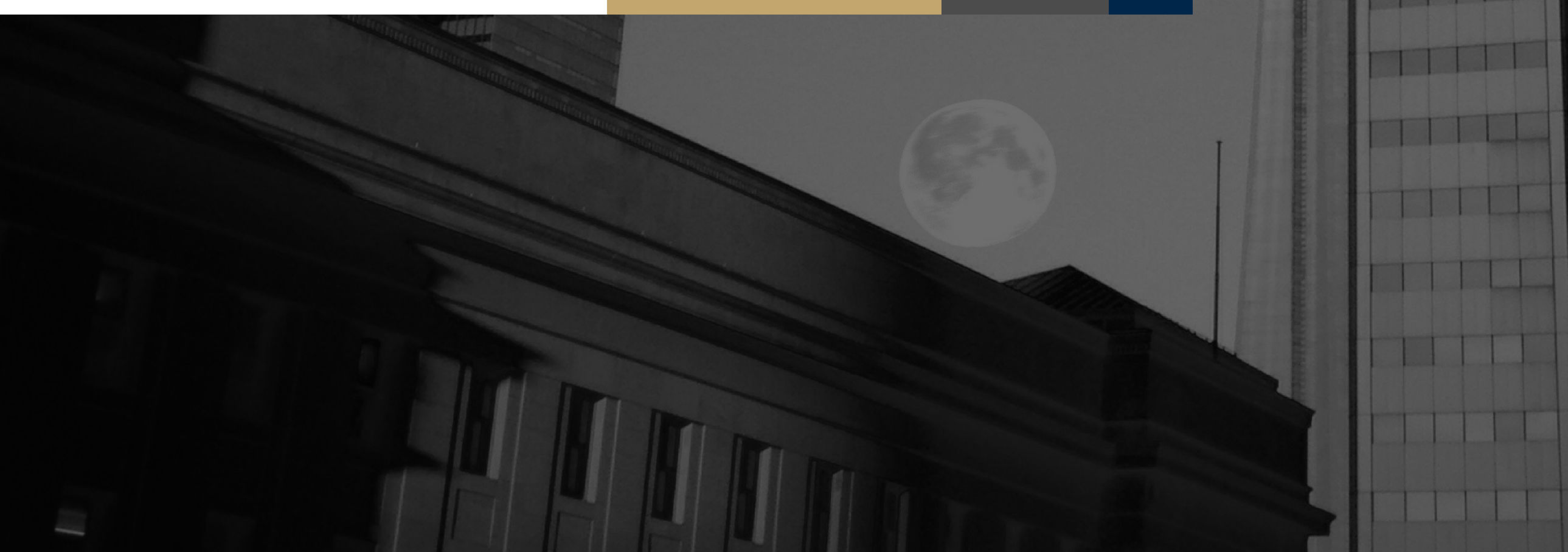
KINGSDALE Advisors

2025 PROXY SEASON REVIEW

The Future of Proxy Advice and Shareholder Engagement



Welcome To The 2025 Proxy Season Review

The 2025 proxy season has been defined by turbulence. Economic headwinds, shifting regulations, political uncertainty and heightened activist pressure on M&A have created a governance environment that is as complex as it is unpredictable. For boards, executives, and investors alike, the only constant has been change, and the need to adapt quickly.

At Kingsdale, we see this season as a turning point. It revealed not just where governance debates are headed but also how quickly they are evolving. A few themes stand out.

- **Shareholder Activism and M&A pressures intensify**
  Activists continued to target companies they viewed as vulnerable, pressing for change both publicly and, more often, behind the scenes. In an uncertain economy, it was easier for them to secure a quick win by pushing for a sale. Only companies with strong boards and the backing of committed long-term shareholders succeeded in resisting these pressures and advancing their own value creation strategies.

- **Board diversity and climate disclosure face headwinds**
  President Trump's January 2025 executive order restricting diversity, equity, and inclusion initiatives sent immediate shockwaves through the governance world. Some institutional investors unfortunately rolled back diversity targets, and ISS suspended its diversity policy for U.S. boards. In Canada, momentum on mandatory climate and diversity disclosure stalled as regulators paused key initiatives. New rules from the Competition Bureau raised legal concerns about communicating environmental commitments. Diversity and disclosure, once considered settled ground, are now back in play.

