.03%) demanded a vote to accelerate the spin-off of RWE's brown coal business; the company's most emissions-intensive unit. Enkraft argued that the move would realise around €16 billion ($17.2 billion) in value and turn RWE into a "greener" company.

Ultimately, this motion and Enkraft's demand for a seat on the supervisory board both failed but demonstrate the ESG-driven pressures traditional industry players can expect to face in the future.

Similarly, at Volkswagen, various Scandinavian pension funds and the Church of England Pension Board challenged the lack of transparency around Volkswagen's lobbying on climate rules. Volkswagen refused to include on its 2022 proxy ballot a proposal to enhance the board's reporting obligations in relation to lobbying.

The investors have since taken legal action against the company to test whether it has the right to refuse to include an item on the annual meeting agenda. This is one of the first high-profile examples in Europe of shareholders pursuing litigation regarding a climate-related matter.

"In 2022, there were a number of high-profile campaigns mainly targeting blue-chip companies."

Did the Russian invasion in Ukraine impact investor campaigns in Germany?

MD: Many large German companies reacted with official statements reporting a withdrawal from business activities with Russia or Russian entities which helped avoid activist campaigns that used ties to Russia as a tool to push for demands. At the 2022 shareholder meetings of several large blue-chip companies, investors challenged exposure to Russia: Henkel sold its Russian business after DSW (among others) claimed reputational harm and Beiersdorf shareholders criticized its ties to Russia (although Beiersdorf already ceased certain parts of its business activities in Russia).

Notwithstanding the landmark developments described above, the current geopolitical landscape appears to have temporarily diverted investor attention away from environmental and social concerns to a certain extent. However, with the war in Ukraine being described as a "historic turning point" in how European countries source their energy, it is anticipated that ESG-focused campaigns will take center stage in coming years.

#1 Legal Advisor for Activism in Europe and Asia

Insightia's 2022 Advisor Awards

White & Case LLP has been ranked #1 for activism in Europe and Asia in Insightia's 2022 Advisor Awards, cementing its reputation as the leading global Shareholder Activism law firm.

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Changing the activism rulebook

Very few activist campaigns in Europe these days follow the same playbook, but companies can use greater skepticism about the value of board seats to buy themselves time, writes Josh Black.

Activist investing in Europe has become a mob affair, at least as far as public campaigns are concerned. Since the beginning of 2022, 67 investors have publicly sought board seats – with only four investors doing so at more than one company.

At the same time, the number of proxy fights has become a small fraction of the total, with just 18 launched in 2022, according to Insightia's *Activism* module.

Post-pandemic trickle

Activist campaigns in general fell sharply following the COVID-19 pandemic, with the number of Europe-based companies subjected to activist demands coming in at around 64% of the 2019 level in 2022. Some advisors say that activity is starting to pick up now, with Georgeson Global CEO Cas Sydorowitz saying that, while the continent continues to be outstripped by markets like the U.S. and Japan, "inbound requests" from both investors and issuers are on the rise.

There are mixed signals for activists looking to win board seats, however. FTSE 100 consumer goods giant Unilever gave Trian Partners' Nelson Peltz a board seat following a leadership change and failed bid for GSK's consumer health unit, in contrast to The Walt Disney Co. in the U.S., which did enough to deter the veteran activist from a proxy fight.

But 14 of the 18 proxy fights launched last year ended without the activist winning a single seat. None settled, reinforcing the binary outcomes available to would-be insurgents.

Settle early or roll the dice

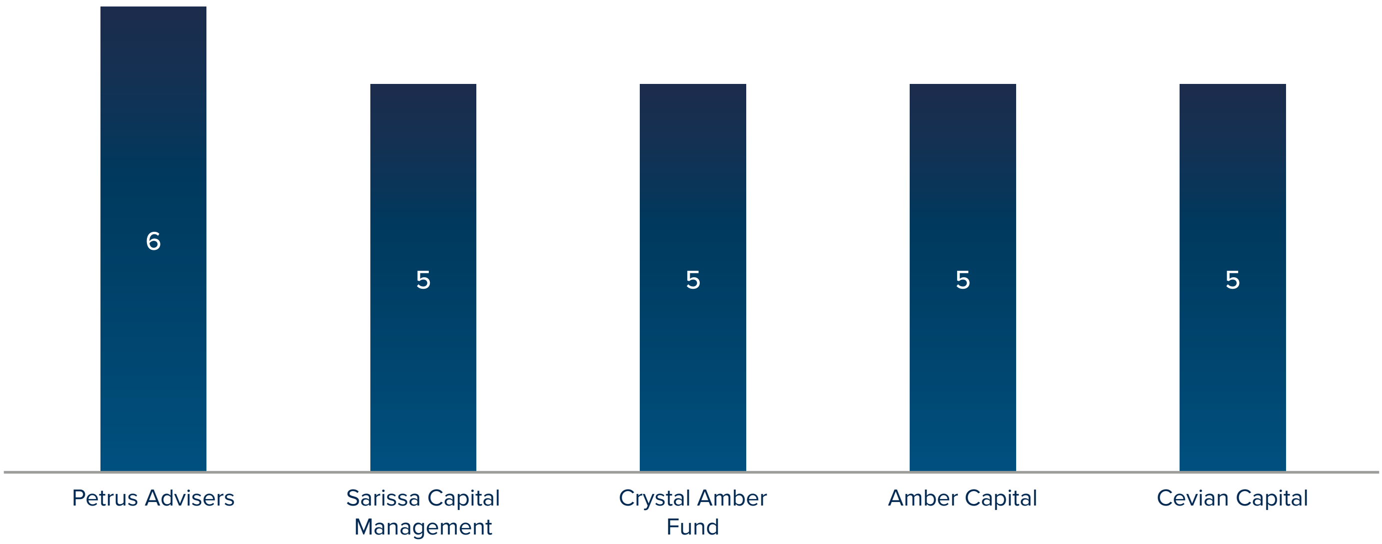
"As activists have become better at making compelling campaign stories and companies have become more knowledgeable, there's a general movement to not take things to a proxy fight," Andrew Brady, a director at SquareWell Partners, told Insightia for this report.

> *"14 of the 18 proxy fights launched last year ended without the activist winning a single seat."*

Giuseppe Bivona, a co-founder of London-based Bluebell Capital Partners, recently told Insightia's *Beyond The Boardroom* podcast that the firm had learned to be patient, citing Danone's lengthy leadership and strategic transition starting with its 2020 investment. "As an investor, we work with public information so we need to be prepared sometimes to recognize when our thesis could potentially be not welcomed with open arms," he said.

While avoiding a proxy fight is something of a tightrope-walk, companies don't just have to concede board seats to get a shareholder off their backs. Increasingly vocal institutional investors often provide pointers on strategic and governance concerns that can help boards listening carefully to determine their approach.

Top activists by no. board seat campaigns in 2019-2023



Source: Insightia / Activism

At Richemont, a dual-class company where a board seat was always a tall-ask, Bluebell lost a proxy contest but secured governance and strategic changes. The stock price was up over 40% at the end of March. "We consider Richemont one of our most successful campaigns," Bivona said. "This is not the business of just winning a board seat, at least not for us."

"As activists have become better at making compelling campaign stories and companies have become more knowledgeable, there's a general movement to not take things to a proxy fight."

