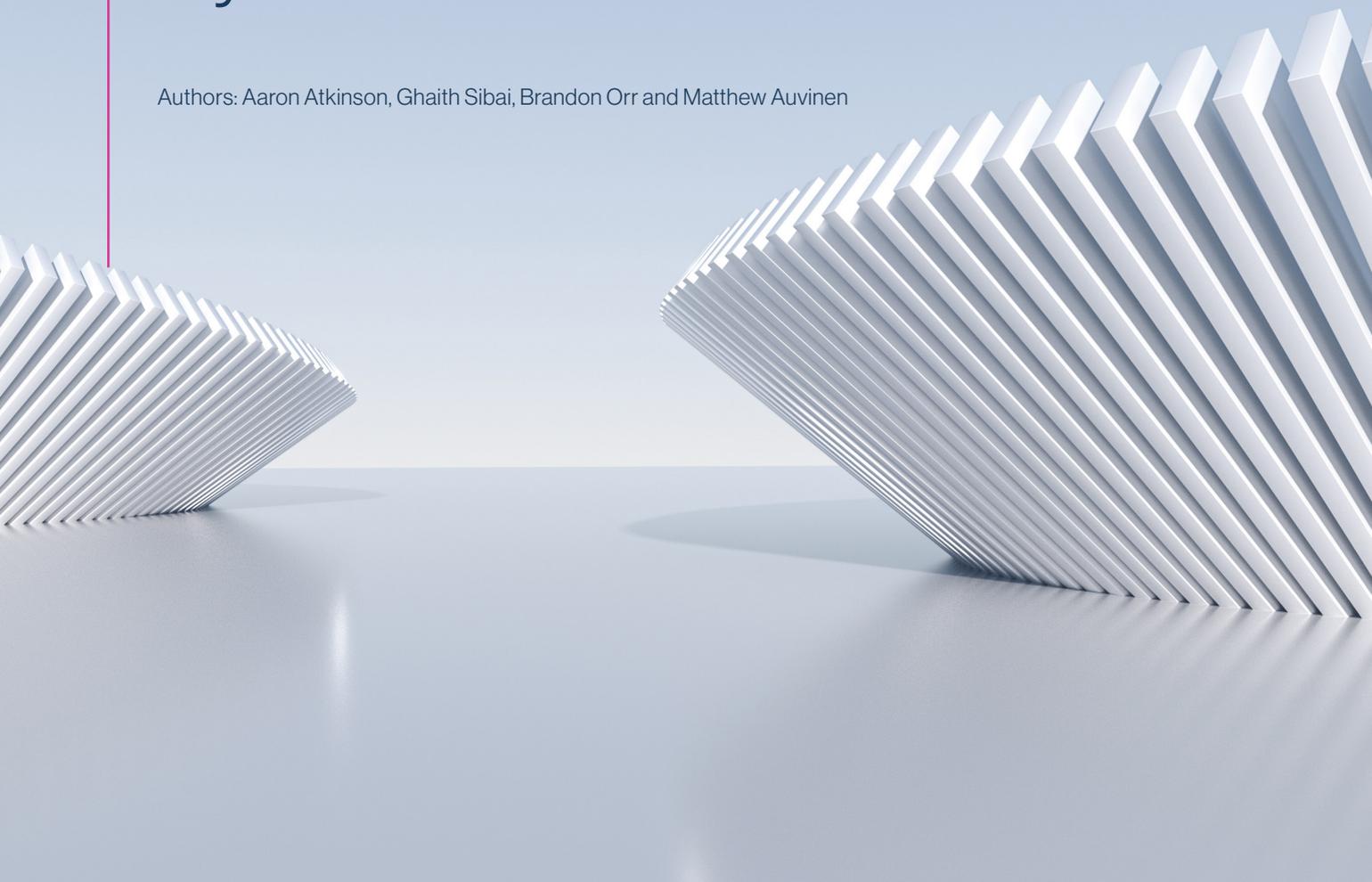


DAVIES

Governance Insights 2026

Shareholder Activism  
in Canada: Surprising  
Resilience and Shifting  
Dynamics

Authors: Aaron Atkinson, Ghaith Sibai, Brandon Orr and Matthew Auvinen





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Despite factors that might have otherwise presented challenges for activists, shareholder activism in Canada proved resilient in 2025. The passing of a year marked by geopolitical and economic uncertainty – a trend which shows no signs of abating – invites reflection on the characteristics of the Canadian activism space today: larger issuers being targeted disproportionately, with U.S.-based activists leading high-profile efforts; an increased focus on business strategy in campaigns; and the rising frequency of settlements and few contested shareholder meetings.

