2026 proxy season marked by uncertain engagement climate

Stakeholders across the proxy ecosystem are adjusting to a different playing field amid shifts at the United States Securities and Exchange Commission (SEC) on shareholder proposals, filer status, and reporting cadence for public companies. Those shifts have "caused a lot of handwringing in the C-suite and at the board level," said Freshfields Partner Pamela Marcogliese. "We're also seeing change on the investor side."

On a June 25 KPMG LLP webcast, Marcogliese, Freshfields Partner Elizabeth Bieber, and KPMG Board Leadership Center Senior Advisor Stephen L. Brown discussed significant actions and outcomes from the 2026 proxy season, the outlook for further regulatory shifts, and changing dynamics in investor activism.

Watch the webcast and read Freshfields' analysis

"Proposals aren't stopping. Companies seem reluctant, at least in the short term … to omit proposals from the proxy statement," said Marcogliese. "And there continues to be a decent amount of confusion as to what the other stakeholders in the ecosystem are going to do about this."

On November 17, 2025, the SEC Division of Corporation Finance issued a Staff statement "that fundamentally altered how the SEC would approach its role as arbiter of shareholder proposals" under Rule 14a-8, according to a Freshfields analysis.[1] The SEC said it would only consider no-action relief based on an "improper under state law exclusion," and that for all other proposals it would provide companies with an automatic "no objection" letter response "based solely on a representation by the company that it has a reasonable basis to exclude the proposal under Rule 14a-8."

1 "Trends and Updates from the 2026 Proxy Season," Freshfields, June 24, 2026

2026 proxy season highlights

- **Uncertain engagement climate sets the tone.** A fluid and increasingly fraught engagement landscape, set in motion by 2025 SEC guidance impacting passive investor qualification and amplified by evolving institutional investor dynamics, investor unease, and uncertainty regarding the future of Rule 14a-8, resulted in a more reactive, higher-stakes environment.
- **Proponents lean into core governance.** There was a marked increase in governance proposals and corresponding decrease in environmental, social, and compensation proposals. Shareholder support for governance proposals fell significantly while support for environmental and social proposals increased slightly.
- **Themes stay the same.** ESG proposals covered similar topics in largely the same proportion as the last few years despite the overall decrease in environmental and social proposals. Proposals on new topics reflected the broader social landscape as expected, but anti-ESG is a larger proportion of those proposals.
- **Referee leaves the field (and might take the ball home).** The SEC stepped out from the Rule 14a-8 process after its long-standing role as arbiter and signaled upcoming rulemaking, leaving companies and proponents uncertain about next steps and the future of Rule 14a-8. Early fears that companies would take significant unilateral action were not borne out.
- **AI infiltrates proxy season.** There was an increase in AI-related proposals and investor demand for AI governance across all broad proposal categories, while institutional investors and proxy advisory firms address how AI impacts their stewardship models.
- **Institutional investor influence splinters.** Investors and proxy advisory firms are moving away from a more centralized stewardship model, changing the dynamics of shareholder engagement and how companies address solicitation efforts.
- **The new wave of activism.** Activism levels remain elevated with next-generation activists vying for brand name status, while first-time activists battle to gain credibility.

Source: Freshfields US LLP.

According to Freshfields' analysis, 65.6% of known proposals were included in proxy statements as of June 15, 2026, compared to 59.3% of all known proposals in 2025. Similarly, 22.1% of known proposals were omitted following receipt of an SEC no-objection letter, compared to 23.4% that received no-action relief in 2025. No companies sought a court ruling to exclude a proposal or asked for no-action relief under the state law exclusion as of June 15, 2026.

Potential amendments to Rule 14a-8 are currently on the SEC's rulemaking agenda.

In aggregate, through June 15, Freshfields observed a significant increase in governance-related proxy proposals this year, alongside a significant drop in social, environmental, and compensation proposals. Only 3% of shareholder proposals received majority support, primarily for reincorporation or board declassification.

Shareholder proposal category	2025	2026
Environmental	140	98
Social	311	179
Governance	244	322
Compensation	55	16

Source: ISS data through June 15, 2026, via Freshfields US LLP.

Proposals seeking reincorporation to Texas or Nevada from Delaware saw continued success this season. Seven of eight submitted proposals passed and, unlike prior years in which controlled companies saw the majority of proposals, only two companies were controlled. The most common reasons for reincorporation were litigation risk, cost savings, operations, and a favorable legal environment.

"This is a trickle, but it's a trickle that's not stopping," said Freshfields' Bieber. "With eight proposals last year and eight this year, and if you have eight next year … then IPOs starting in different jurisdictions … within the next five or ten years, it is a real possibility that that tide will have shifted in terms of a single state of incorporation dominance."