Outcome of resolved gain board representation demands by headquarters and year

Method: Went to a vote

Outcome	2019	2020	2021	2022	2023*
At least one seat won	25	14	11	12	1
No seats won	23	13	15	20	1
Total	48	27	26	32	2

*As of February 28

Source: Insightia / Activism

Outcome of resolved gain board representation demands by headquarters and year

Method: Settlement

Outcome	2019	2020	2021	2022	2023*
At least one seat won	7	8	9	2	1
No seats won	0	1	0	0	0
Total	7	9	9	2	1

*As of February 28

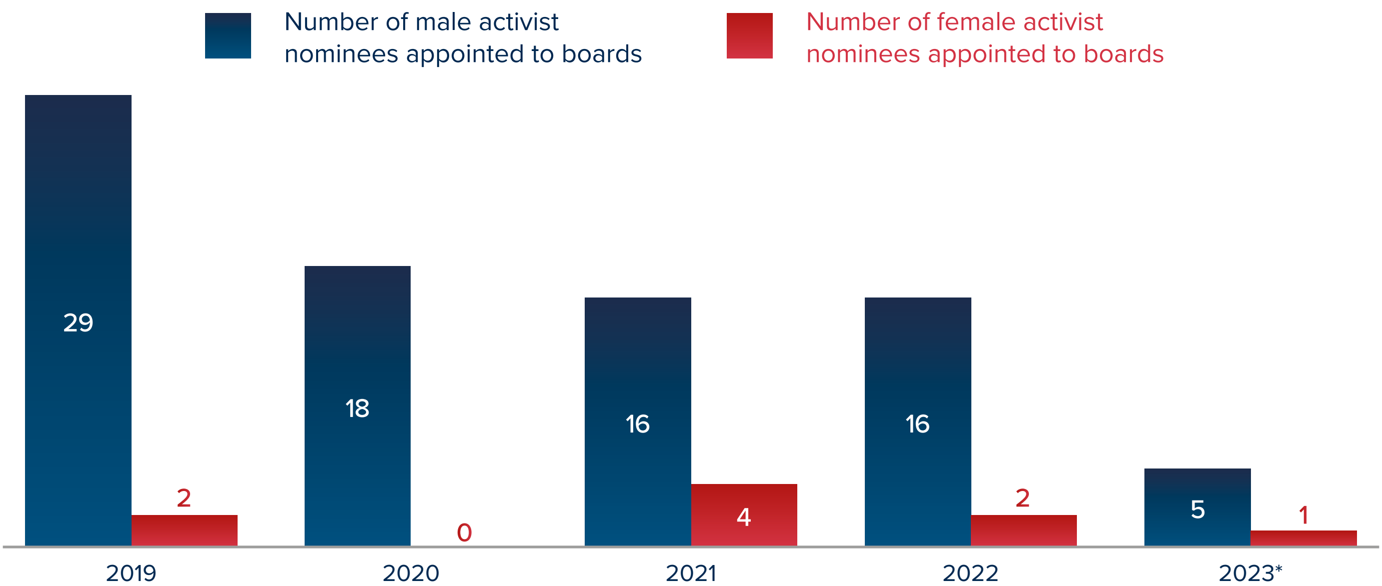
Source: Insightia / Activism

Sydorowitz points to two further developments in activism in Europe that can buy issuers time to turn their businesses around without bringing an activist into the boardroom. For one thing, activists are less focused on director appointments, he argues. Capital allocation, operational commitments, or whether to cease certain operations are currently top of mind. "We're seeing more of those types of demands in Europe," he says.

Perhaps less encouragingly, activists are giving themselves more time to run a campaign, with board seats a potential escalation. "Activists have started to appreciate that it's not a one-and-done game," Sydorowitz told Insightia. "For them to achieve the [desired] outcome, they're looking at it as if they need to be in a campaign for 18 months."

With Europe's penchant for more behind-closed-doors activism, there is the potential for more of today's campaigns to become public board battles further down the road, especially in markets that allow investors to call shareholder meetings outside of proxy season.

Gender breakdown of activist nominees appointed to UK boards in 2019-2023



*As of February 28

Source: Insightia / Activism

Aligning interests: Shareholder engagement and ESG

An interview with Timothy Marshall, chief operating officer, Angelika Horstmeier, senior vice-president, Sandro Barbato, senior advisor, and Michael Roper, managing director, head of sales, at Alliance Advisors.

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How does ESG factor into Alliance Advisors' engagements with clients?

Timothy Marshall (TM): For our clients, ESG is mainly about risk mitigation. Depending on the business of a company, different ESG topics are relevant. The Sustainability Accounting Standards Board (SASB) Materiality Matrix is a good example for this. We talk about material risks, and risk assessment and management are core exercises for any company. This is one reason why so many institutional voting guidelines ask for Task Force for Climate-aligned Financial Disclosure- (TCFD) and SASB-aligned reporting.

Is corporate ESG oversight and disclosure equally as important to all investors?

Sandro Barbato (SB): This depends upon the investor in question, because not all investors are the same. In many cases, ESG-related risk assessments and evaluations are particularly important to institutional investors and pension funds, because they tend to invest in a company over the long-term, possibly even for decades at a time. This group of investors literally needs ESG data because if they do not understand their portfolio risks, they can easily get in trouble.

Understanding ESG risks is even more important for passive index funds because they do not even have the option to disinvest. This is the reason why many of them are very engaged in their voting activity.

How has the rise of ESG impacted "traditional" forms of shareholder activism?

Angelika Horstmeier (AH): ESG activism has taken many forms. On one end of the spectrum, you have ESG activism like the "say on climate" campaign, which encourages companies to put their climate transition plan up for a shareholder vote at their annual meetings. On the other side, we have activists campaigning for significant board shake-ups, as was seen with Engine No. 1's proxy fight at Exxon Mobil back in 2021, which resulted in the activist winning three board seats.

The public perception was that Engine No. 1 kicked off the green revolution with its campaign at Exxon, but the activist's core concern was actually the company's capital allocations process. For the more traditional activists instead, ESG is just one among many different levers they can implement to gain support from shareholders more broadly.

What investor engagement trends are you keeping a close eye on?

Michael Roper (MR): There is a growing movement which suggests ESG in the executive remuneration space should evolve from bonus into malus, through the form of penalising a non-achievement instead of rewarding an achievement. Compensation as a whole can often be a tricky topic to navigate. Stewardship teams feel frustrated when they realize that they spent considerable engaging with a company, but once the annual meeting documents are out, they realize nothing has changed.

SB: Companies can face negative criticism when relevant voting policy updates are only published when the meeting agenda process is already in its final stage.

Companies listed on an international stock exchange but with roots in another country often face issues too. For them, the applicable voting guidelines should be interpreted more broadly and perhaps applied less literally.

Another interesting topic is companies which have opted to finance their growth through publicly listed equity. Consider a biotechnology company which shows promise but lacks significant earnings and spends a lot of money on research and regulatory approvals. Earnings are therefore low or even zero and costs are still very high, specifically compensation for research and development staff, which are needed to bring a product to market. Oftentimes, investor voting guidelines don't take into account unique situations such as these, especially in regard to compensation. This highlights how engagement is key to help investors understand the unique situations companies face.

Social concerns take priority

Amid rising inflation and cost of living fears, Europe is trying to protect worker's rights at the same time as tackling climate change, writes Will Arnot.

Europe has maintained its longstanding reputation as a leader in ESG, with local issuers subject to increasingly strict standards from both regulators and shareholders when it comes to ESG.

Of all the ESG shareholder proposals subject to a vote at European companies last year, perhaps the most notable was the first ever living-wage resolution, submitted by ShareAction to U.K.-based supermarket chain Sainsbury's, which went on to win 16.7% support.

Brought on by rising inflation and the cost-of-living crisis in the U.K., the proposal marked the first time that the advocacy organization had gone public with living wage demands, having worked behind the scenes with shareholders of FTSE 100 companies to encourage firms to become accredited living wage employers since 2013.

"Income inequality and in-work poverty damage the lives and opportunities of hundreds of thousands of people every year in the U.K. We believe workers' salaries should cover their basic needs and that of their families, or, in other words, a real Living Wage," said Dan Howard, ShareAction's head of good work, in an interview with Insightia.