There has also been a significant reshaping of the shareholder engagement landscape, with Glass Lewis & Co.'s retreat from benchmark voting; the U.S. administration's executive order targeting the influence of proxy advisors; J.P. Morgan and Wells Fargo's shift away from proxy advisors to in-house AI-assisted voting; and Exxon Mobil's adoption of an automatic retail voting program late last summer.

In this instalment of *Governance Insights*, we examine these trends and offer insights for both issuers and activists.

## The Past Year

Given the strong returns delivered by the S&P/TSX Composite Index in 2024 (approximately 18.5%)<sup>1</sup>, we might have expected fewer vulnerable targets for activists to target in 2025. Additionally, geopolitical and economic uncertainty early in the year led to a general market slowdown and suggested a slower year for capital markets activity in general. Nonetheless, shareholder activism in Canada proved resilient in 2025, with activity levels (42 Canadian publicly listed companies subject to shareholder demands) consistent with 2024 (39 companies). Activity in the last two years remains only slightly below the average for the four years preceding the COVID-19 pandemic (45 companies).

Despite an inauspicious start, 2025 ultimately delivered stellar stock market returns (approximately 27.4% on the S&P/TSX Composite Index) and witnessed a second-half revival of M&A activity. Activists were generally rewarded for their efforts, as evidenced by their clear track record of success in 2025. Indeed, activists achieved all or part of their objectives in approximately two-thirds of campaigns that sought board representation, higher than the success rate achieved by activists in the prior two years.

<sup>1</sup> Source: S&P Global.

**Figure 1: Number of Canadian Issuers Subject to Activist Demands (2017 – 2025)**



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### ACTIVISTS CONTINUE TO DISPROPORTIONALLY TARGET LARGER COMPANIES

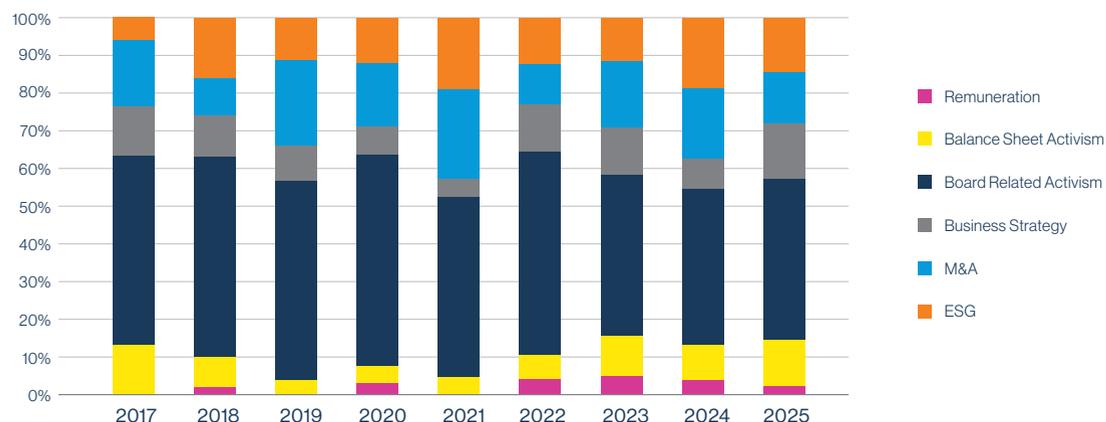
Larger cap Canadian issuers with a market capitalization over C\$1 billion were disproportionately targeted, comprising 30% of the targets in 2025, despite comprising approximately 15% of all operating issuers on the Toronto Stock Exchange and TSX Venture Exchange (excluding exchange-traded funds and close-ended funds). Figure 1 illustrates the historical number of larger cap and total Canadian issuers subject to shareholder demands.