- **The arrival of AI on the shareholder agenda**
  From zero proposals in 2024 to fourteen this year, artificial intelligence became a visible feature of the proxy landscape. While none passed, with the highest support at just 17.4% and four withdrawn, the fact that investors are filing these resolutions signals growing concern over AI oversight. As adoption accelerates, boards should expect these questions to intensify in 2026.

- **Proxy advisors under the microscope**
  ISS and Glass Lewis continue to dominate proxy debates, but policymakers are asking whether that dominance has gone too far. Regulatory scrutiny in the United States is rising, with proposals at both federal and state levels aimed at curbing their influence. How this develops is uncertain. What is certain is that companies cannot rely solely on proxy advisors. Direct, proactive engagement with shareholders has never been more important, even as it becomes more difficult to secure.

Welcome To The 2025 Proxy Season Review

Looking ahead, 2026 will demand agility, foresight, and courage. Corporate governance is evolving at breakneck speed, and the boards that prepare before activists appear will be the ones that thrive. At Kingsdale, our commitment is to help leaders not only navigate emerging challenges but also turn them into opportunities.

The pages that follow provide a detailed review of these developments, with insights and data to help boards, executives, and investors understand what happened in 2025 and what it means for the path ahead.

To the corporate leaders across North America who place their trust in us, thank you. Our mission has always been to provide you with the strategies, tools, and insights you need to succeed in the face of change. That mission has never been more vital, or more urgent.

Wes Hall
Founder and CEO

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Your Partner When The Stakes Are Highest

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PROXY SOLICITOR, CANADA
(COMPANY SIDE)

100%
WIN RATE FOR CLIENTS IN SPECIAL SITUATIONS

#4
PROXY SOLICITOR, GLOBALLY
(LSEG*)

#9
PROXY SOLICITOR, GLOBALLY
(BLOOMBERG*)

Shareholder & Governance Advisory
- Defence & M&A Strategy
- Governance & Compensation Strategy

Data Intelligence
- Shareholder Mapping & Predictive Analytics
- Real-Time Voter Behaviour Insights

Targeted Investor Engagement
- Institutional & Governance Outreach
- Retail Vote-Driving Campaigns

Voter Experience Platform
- Branded, Integrated Omnichannel Experience
- Dedicated In-House Engagement Centre

Corporate Actions Events

Strategic Communications

Vote and Tabulation Agent

Independent Registrar & Member Services

* Data sourced from H1 2025 Activism League Tables published by Bloomberg and London Stock Exchange Group (LSEG). Kingsdale's win rate reflects outcomes from the 2025 proxy season. Globally, Kingsdale ranked No. 4 with LSEG and No. 9 with Bloomberg.

Shareholder Activism

2025 Proxy Season Timeframe:

July 1, 2024 – June 30, 2025[1]

What Counts as a Proxy Contest?

We consider the fight to be on if a shareholder publicly targets a company by:

- Making its activist intent known through a news story, a press release, a 13D or an early warning report;
- Requisitioning a shareholder meeting;
- Announcing an intention to nominate alternate directors;
- Soliciting alternative proxies;
- Conducting a "Vote No" campaign on either the election of directors or M&A transactions; or
- Announcing an intention to launch a hostile bid.

This is regardless of whether a vote or the hostile bid actually takes place.

What Counts as a Win?

For Activists:
Achieving any of their objectives or successfully blocking a transaction.

Withhold/"Vote No" Board Campaigns:
An activist is deemed to win a Withhold/"Vote No" board campaign when any of the directors the activist is seeking to be removed receive less than majority shareholder support.