ShareAction is not resting on its laurels. During the 2023 proxy season, the responsible investment NGO plans to put the question of fair and living wages to no less than five U.K.-based retailers.

"European companies more broadly are facing pressure to enhance their social commitments and reporting."

European companies more broadly are facing pressure to enhance their social commitments and reporting. H & M Hennes & Mauritz is facing calls from investors Daniel Sommerstein, Fondazione Finanza Etica, and Fair Action, to implement fairtrade labelling, global wage assurance, and report on the social risks of sourcing genetically modified cotton. Swiss insurance giant Chubb is also facing calls to disclose how human rights impacts are evaluated and incorporated in its underwriting process.

Banking on change

Climate change also remains firmly on investors' agenda. Since the beginning of 2023, institutional investors have become increasingly vocal about the financial sector's continued financing of fossil fuels. ShareAction, together with Green Century Capital Management and Amundi Asset Management, has been proactively challenging some of Europe's largest financial institutions on their environmental impacts and lending policies.

"Since the beginning of 2023, institutional investors have become increasingly vocal about the financial sector's continued financing of fossil fuels."

In February, Barclays succumbed to pressure from an investor coalition to radically reduce its oil sands financing. In its annual reporting, the U.K. bank announced that, from July, it will no longer directly finance new oil sands exploration, production, or processing, and will restrict financing for companies that generate more than 10% of their revenues from these activities. Fellow U.K. banking giants HSBC and Lloyds took similar steps last year, following investor pressure.

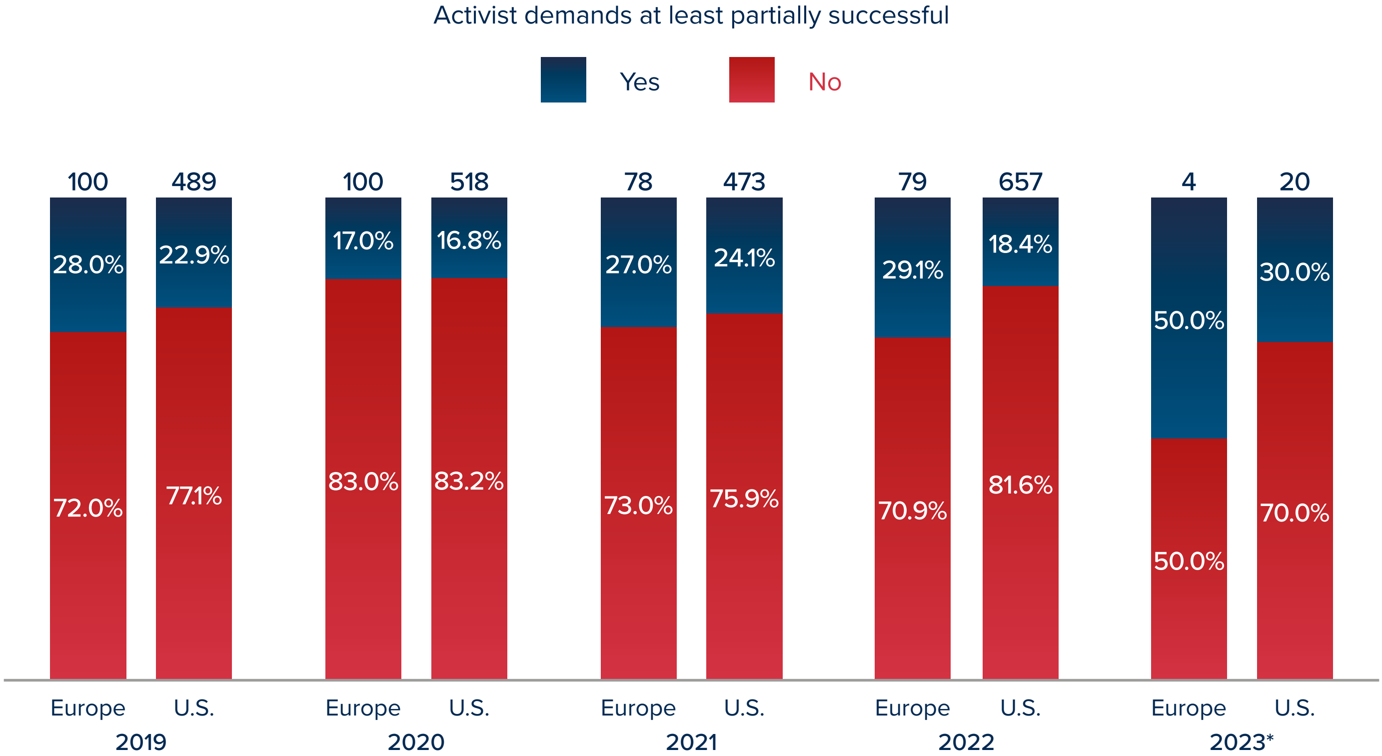
In two ongoing lawsuits, French banking giant BNP Paribas is being sued by Brazilian NGO Comissão Pastoral da Terra, French activist group Notre Affaire À Tous, Oxfam, and Friends of the Earth, over alleged financial services provided to companies linked to deforestation, and an alleged failure to conduct proper due diligence on the companies it has financed.

Even the soon-to-be finalized merger between two of Europe's largest financial institutions, UBS and Credit Suisse, has not escaped the ire of more climate-conscious investors, with ShareAction voicing concerns that UBS will inherit Credit Suisse's fracking client base.

"As they stood pre-merger, these banks had some of the poorest climate policies in the European banking sector," Jeanne Martin, ShareAction's head of banking programme, contended in an interview with Insightia.

Martin stressed that regardless of how the banks organize policies, "they must use this unique opportunity to ensure an ambitious climate plan is at the core of the merged company's new strategy."

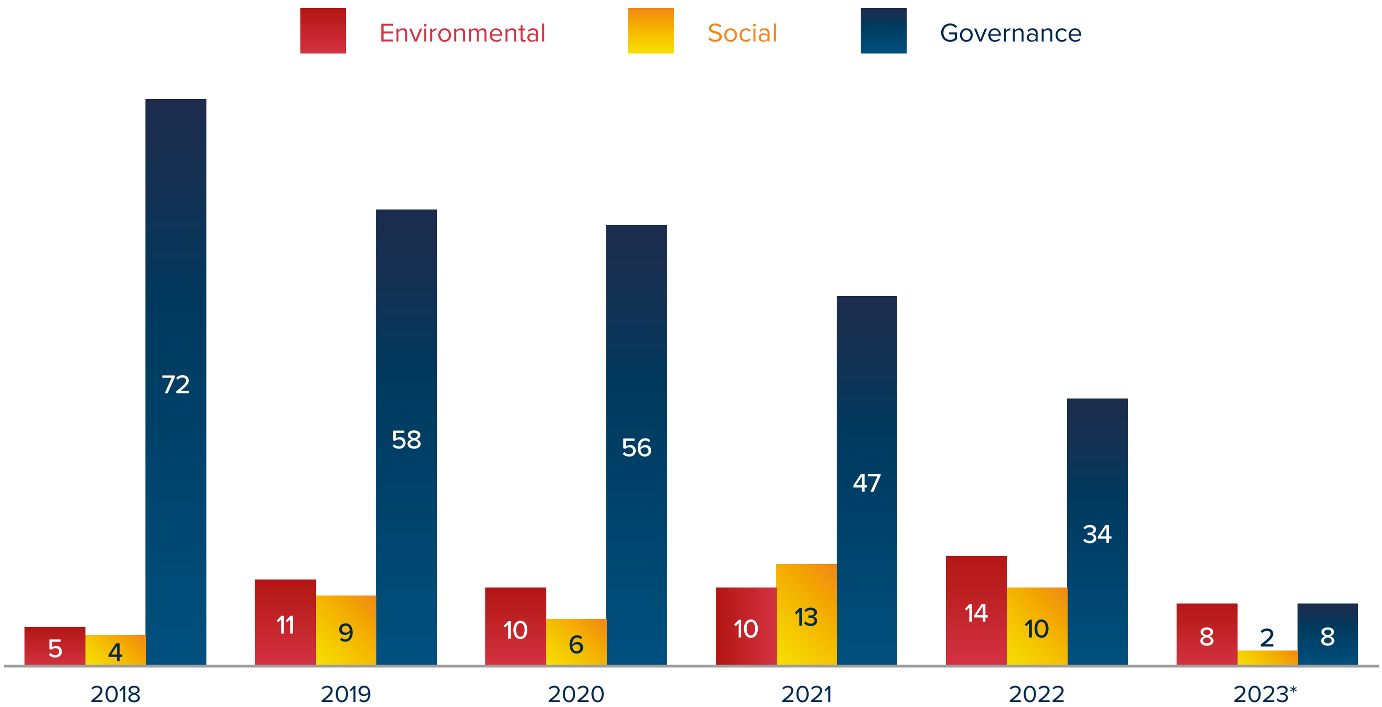
Proportion of Europe- and U.S.-based companies with a least partially successful ESG activist demands and no. companies with resolved ESG demands