High-profile efforts against larger cap Canadian issuers continue to be principally led by activists in the United States: for the past three years, U.S.-based activists have been responsible for almost half of all demands directed at larger cap Canadian companies. Notable campaigns in 2025 included Elliott Investment Management’s engagements with Lululemon Athletica and Browning West’s push for change at CAE, which it launched on the heels of its successful 2024 campaign at Gildan Activewear. We expect this trend to continue in 2026, especially given the increase in newly formed U.S. activist funds seeking to carve out a niche, including in the Canadian market. The rising number of players in the space may precipitate an increase in issuers being approached by multiple activists in parallel, forcing the issuer to simultaneously defend against competing demands.

### ACTIVISTS SHIFT THEIR FOCUS TO BUSINESS STRATEGY

The variety of shareholder demands has remained largely consistent over the past year, with the notable exception of a surge in campaigns focused on business strategy, which nearly doubled in 2025. In response to the tumultuous geopolitical and economic environment that unfolded throughout the year, companies have been compelled to revisit and refine their strategic direction. Companies that are slow to adapt risk becoming prime targets for activists who are increasingly emphasizing the imperative to build resilient, agile businesses capable of swift operational pivots in response to volatile and rapidly shifting economic and geopolitical landscapes.

**Figure 2: Public Demands to Canadian Issuers Proportionally by Type of Demand (2017 – 2025)**



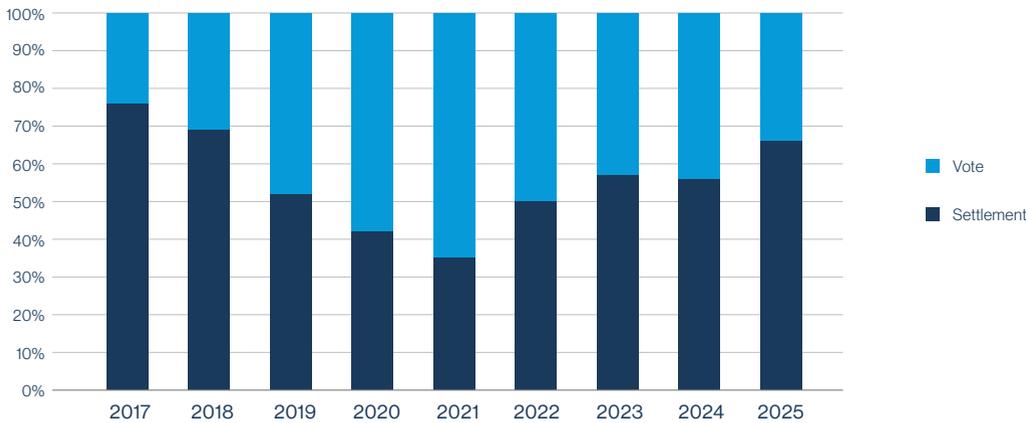
## FINDING COMMON GROUND: SETTLEMENTS ARE ON THE RISE

Despite significant activity levels in Canada in 2025, only four campaigns went the distance to a shareholder vote last year, with settlements continuing to dominate outcomes. In 2025, approximately two-thirds of board seats gained by activists at Canadian companies were achieved through settlement, the highest proportion in the last six years. This mirrors the trend in the United States, where over 90% of seats gained by activists at U.S.-based companies were secured by settlement.

Notably, all Canadian companies that proceeded to a contested shareholder vote in 2025 were smaller issuers with market capitalizations below C\$200 million, while nearly half of those entering settlements were issuers with market capitalizations exceeding C\$1 billion. Historically, large-cap issuers in Canada have overwhelmingly favoured settlements – all such issuers facing demands for board representation from 2022 to 2025 reached settlements. Outcomes for smaller companies remain more varied – on average, only half of non-large-cap issuers subject to demands for board representation over the past five years entered settlements, with the other half proceeding to a shareholder vote.

Larger issuers continue to drive settlements, with parties favouring earlier resolution in a bid to avoid prolonged uncertainty and costs.