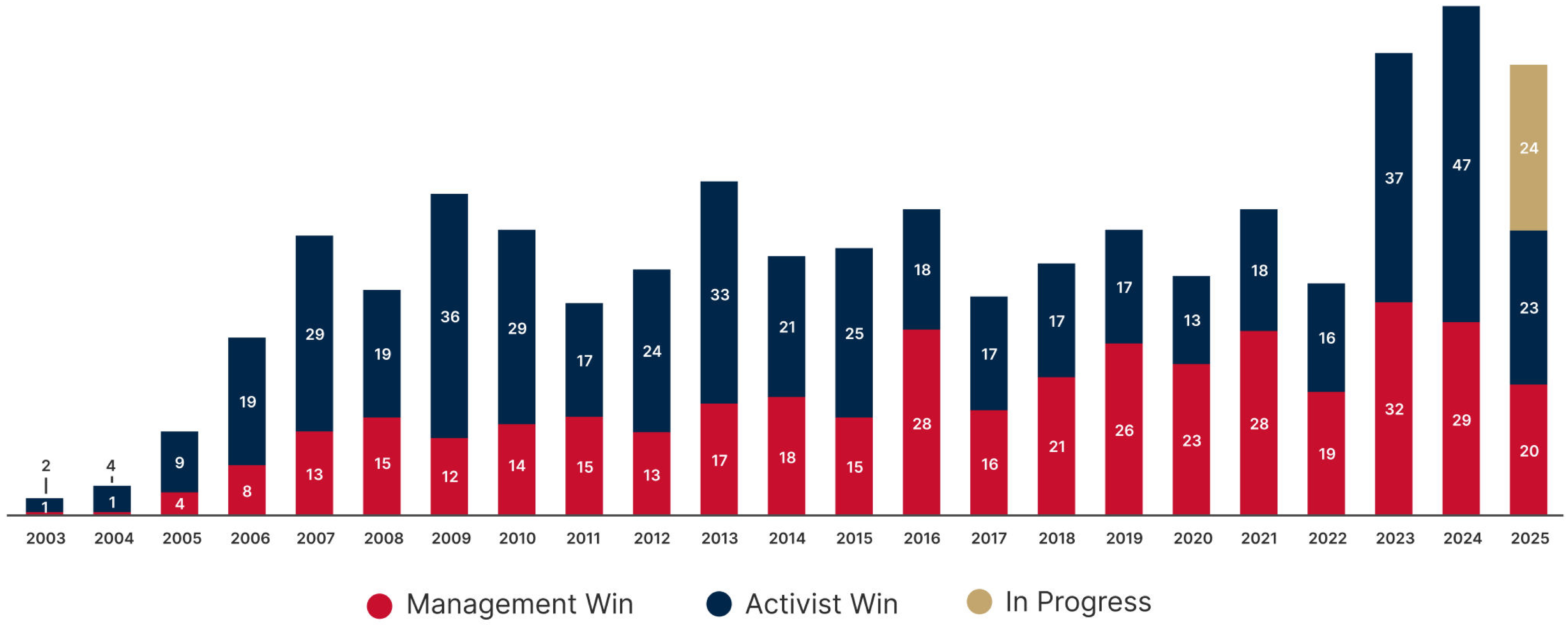
For Management:
An activist's requests do not go through.

Hostile Bids:
If the target's board successfully fends off the bid or increases the value of the offer and reaches a friendly deal, we consider that a win for management (and shareholders).

Friendly Transactions:
An activist wins if they successfully block the transaction or get a higher price than originally proposed.

1. Data sources for this report were provided from Kingsdale Advisors and supplemented by other sources, including non-public and public sources such as press releases, proprietary and public industry databases and news publications. Some numbers may not sum to 100% due to rounding. Data is current as of June 30, 2025, unless otherwise stated.

Proxy Contests In Canada



- Shareholder activism continues to play a prominent role in the Canadian market.
- Kingsdale has tracked 67 campaigns initiated by shareholder activists in the 2025 proxy season in Canada.
    - This is slightly lower than the record 76 campaigns launched in 2024, and the 69 campaigns launched in 2023, but well above the five-year average of 59 campaigns.
- While activists won 53% of the concluded fights in 2025, their share of wins is markedly lower than in 2024 (62%). Management is closing the gap in terms of wins versus activists, suggesting that companies are increasingly better prepared for activist attacks.
- Data includes **only publicized campaigns;** activist shareholders continue to privately engage and agitate.

Source: Kingsdale Advisors from various sources. Years are Proxy Season Years from July 1 to June 30. Categorizations made by Kingsdale.