*As of February 28

Source: Insightia / Activism

Demand type breakdown of Europe-based companies publicly subjected to ESG activist demands



*As of February 28

Source: Insightia / Activism

No. environmental and social proposals subject to a vote at Europe-based companies by proponent and type

Proponent: Management

Proposal type	2018	2019	2020	2021	2022
Charitable donations	16	21	30	21	22
Climate change	0	0	0	18	28
Energy	0	0	0	0	0
Diversity and employment	0	0	0	0	1
Other environmental	6	7	9	12	23
Political activities**	249	253	247	239	244
Social other	1	1	1	0	1

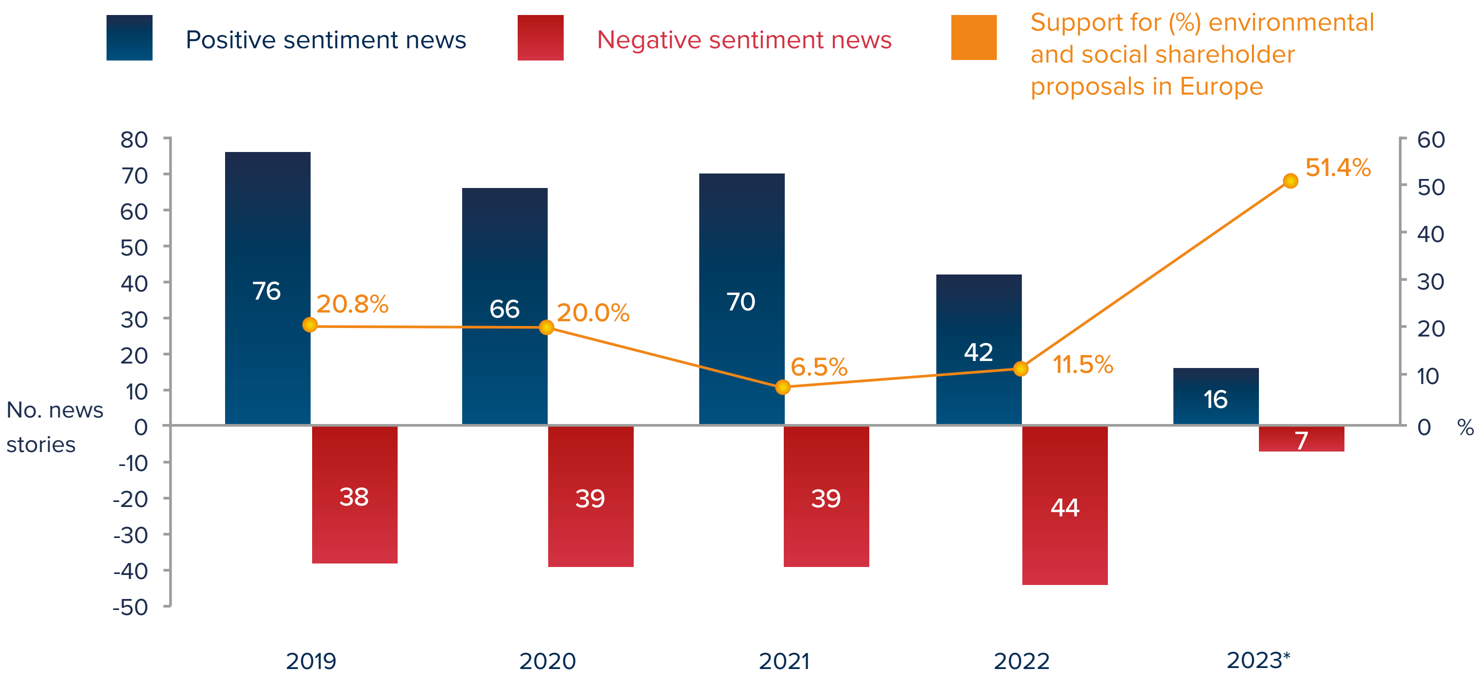
In some European markets, it is routine for companies to put their political or charitable spending to a shareholder vote, resulting in a high number of management proposals.

Proponent: Shareholder

Proposal type	2018	2019	2020	2021	2022
Charitable donations	1	2	1	1	9
Climate change	4	6	7	5	2
Energy	0	1	0	1	4
Diversity and employment	2	0	1	4	1
Other environmental	1	9	1	18	9
Political activities	0	1	21	1	1
Social other	1	3	1	4	1

Source: Insightia/Voting

European labor-related news stories



*As of April 30, 2023.

Source: Insightia / Activism and Diligent / Manzama

CEO pay faces scrutiny

Investors are becoming increasingly unforgiving towards outsized CEO payouts, urging companies to pay heed to ongoing market turmoil and rising inflation, writes Miles Rogerson.

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Note: Realized pay refers to compensation actually paid to executives, regardless of when granted. This figure includes exercized and vested equity.

FTSE 350 executive pay hit record highs in 2022, with total CEO realized pay averaging 3.03 million pounds ($3.76m), compared to 2.1 million and 2.6 million pounds in 2020 and 2021, respectively.