**Figure 3: Board Seats Gained by Activists at Canadian Companies as a Percent of Total Seats Won, by Method Outcome and Year (2017 – 2025)**



## A Changing Landscape: Developments in Voting

### GLASS LEWIS MOVES AWAY FROM BENCHMARK VOTING

In October 2025, Glass Lewis announced that it will phase out its single, one-size-fits-all voting recommendations, transitioning to customized voting policies beginning with the 2027 proxy season. Rather than issuing a benchmark policy reflecting its “house view,” Glass Lewis will enable subscribers to select a voting policy better tailored to their priorities. While the approach remains under development, Glass Lewis indicated that clients will have access to a “spectrum of perspectives” to inform voting decisions, including a management-aligned perspective emphasizing board stability and operational execution; a governance fundamentals perspective focusing on board independence, accountability and pay-for-performance; an active-owner perspective prioritizing value creation (most closely resembling the current house view), capital allocation and performance turnarounds; and a sustainability perspective assessing environmental issues, social risks and policies that promote financial opportunities and mitigate materials risks associated with environmental and social issues.

This policy change underscores the growing recognition that shareholders have diverse perspectives and often distinct investment objectives. For activists, Glass Lewis’ proposed approach represents a structural rebalancing of the proxy advisory landscape: with the universal “house view” recommendation no longer the dominant voice, well-crafted campaigns can be more precisely calibrated to resonate with specific investor segments and the priorities they value most. For issuers, voting outcomes are likely to become less predictable, requiring companies to deepen their understanding of and engagement with their shareholder base, including shareholders’ evolving values and priorities.

While Institutional Shareholder Services Inc. (ISS) stated that it intends to maintain its benchmark guidelines, it has also recently expanded its product offerings for investors, including advisory services that do not include a voting recommendation. This may suggest potential openness by ISS to a more customized approach similar to the model announced by Glass Lewis.

## UPDATE: ISS CLARIFIES POLICY ON ADVANCE NOTICE BYLAWS

In late 2025, ISS released its updated proxy voting guidelines for TSX-listed issuers, effective for shareholder meetings on or after February 1, 2026. The guidelines clarify that ISS will not look favourably on advance-notice bylaws that include disclosure requests exceeding requirements under Canadian corporate or securities law. In particular, director questionnaires are likely to be considered unacceptable if they require excessive disclosure or are not made publicly available. The update is clarifying in nature and does not change the substance of ISS' existing guidance on the subject. Notably, we understand that ISS will generally not apply its proxy voting guidelines for TSX-listed issuers, including its policies relating to advance notice bylaws, to Canadian-incorporated issuers listed on the TSX that are also U.S. domestic issuers.

Advance notice bylaws remain essential tools for public companies, helping to prevent surprise nominations at shareholder meetings and ensuring that all shareholders receive sufficient information to make informed decisions. When adopting or amending these bylaws, boards should consider established best practices, which we outlined in [\*Governance Insights 2024: A Review of Shareholder Activism in Canada for 2024 – Key Decisions and Trends to Watch for in 2025\*](#).

## U.S. ADMINISTRATION VOTES “NO” ON PROXY ADVISORS

In December 2025, the current U.S. administration issued an executive order titled “Protecting American Investors from Foreign-Owned and Politically-Motivated Proxy Advisors.” The order aims to curtail the power of proxy advisory firms – particularly ISS and Glass Lewis – by criticizing their perceived prioritization of “radical politically-motivated agendas” such as diversity, equity and inclusion (DEI), and environmental, social and governance (ESG) initiatives, over investor returns. Among other things, it directs the Securities and Exchange Commission (SEC) to review and potentially revise regulations related to proxy advisors (including enhanced transparency on methodologies, conflicts of interest and DEI/ESG factors) and instructs the Federal Trade Commission (FTC), in consultation with the Attorney General, to investigate potential anticompetitive practices or unfair methods of competition.

These measures are directive in nature and will require subsequent agency action (such as SEC rulemaking or FTC investigations), which could face legal challenges. Although no comparable regulatory actions have been taken against proxy advisors in Canada, the U.S. developments may lead to short-term dampened support for DEI- and ESG-related shareholder demands north of the border, particularly as many Canadian institutional investors and activists draw on U.S.-influenced proxy guidance. Canadian companies with significant U.S. institutional ownership could feel indirect effects, with potential fragmentation in voting behaviour and reduced predictability in cross-border activism.