2025 Campaign Characteristics

Target Companies

Exchange-Listed

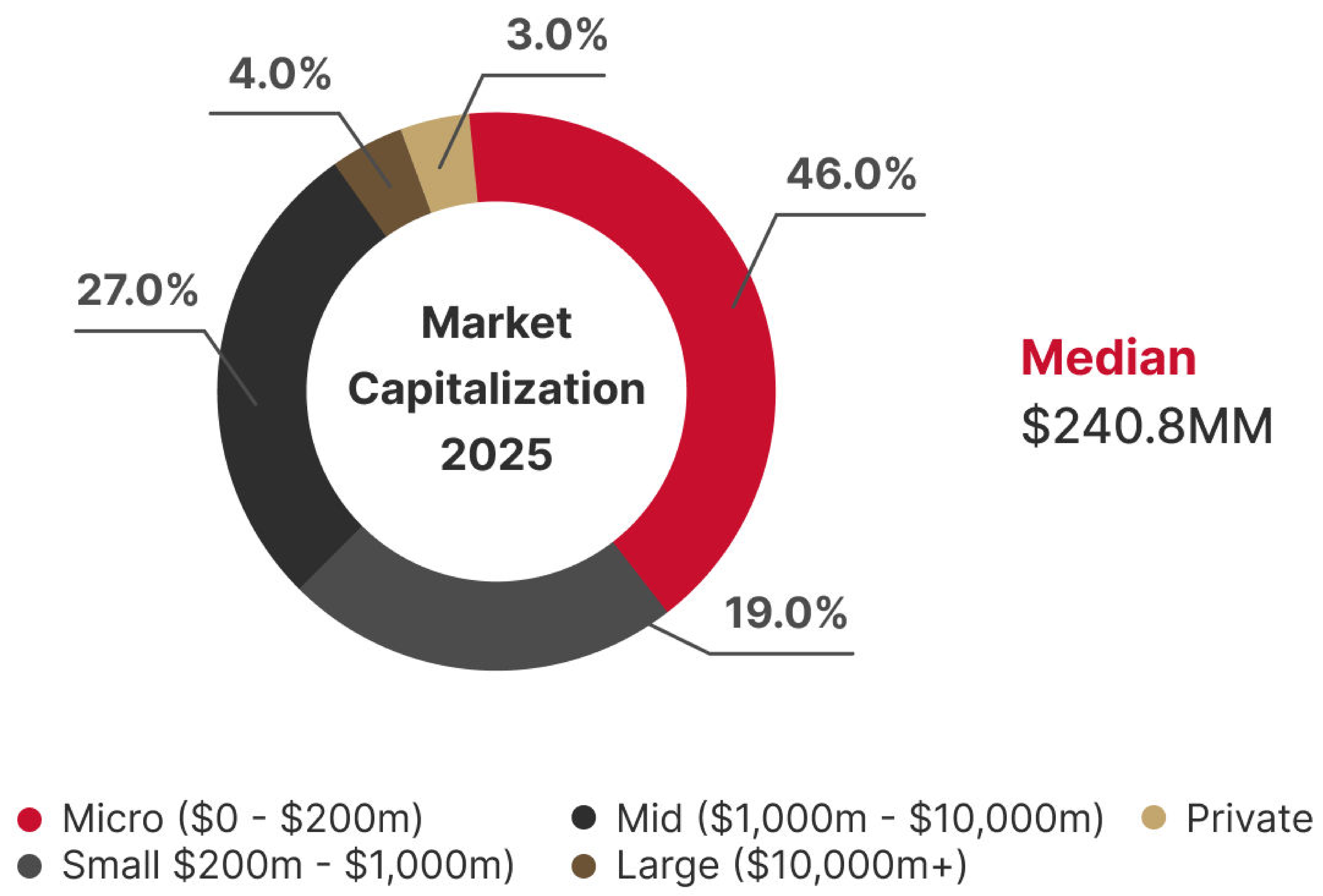
65

Slightly down from 2024 and 2023

Not Exchange-Listed

2

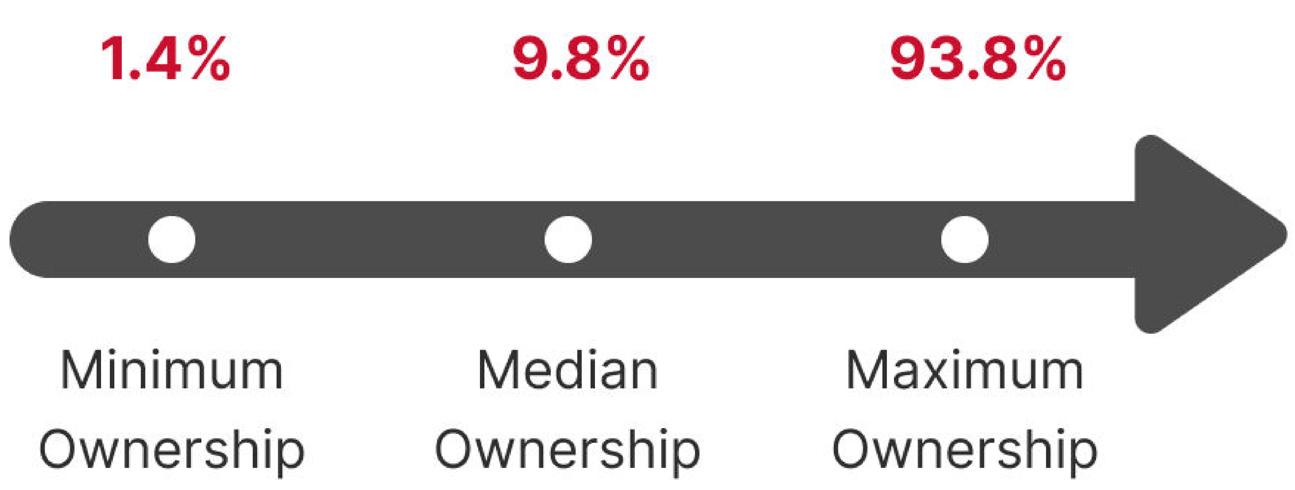