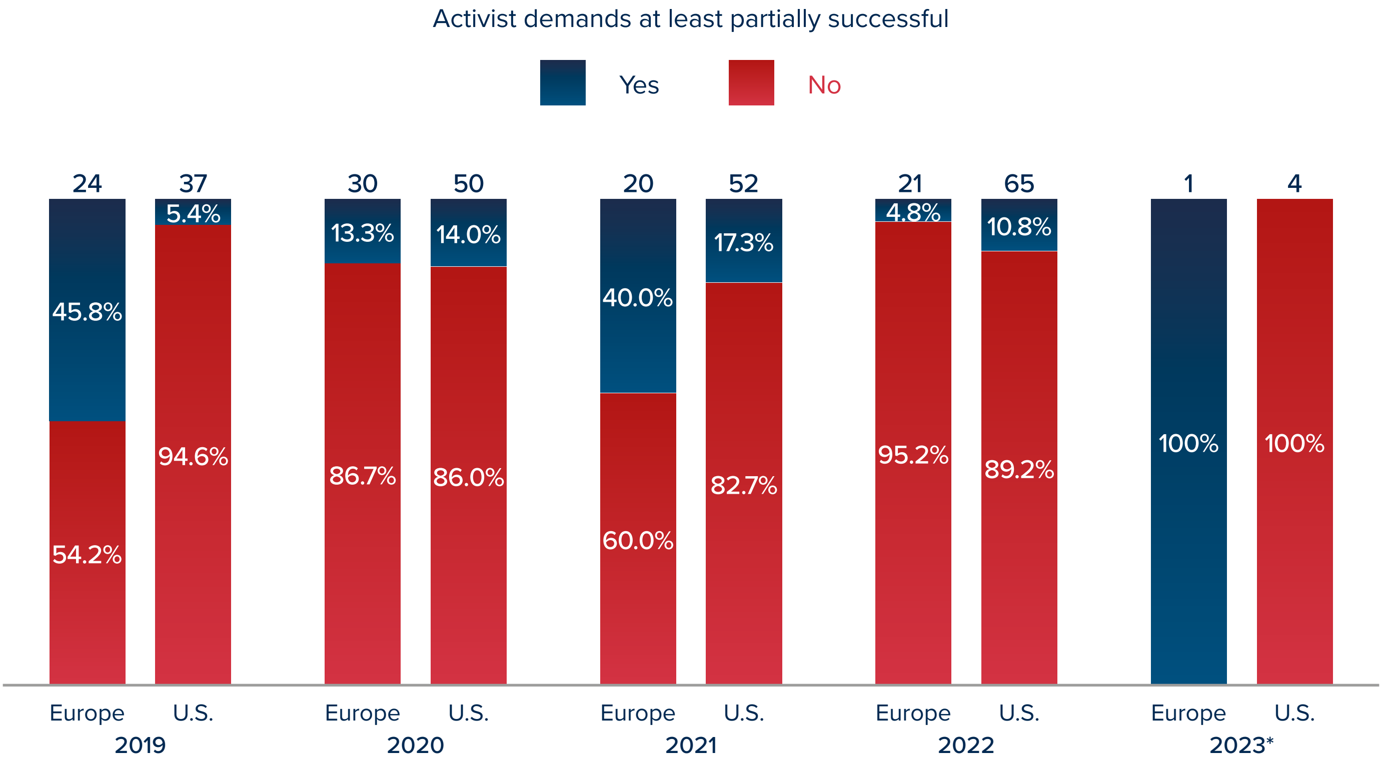
Significant long-term incentive (LTI) awards are to thank for the increase, with FTSE 350 average realized LTI exceeding 1.3 million pounds in 2022, up from 944,931 pounds a year prior, according to Insightia's *Compensation* module.

At the start of the year, institutional investors warned that they will be increasingly unforgiving of outsized CEO payouts that fail to take into account the cost-of-living crisis and rising inflation. In the first three months of 2023, the 35 "say on pay" proposals subject to a vote at FTSE 350-listed companies won 92.9% average support, compared to 93.5% throughout both 2020 and 2021.

$459-million fund manager abrdn's latest U.K. policy update cited the cost-of-living crisis as a reason for companies to be more cautious when setting executive pay, stating "we would be concerned by reputational issues arising from decisions made in these unusual circumstances and may make this a factor in our voting decisions at relevant annual meetings."

In his annual letter to portfolio company chairs, Aviva Investors CEO Mark Versey similarly warned that excessive CEO pay hikes would be deemed "inappropriate," stating the fund manager expects any increases to executive base salaries to be "below the average for the wider workforce."

Proportion of Europe- and U.S.-based companies with at least partially successful remuneration demands and no. of companies with resolved remuneration demands



*As of February 28

Source: Insightia / Activism

FTSE 350 CEO pay breakdown

Year	Average total realized pay (£)	Average realized pay short-term incentive (STI)	Average realized pay STI % of total	Average realized pay long-term incentive (LTI)	Average realized pay LTI % of total
2020	2,086,362	567,933	22.36%	693,933	19.59%
2021	2,692,686	850,093	31.88%	944,931	22.02%
2022	3,032,475	701,872	28.30%	1,387,378	21.52%

DAX CEO pay breakdown

Year	Average total realized pay (€)	Average realized pay short-term incentive (STI)	Average realized pay STI % of total	Average realized pay long-term incentive (LTI)	Average realized pay LTI % of total
2020	8,902,986	1,282,137	26.76%	5,524,941	23.19%
2021	12,730,160	5,353,694	41.50%	5,287,079	21.17%
2022*	3,604,381	1,442,006	35.60%	450,729	10.58%

*Based on six CEOs

CAC 40 CEO pay breakdown

Year	Average total realized pay (€)	Average realized pay short-term incentive (STI)	Average realized pay STI % of total	Average realized pay long-term incentive (LTI)	Average realized pay LTI % of total
2020	5,799,571	907,696	29.09%	3,661,195	29.52%
2021	5,466,462	1,608,586	38.34%	2,586,323	27.41%
2022*	11,860,665	2,245,416	26.30%	7,804,912	54.72%

*Based on three CEOs

Source: Diligent / Compensation and Governance Intel

Investors with the biggest decrease in support for European "say on pay" proposals in 2022

Investor	Assets under management ($ bn)	No. meetings voted at in 2021	No. meetings voted at in 2022	For (%) 2021	For (%) 2022	Change
Deka Investment	311	70	273	82.2	47.8	↓ 34.4
Swedbank Robur	154	259	158	82.1	52.5	↓ 29.6
Schroders	939	903	1,097	75.1	58.0	↓ 17.1
HSBC Global Asset Management	621	948	1,070	76.6	59.5	↓ 17.1
Robeco/RobecoSAM	188	334	468	64.1	50.2	↓ 13.9

*Limited to investors with at least $100bn AUM with data collected for at least 50 meetings per year.

Source: Insightia / Voting

Diversity among directors

Europe has positioned itself as a diversity leader but companies lagging on this front continue to win the favor of investors and advisors, writes Edna Twumwaa Frimpong, head of international research, Diligent Institute.

"Women currently hold 29% of all board seats in Europe and, at the current growth rate, it is estimated to take European boards 10 years to meet the European Commission's 40% target."

Edna Twumwaa Frimpong
Head of international research
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According to Diligent Institute's *2022 Modern Leadership* report, Europe is leading the way when it comes to board gender diversity, thanks in part to its many ambitious quotas and targets. Among the countries analyzed in Diligent's report, France boasted the highest proportion of board seats held by female directors, fueled by the country's mandated quota of 40% female representation on public boards.

Norway, Finland, and the U.K. have implemented similar directives to great success, while in 2022, the European Commission (EC) passed an umbrella directive mandating that listed companies in member states feature at least 40% of the underrepresented sex in non-executive director positions by 2026. Diligent's report revealed that women currently hold 29% of all board seats in Europe and, at the current growth rate, it is estimated to take European boards 10 years to meet the EC's 40% target.

The success seen across several European countries is not going unnoticed by their neighbors. In March, Spain's government announced its intention to implement a parity law mandating corporate boards to feature at least 40% representation of either gender on their boards, as well as at the management level. If passed, the rule will apply to all publicly traded companies by July 1, 2024, and for all other companies with at least 250 employees and 50 million euros ($53 million) in annual revenues, the rule will come into effect mid-2026.

Does diversity impact investor voting?

While 17% and 15% of the CAC 40 and FTSE 350, respectively, feature upwards of 50% female representation in their boardrooms, no DAX-listed companies have met this target as of yet. German public company boards also boast a lower average female representation of 32%.