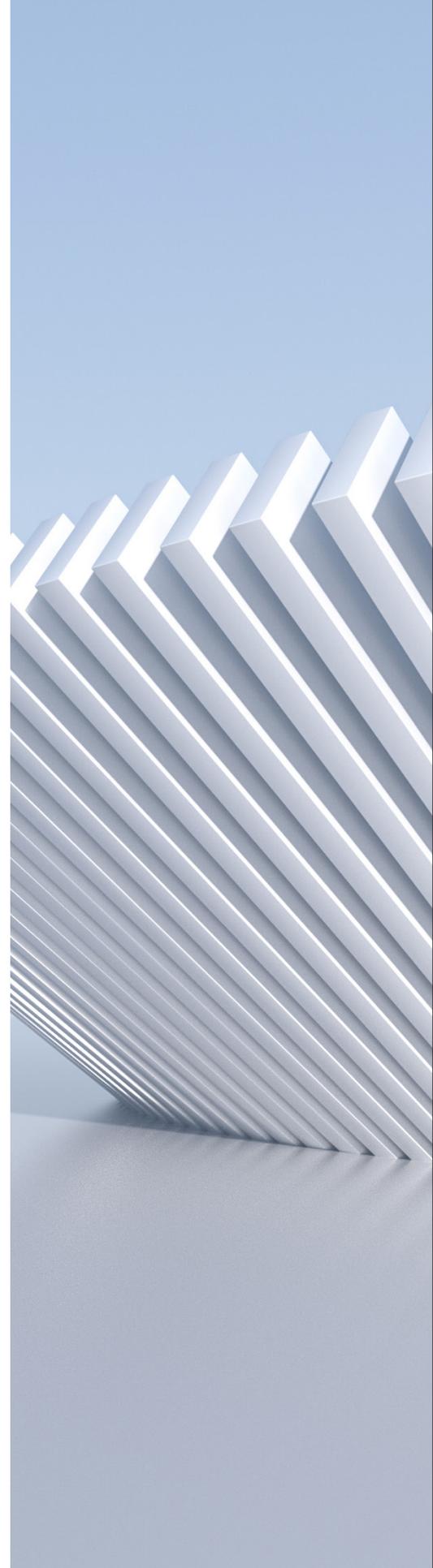
Over the longer term, sustained pressure on proxy advisors could accelerate the broader industry shift away from standardized benchmark voting toward more customized policies that better reflect the diverse priorities of individual institutional clients. This evolution may encourage Canadian issuers to deepen direct engagement with their shareholder base, as voting outcomes become less reliant on uniform proxy advisor recommendations and more tailored to specific investor objectives.

## **RETAIL VOTING PROGRAMS: EXXON MOBIL TESTS UNCHARTED WATERS**

In September 2025, the SEC issued a no-action letter confirming that it would not recommend enforcement action against Exxon Mobil Corporation's retail voting program. The program, adopted by Exxon to address low retail shareholder participation at its meetings, allows shareholders to provide standing voting instructions to Exxon to vote their shares in accordance with the recommendations of Exxon's board of directors at each annual or special shareholder meeting.

Notably, shareholders must opt in to the program. Once enrolled, their shares are voted in line with management's recommendations, unless the shareholder proactively opts out by submitting a specific proxy vote for a particular shareholder meeting. Shareholders may elect to provide standing instructions for all matters or for all matters except contested director elections or any transaction requiring shareholder approval. The potential impact of such programs could be significant, as activists may need to campaign for "opt-out" elections from participating shareholders who would otherwise not vote at meetings.

Such voting programs are likely to face heavy scrutiny in Canada, including legal hurdles, as Canadian corporate statutes do not permit standing voting instructions in perpetuity (unlike in New Jersey, which governs Exxon, and Delaware, where proxies can expressly remain valid past the statutory default). For example, under the *Canada Business Corporations Act* and other provincial corporate legislation, proxies are valid only for the meeting in respect of which they are given or any adjournment thereof. In certain provinces, including Ontario, proxies are valid for up to one year.



Automatic voting programs are unlikely to be implemented in Canada without regulatory relief, and it is unclear whether Canadian securities regulators have the requisite jurisdiction. Companies considering such a program would need to navigate Canada's proxy solicitation rules. In addition, Exxon's retail voting program has received criticism since the SEC granted its no-action letter – late last year, shareholder advocacy groups requested that the SEC rescind its no-action relief and a lawsuit was brought in New Jersey against Exxon and its board of directors, alleging, among other things, a breach of directors' fiduciary duties in adopting the program.