Up from none in the last few years

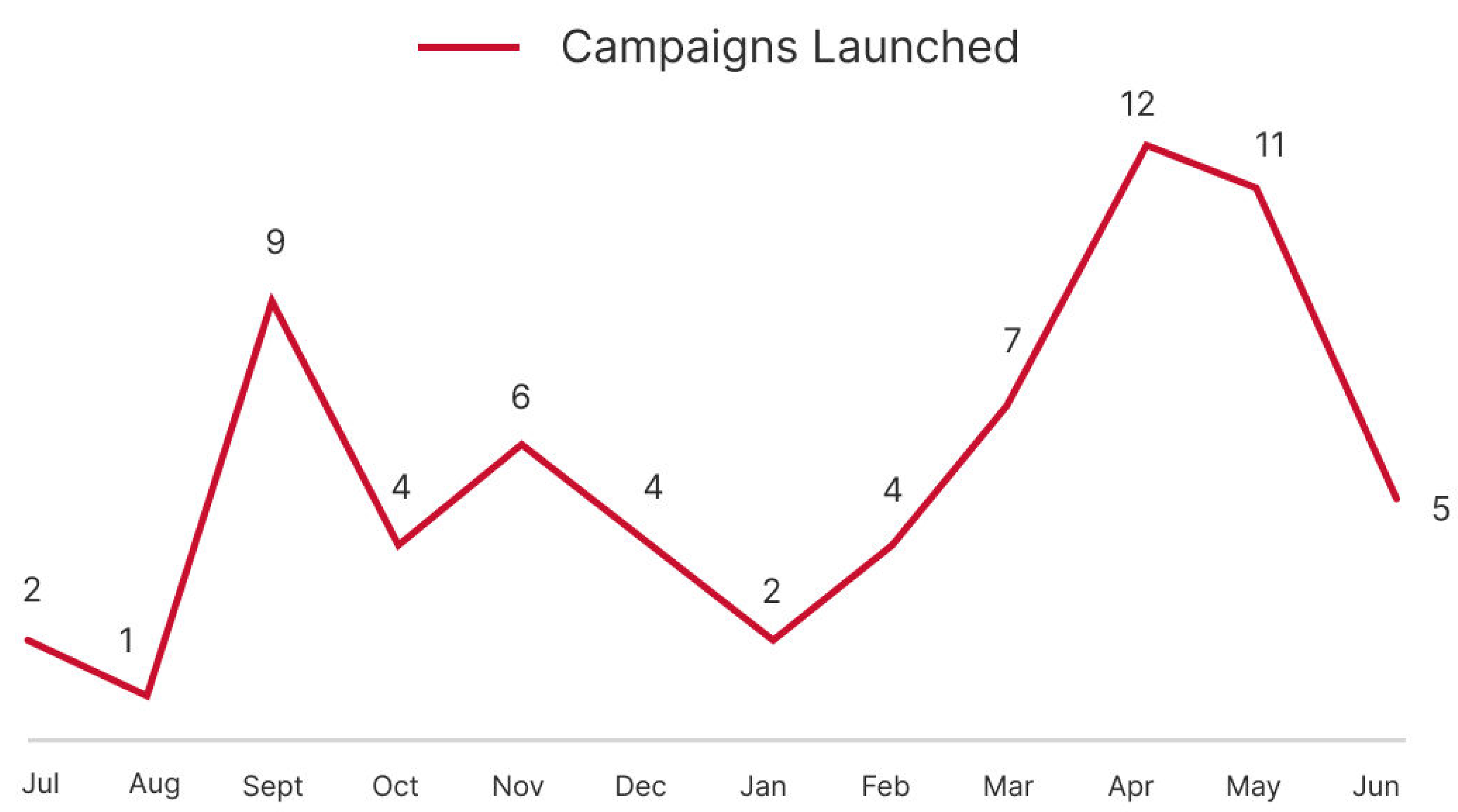


Median
$240.8MM

Ontario	Alberta	British Columbia	Quebec	Saskatchewan	Newfoundland and Labrador	Other
20	14	13	12	1	1	6

Activist Investors