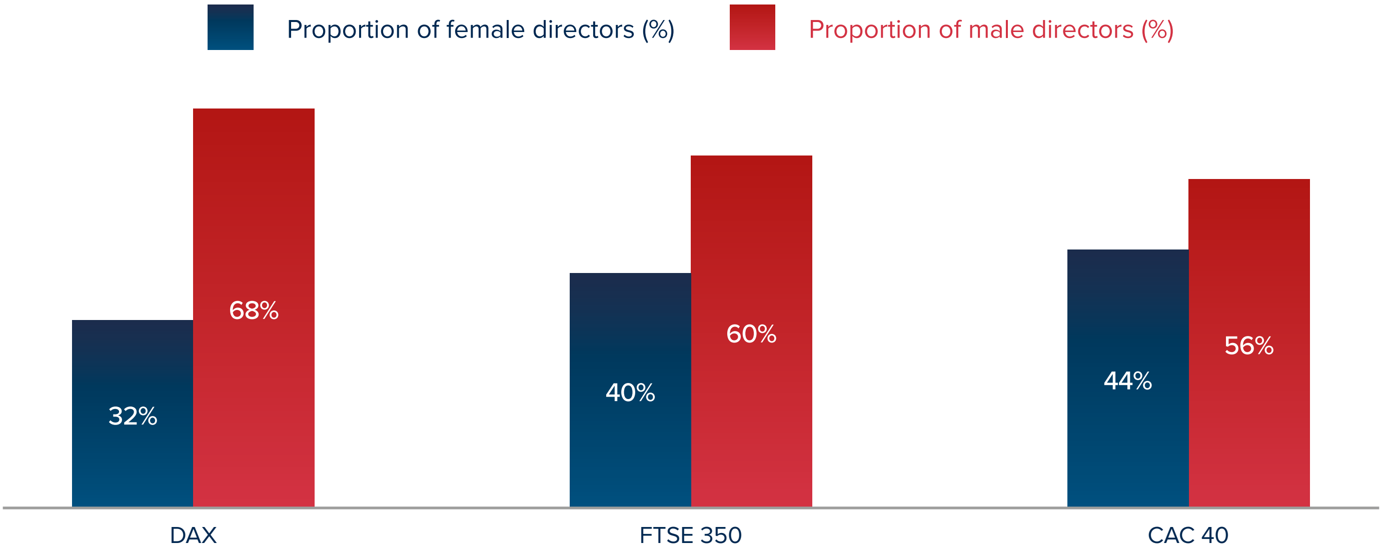
Despite Germany lagging its peers when it comes to female board representation, director re/election proposals are receiving impressive support. In 2022, the average director at a German-listed company won 95% support, compared to 93.7% two years prior, according to Insightia's *Voting* module.

"In Q1 2023, Glass Lewis endorsed 92% of director re/election proposals at DAX-listed companies, up from a record low of 84.6% in 2020."

A lack of board diversity also doesn't seem to be an issue for proxy advisors either, with advisors endorsing German director nominees now more than ever. In Q1 2023, Glass Lewis endorsed 92% of director re/election proposals at DAX-listed companies, up from a record low of 84.6% in 2020. According to synthetic recommendations, Institutional Shareholder Services' (ISS) support for DAX-listed director nominees rose to 93.2% in 2022 compared to 81.5% two years prior. In Q1 2023, Glass Lewis' support for French director re/elections dropped to 69.2%, compared to 84.8% a year prior.

Regardless of investor voting trends, European companies that are falling behind mandated EC targets should still be wary of addressing their diversity shortcomings and be proactive in addressing these risks, lest they translate into voting revolts in coming years.

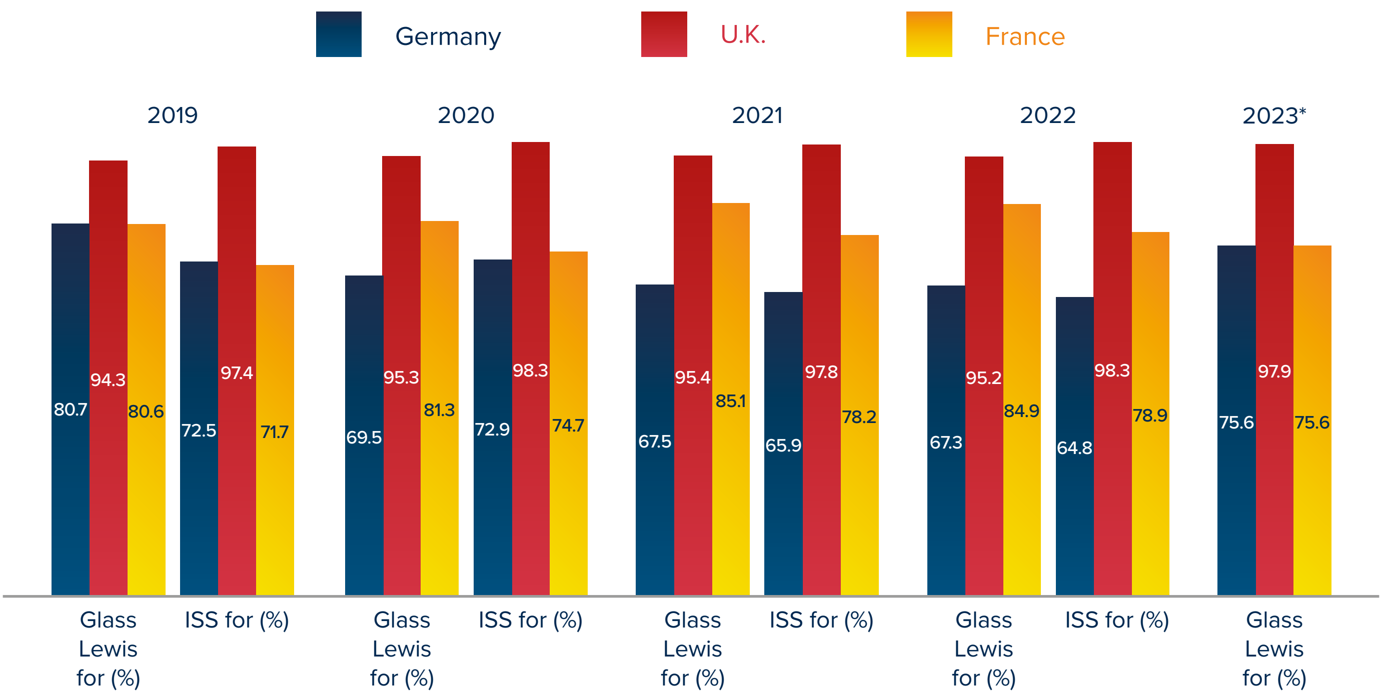
Gender representation on European boards (%)



Source: Diligent / Compensation and Governance Intel

Proxy advisor recommendations for director re/elections

No. proposals	2019	2020	2021	2022	2023*
Germany	649	793	861	921	221
U.K.	7,160	7,086	6,778	7,199	1,330
France	1,309	1,346	1,200	1,238	221



*As of February 28

Source: Insightia / Voting

The M&A resurgence

Push for sale demands are coming thick and fast as activists look to profit from undervalued companies, writes Jason Booth.

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Europe and the U.K. saw a modest slowdown in the level of shareholder activism related to mergers and acquisitions (M&A) in 2022, mirroring a cooling of the broader M&A market in the second half of the year. But the M&A activism that did take place indicates that activist intentions have shifted from blocking deals to demanding the sale of long undervalued companies at a time when interest rates and inflation are limiting other growth options.

"They're looking to create their own catalyst through M&A," said Darren Novak, head of M&A Capital Markets for EMEA at J.P. Morgan in an interview. "When you look at the larger companies it's all about the sum of the parts, while at your mid-caps and small-caps it's all about selling the company."

Fifteen companies faced demands for a sale and/or acquisition of a third party last year, an increase from 13 in 2021, while the number of companies facing opposition to M&A transactions fell to 15 in 2022, from 29 in 2021, according to Insightia's *Activism* module.