Bieber and Marcogliese also highlighted the emergence of AI-related proposals. There were 24 known AI-related proposals with shareholder support ranging from 1% to 23% for those that went to a vote. Proposals "have largely been received by companies that have deployed AI and AI-enabled tooling at significant scale," on topics from data privacy, misinformation, emissions and water impact, and board oversight, according the Freshfields analysis.

Stewardship in transition

- **Prioritizing financial performance.** Institutional investors are recalibrating voting frameworks to prioritize total shareholder return and core operating and financial metrics. Many have revised their voting guidelines to emphasize financial performance.
- **Expansion of investor choice.** Asset managers are scaling custom and pass-through voting offerings, giving more underlying investors direct influence over voting decisions. Eligible investors can now select from a growing range of third-party and proprietary voting policies.
- **Reduced reliance on proxy advisors.** Certain large institutional investors are shifting proxy voting in-house by expanding internal stewardship teams and leveraging AI-enabled tools, reducing their historical reliance on proxy advisory firms.
- **Countervailing public pension trends.** Public pension funds are maintaining more prescriptive ESG agendas, using mandates and engagement to pressure asset managers.
- **ESG divide between US and European investors.** European investors are reinforcing sustainability mandates while US investors retreat from ESG, a divergence influenced by anti-ESG executive orders in the US.

Source: Freshfields US LLP.

Other SEC actions

In May 2026, the SEC proposed a rule that would consolidate filer status designations and extended accommodations previously reserved for emerging growth companies to a "much broader array of companies," according to Freshfields. There are five tiers of filers in the current framework, while the proposed framework under consideration by the SEC would only categorize companies as "large accelerated filer" or "non-accelerated filer".

Bieber noted that filer status determines a number of requirements, such as when quarterly and annual reports are due and the type of forms companies use when making a securities offering or putting certain items to a vote in the proxy.

The SEC has also proposed a rule that would permit (but not require) public companies to report their financial results twice a year instead of on a quarterly basis. Freshfields' Marcogliese commented that both investors and employees have relied on the quarterly earnings cadence from American companies for information and stock purchases or sales. "I wouldn't be surprised if a hybrid emerges in which companies continue quarterly calls and earnings releases, while only filing every six months," she said.

Among 133 self-identified public-company directors surveyed by the BLC in May and June, one-third said that their company or board had already had a substantive discussion on the proposed semiannual reporting option.

Inside-out activism

More than a quarter of the campaigns during the first few months of 2026 were by first-time activists. Many of those were former company insiders and founders "who may have been rebuffed privately and have decided that there is a more effective way to gain support," said Bieber.

"They are emulating hedge-fund activists and using similar playbooks, but the dynamics can be very different with former insiders," Bieber said. "Former insiders have much more at stake reputationally and have much more of an emotional connection … They often see their legacy, their work, their ethos, their founding vision tied to their activism."

"With global uncertainty, we've seen more activist campaigns on strategic, operational, and capital returns theses coming back … then, in a more robust dealmaking environment, we see more M&A-related activism," said Bieber. That follows record-level annual campaign activity of 255 campaigns in 2025 for companies with market capitalization greater than $500 million at the time of the campaign announcement, according to Freshfields.

The views and opinions expressed herein are those of the speakers and do not necessarily represent the views and opinions of KPMG LLP.

Has your company/board had a substantive discussion on the proposed semiannual financial reporting option for public filers?

32% Yes

3% Unsure

59% No

6% N/A

Source: Survey responses from 133 self-identified public company corporate directors registered for the June 25, 2026 KPMG BLC webcast.

2026 Activism and related trends

- **Continued focus on M&A+**. Robust deal markets, a favorable regulatory environment, and ample capital spurred M&A-driven activism, while global economic uncertainty is driving strategic, operational, and capital return theses.
- **CEOs in the crosshairs.** Elevated CEO turnover in the market is mirrored in activism, with increasing calls for CEO replacement during campaigns and significant postcampaign turnover.
- **Alternatives to activism.** Activists are increasing use of withhold campaigns targeting individual directors, coupled with heightened scrutiny of performance and oversight.
- **First timers and inside out.** First-time activists continue to represent a meaningful share of activity, with a growing number and prominence of former insiders adopting activist playbooks.
- **Buckle in for the long haul.** Activism engagements are lengthening into multiyear engagements, increasingly complicated by the arrival of multiple activists.
- **Proxy advisory firms hold strong.** Proxy advisors, under growing scrutiny and evolving internal policies, continue to be supportive of activist nominees; while generally no longer outcome determinative, recommendations continue to drive late settlements.

Source: Freshfields US LLP.

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