Meeting Requisitions **13** Highest since 2020

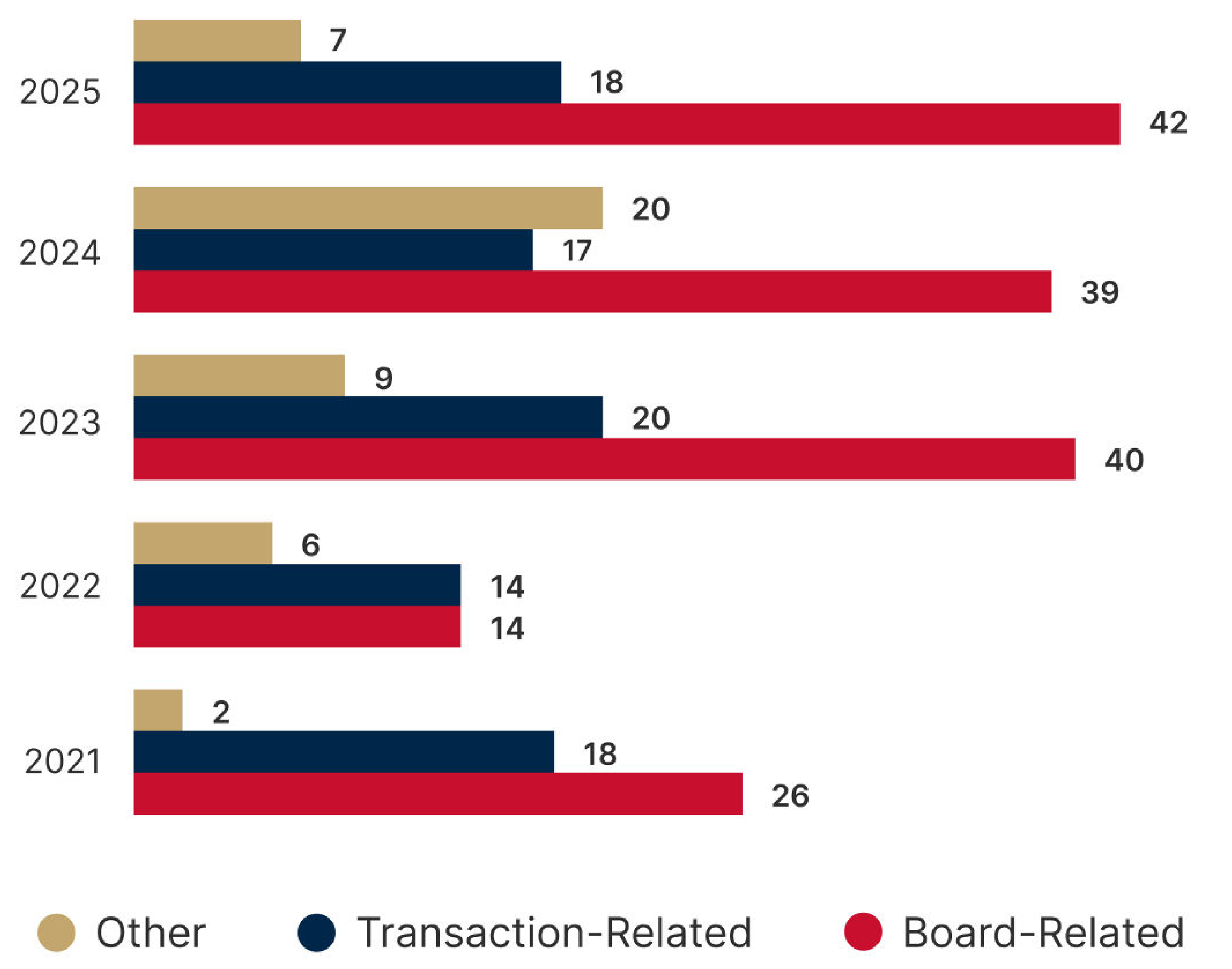
Source: Kingsdale Advisors from various sources. Years are Proxy Season Years from July 1 to June 30.
Market Cap for pie chart is in $CAD millions.