Equal balance

The shift from blocking deals to promoting them can be seen in the demands at German chemical distribution company Brenntag. In January, the company ended takeover talks with U.S. rival Univar two weeks after shareholder PrimeStone said the contemplated transaction carried risks that outweighed potential benefits. Now PrimeStone, together with U.S. activist Engine Capital, are calling on Brenntag to spin out its specialty chemicals division from its wider chemicals unit to boost shareholder value.

Odds are they will get their way, given that U.K.- and Europe-based companies saw a 67% partial success rate for campaigns for or against a merger in 2022, a number that has held steady in the first three months of 2023. By comparison, such campaigns succeeded only 50% of the time in 2021, and 38% during the COVID-19 impacted 2020 proxy season.

UK sets the pace

Depressed stock valuations have made the U.K. especially attractive to M&A activists. There were more M&A related demands made at U.K. companies in 2022 than Europe companies for the first time since at least 2013.

> *"Fifteen companies faced demands for a sale last year, an increase from 13 in 2021, while the number of companies facing opposition to M&A transactions fell to 15 in 2022, from 27 in 2021"*

"The U.K. is the largest market (in Europe) in terms of number of listed companies so, by definition, there are more opportunities," noted Tom Matthews, head of White & Case's EMEA Shareholder Activism practice.

In September, U.K. home builder Countryside Partnerships agreed to be acquired by rival Vistry Group for about 1.25 billion pounds ($1.44 billion) in stock and cash, a deal supported by activists Inclusive Capital Partners and Browning West. The stock had lost around two-thirds of its value in the prior two years. U.K. banknote manufacturer De La Rue likewise faced demands for a sale from longtime shareholder Crystal Amber, which resulted in company Chair Kevin Loosemore stepping down on May 1.

Too cheap

Yet with so much private equity money in the wings looking to make acquisitions on the cheap, one concern is that such

Outcome of M&A deals opposed by activists at Europe-based companies by year

Deal outcome: Complete

Outcome	2018	2019	2020	2021	2022	2023*
Decreased	0	1	0	0	0	0
Increased	2	1	3	7	5	1
Unamended	3	2	4	8	2	1
Total	**5**	**4**	**7**	**15**	**7**	**2**

*As of February 28

Source: Insightia / Activism

Outcome of M&A deals opposed by activists at Europe-based companies by year

Deal outcome: Complete portion

Outcome	2018	2019	2020	2021	2022	2023*
Increased	0	1	2	3	0	0
Unamended	0	2	2	2	1	0
Total	**0**	**3**	**4**	**5**	**1**	**0**

*As of February 28

Source: Insightia / Activism

companies will be sold before activists can make a profit. That has prompted some activists to consider takeover bids themselves.

Phoenix Asset Management Partners began agitating for change at U.K. funeral services company Dignity in April 2021, arguing spinning off its crematoria division could command a value of at least 1 billion pounds. Following the stock losing around 30% of its value, a consortium headed by Phoenix acquired Dignity for 281 million pounds ($349 million) in January.

"Much has been written about private equity taking toeholds in listed companies and becoming more activist," said Matthews. "Activists are now starting to be a bit more like private equity and are figuring out ways to take things private."

"With so much private equity money in the wings looking to make acquisitions on the cheap, one concern is that such companies will be sold before activists can make a profit."

Outcome of M&A deals opposed by activists at Europe-based companies by year

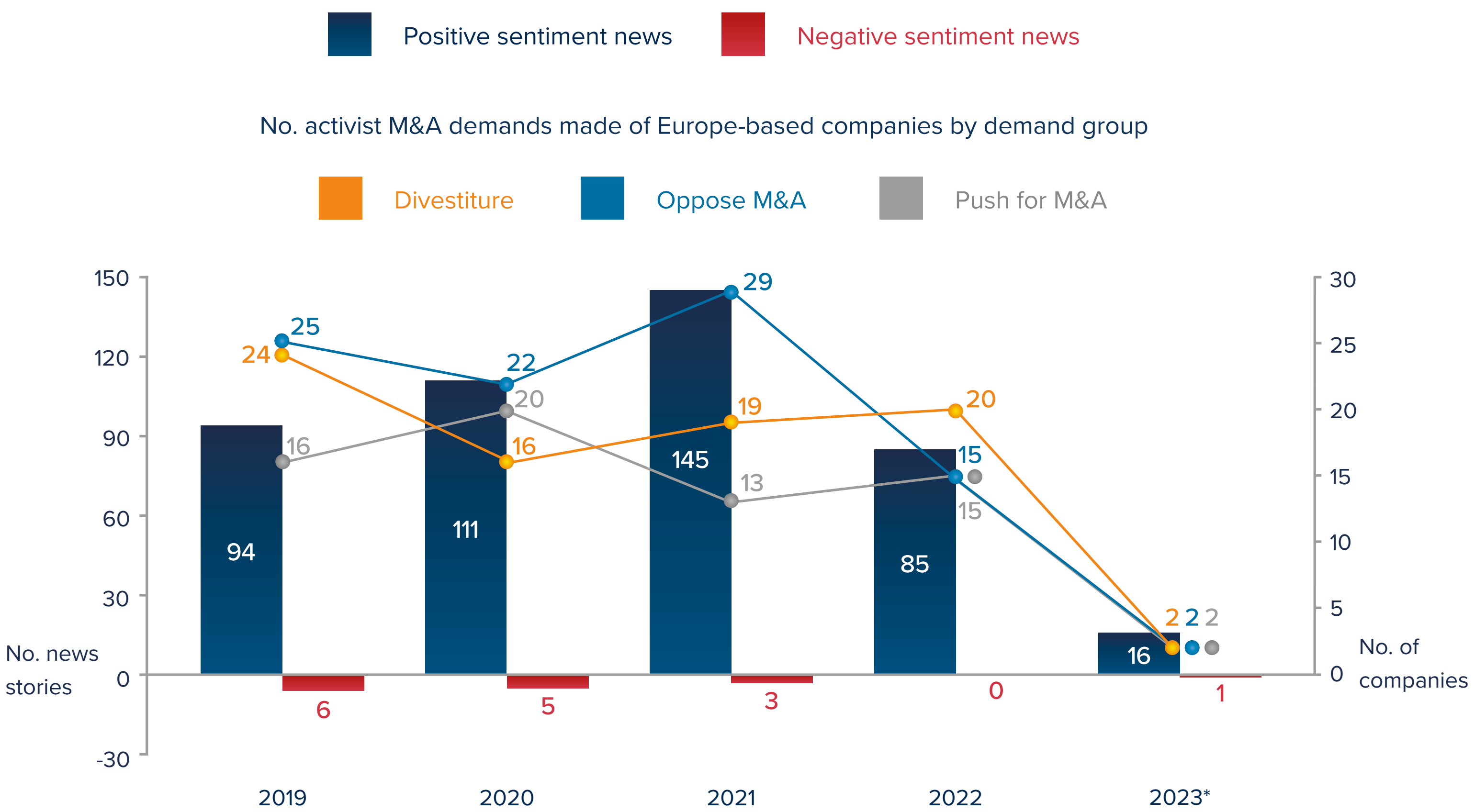
Deal outcome: Withdrew

Outcome	2019	2020	2021	2022	2023*
Decreased	1	0	0	0	0
Increased	1	1	3	2	0
Unamended	5	1	2	4	0
Total	7	2	5	6	0

*As of February 28

Source: Insightia / Activism

European mergers & acquisitions-related news stories



*As of April 30

Source: Insightia / Activism and Diligent / Manzama

Tech draws continued short selling

Europe is attracting a consistent number of short sellers despite the global decline in activity, thanks to its accepting regulators and abundant opportunities in the technology sector, writes Rebecca Sherratt.

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Despite the number of short campaigns experiencing a consistent decline year-on-year globally, Europe continues to attract a consistent number of short sellers, spurred on by the expiry of local pandemic-driven short bans, as well as investors wishing to steer clear of the U.S. Department of Justice's (DOJ) recent shorts probe.