## Observations from Recent Contested Situations in Canada

### C-SUITE TURNOVER: CEO SUCCESSION IN THE CROSSHAIRS

At the end of 2025, a record 32 CEO resignations followed activist campaigns in the United States, surpassing 2024's previous high of 27.<sup>2</sup> In Canada, C-suite turnover following activist campaigns remains less frequent than in the United States (reflecting fewer overall campaigns), but 2025 saw seven C-suite<sup>3</sup> departures within approximately one year of a public demand at Canadian issuers. This is lower than the 11 resignations in 2024 and 17 in 2023, but C-suite resignations have historically followed in roughly 15% to 30% of public demands directed at Canadian issuers. C-suite succession has become a hot topic for issuers and activists alike, especially in the U.S., with recent examples including Mantle Ridge's campaign at Air Products and Chemicals, Inc. and Trian Fund Management's campaign at The Walt Disney Company. It was also a key area of focus for activists in Canada, with recent examples including Browning West's campaign at CAE and Elliott Investment Management's campaign at Lululemon Athletica.

Succession planning remains a critical governance priority for boards, not only to mitigate activist criticism but also to ensure the company's long-term stability and success. A mishandled plan can invite succession-related activism resulting in wholesale change, as was the case in Browning West's campaign at Gildan Activewear in 2024. However, the absence of an announced and clear succession plan is not necessarily fatal if current executive leadership is viewed as strong and capable and the company has strong financial results to reinforce shareholder confidence in management, as was the case in Trian's unsuccessful proxy contest at Disney.

### M&A AS AN ACTIVISM DEFENCE

Pursuing an M&A process is a high-stakes response to an activist. The tactic carries numerous risks, including the risk that potential bidders may feel that they have greater leverage in negotiations given that the target board is already under pressure from the activist. In its recent battle with major shareholder Simpson Oil Limited (Simpson Oil), Parkland Corporation (Parkland) managed to successfully deploy this strategy at the eleventh hour.

In April 2025, Simpson Oil, then the largest shareholder of Parkland with approximately 19.8% of its common shares, nominated 9 individuals for election to Parkland's 13-person board. Before the formal nomination, Simpson Oil had engaged with Parkland's board and publicly advocated for a strategic review, including a potential sale of the company.

2 Source: Barclays Shareholder Advisory Group, Q3 2025 Review of Shareholder Activism.

3 Includes Executive Chair position.

Two business days before Parkland's annual meeting, and following the proxy deposit deadline, Simpson Oil announced that over 60% of Parkland's outstanding shares had voted on its proxy and that it expected its nominees to represent a majority of the board. However, one day before the meeting, Parkland announced that it had entered into a definitive agreement to be acquired by Sunoco LP and that the annual meeting would be rescheduled as an annual and special meeting to be held later in June. Ultimately, Parkland shareholders (including Simpson Oil) voted in favour of the sale to Sunoco.

Parkland's sale serves as a useful reminder that announcing a transaction (or the commencement of a strategic review) can allow incumbent directors to stave off a shareholder seeking their replacement. Faced with a choice between an immediate liquidity event at a premium and a longer-term turnaround, some shareholders might be expected to opt for liquidity. That said, announcing a transaction or the commencement of a strategic review can also attract significant scrutiny and may backfire. As witnessed in the 2024 proxy contests involving Gildan Activewear and Dye & Durham, shareholders rejected the incumbent board's sale process in favour of substantial board change.

## Outlook for 2026

If markets keep shaking off continued geopolitical and economic uncertainty, the resurgence of M&A activity that we saw in the second half of 2025 may encourage a greater number of M&A-focused campaigns in 2026. Early 2026 has already witnessed a number of headline-grabbing geopolitical developments, which in other times may have been more likely to spook the markets. If investors and dealmakers pull back then all bets are off as to what 2026 may hold for activism in Canada. Regardless, issuers of all sizes would be well-advised to proactively address vulnerabilities and strengthen their relationships with their key shareholders and other stakeholders.

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*Note on the data: Activism data in this chapter was sourced from Diligence Market Intelligence (unless otherwise noted) and excludes shareholder proposals.*

# Key Contacts

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If you would like to discuss any of the issues raised in this report or receive more information, please contact any of the individuals listed below or visit our website at [www.dwpv.com](http://www.dwpv.com). To request a printed copy, [email us](#).



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