In 2022, 10 short campaigns were launched in Europe, compared to 13 and seven in 2020 and 2021, respectively. In comparison, just six campaigns were launched at Asia-based companies in 2022, down from 31 two years prior.

Favorable regulators

Historically, regulators have not taken a favorable view toward short sellers and have gradually been tightening reporting requirements for short positions. The European Securities and Markets Authority (ESMA) has been steadily decreasing the threshold at which investors are required to disclose short positions, which currently stands at 0.1%. U.S. and Asian regulators have similarly adopted tight restrictions on shorts.

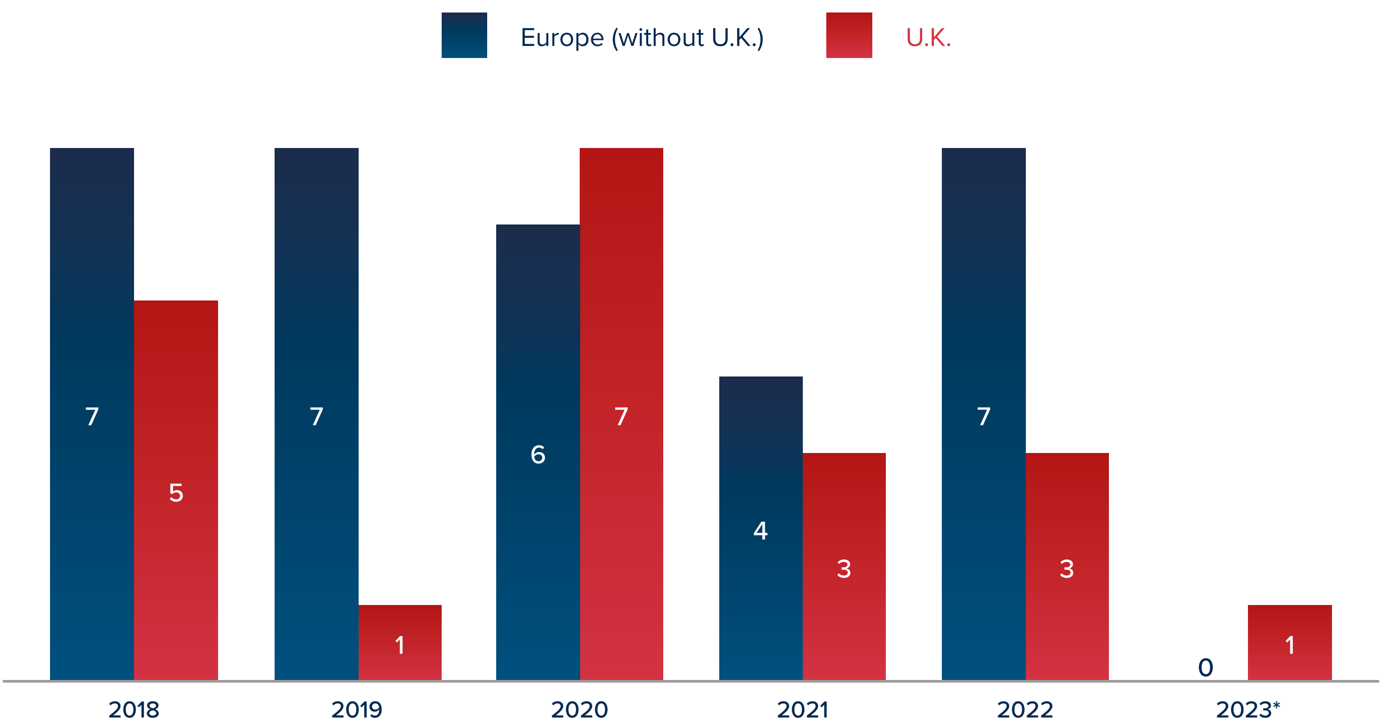
European regulators, however, have become more accepting of short sellers in recent years after several blew the whistle on Wirecard's dubious accounting practices. At the time, German regulator BaFin refused to launch an investigation into the payment processing giant but short sellers had the last laugh in 2020 when Wirecard admitted to fraud.

The changing regulatory attitude towards short selling has been cited as a reason short sellers are looking to the European market more. Gabriel Grego, managing partner at Quintessential Capital, told Insightia that the newly "short-seller friendly jurisdiction" became much more appealing as a region in which to operate.

"The changing regulatory attitude towards short selling has been cited as a reason short sellers are looking to the European market more."

While Europe offers increasingly more attractive shorts opportunities, the U.S. and Asia proved to be trickier markets to navigate. The U.S. DOJ's probe into short seller activity made short sellers hesitant to engage in the market for fear of being roped into the investigation.

No. activist short campaigns launched against Europe-based companies by year



*As of February 28

Source: Insightia / Shorts

Asia, which has historically played host to a multitude of short campaigns, has also experienced a decline in campaigns due to the underperformance of various exchanges and the de-listing of many Chinese companies from U.S. exchanges.

"There's fewer questionable companies now that the market is crashing, they aren't able to pump their stocks up, so their stock prices are so low that they aren't a good target for activist short sellers," Adam Gefvert, head analyst at White Diamond, told Insightia in an interview.

Tech in the spotlight

The European technology sector attracts a significant portion of short activity each year, with 30% of all shorts activity in the region over the past three years centred on the tech sector, according to Insightia's *Activist Shorts* module.

The one European short campaign launched in 2023 so far has also targeted tech firm Darktrace, which is still reeling from a short report published in January 2022 by ShadowFall Capital.

While ShadowFall took aim at DarkTrace's "watery-thin" enterprise and growth strategy, Quintessential's recent report accused the FTSE 250 software firm of using marketing activities to channel funds back into its partners "as payment for apparently fictitious purchases." Darktrace's shares fell 12% the day of the latest report's release.

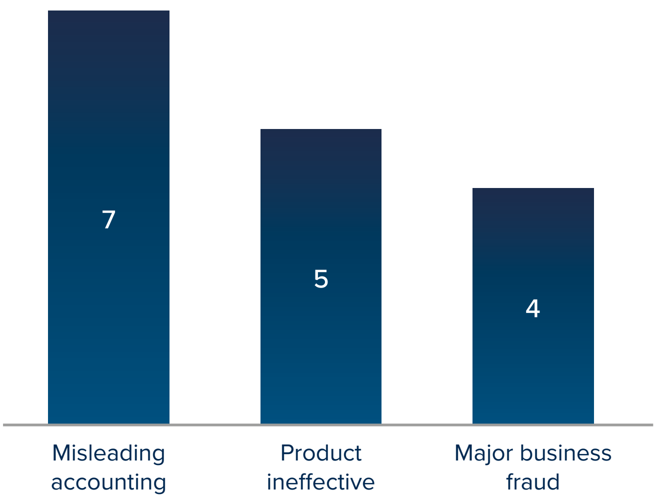
Truecaller and Northern Data were also subjected to short reports in 2022, with Viceroy Research claiming Truecaller "resorts to avoiding taxes through uncreative loopholes", while NINGI Research alleged Northern Data is guilty of using related party acquisitions to financially "enrich" company insiders.

Average one-week and one-month short campaign returns at Europe-based companies by year

Values	2018	2019	2020	2021	2022
Average of one-week campaign return	12.67	16.90	15.38	6.33	11.11
Average of one-month returns	5.36	17.76	12.32	3.63	3.86

Source: Insightia / Shorts

Most frequent short seller allegations made of Europe-based companies in 2020, 2021, and 2022 combined



Source: Insightia / Shorts

"The one European short campaign launched in 2023 so far has also targeted tech firm Darktrace, which is still reeling from a short report published in January 2022 by ShadowFall Capital."