Most Targeted Sectors In Canada

01.	**Health Care**	Up from 12 in 2024	16
02.	**Materials**	Up from 13 in 2024	15
03.	**Energy**	Up from 8 in 2024	11
04.	**Information Technology**	Down from 9 in 2024	7
05.	**Industrials**	Up from 4 in 2024	6
06.	**Real Estate**	Down from 7 in 2024	4
07.	**Consumer Discretionary**	Down from 5 in 2024	3
08.	**Utilities**	Down from 4 in 2024	2
08.	**Financials**	Down from 4 in 2024	2
10.	**Communication Services**	Down from 7 in 2024	1

Source: Kingsdale Advisors from various sources. Years are Proxy Season Years from July 1 to June 30.

What Shareholder Activists Want



- **"Board-Related"** campaigns include situations whereby an activist has put forward an alternative director slate or has initiated a Withhold/"Vote No" campaign.
- **"Transaction-Related"** campaigns include instances whereby an activist contests a friendly transaction, launches a hostile bid or demands that a company conduct a strategic review (without targeting the board for removal).
- **"Other"** campaigns include those whereby the demands are not yet known or may be criticism of a governance or financial practice.

> Though activism was down slightly overall, the 2025 proxy season saw a record number of board-related campaigns. Board-related campaigns accounted for over 60% of all shareholder activist campaigns initiated at Canadian companies (42 of 67 campaigns).

- For campaigns concluded so far, 67 seats were requested by activists but only 21 (31%) of these were achieved, compared to 42 of 99 (42%) achieved last year. Full slate campaigns made up 50% of board requests this year, up from 32% last year.

> Transaction-related campaigns (with no board-related component) accounted for 18 of 67 campaigns.

- Proportion of transaction-related campaigns has dropped in recent years amid an overall slump in M&A activity. However, the absolute number is still high and is expected to increase as M&A activity rebounds.

> Remaining seven activist campaigns categorized as "Other."

Kingsdale's full suite of services help boards and activists alike to identify a company's vulnerabilities and consider ways to mitigate risks.

Source: Kingsdale Advisors from various sources. Years are Proxy Season Years from July 1 to June 30.

What Shareholder Activists Want

A few key overarching themes were central to the activist campaigns launched this year. Below are examples of campaigns where the activist's arguments involved certain recurring criticisms:

Poor Performance

- **Parkland Corporation:**
  "A fragmented portfolio with unrealized and missed synergies—all of which are evident in the Company's deteriorating financial performance and relative return on invested capital (ROIC)." ***(Simpson Oil)***

- **MediPharm Labs:**
  "...MediPharm Labs' severe underperformance, reckless strategic missteps, and alarming destruction of shareholder value...have placed the company in serious jeopardy while the management team receives exorbitant pay packages." ***(Apollo Capital)***

Capital Allocation

- **Dynacor Group:**
  "In just six months, the company: 1) suspended share buybacks, 2) increased the dividend, 3) conducted a discounted capital raise to handpicked parties, 4) signaled further dilution, 5) resumed buybacks. This is erratic behaviour." ***(iolite Partners)***

- **Transat A.T.:**
  "It is unjust and unwarranted for the Corporation to dilute its shareholders' equity without shareholder approval through a [debt] restructuring operation that ultimately does not ensure the Corporation's long-term viability..." ***(Financière Outremont)***

Transaction Campaigns

- **Calibre Mining – Equinox Acquisition:**
  "We are not supportive of this transaction. We don't see any synergies between any of the companies' operations... Both operate in the Americas, but in vastly different locations." ***(Van Eck)***

- **Sierra Metals – Hostile Takeover:**
  "For Alpayana, despite the listed challenges, it views the acquisition of Sierra as an attractive opportunity as Alpayana has the resources available to eliminate the high corporate expense, the high yield debt and inject fresh capital to support the capex required to support the company's growth and cover the working capital shortfall." ***(Alpayana S.A.C.)***

Governance Reforms

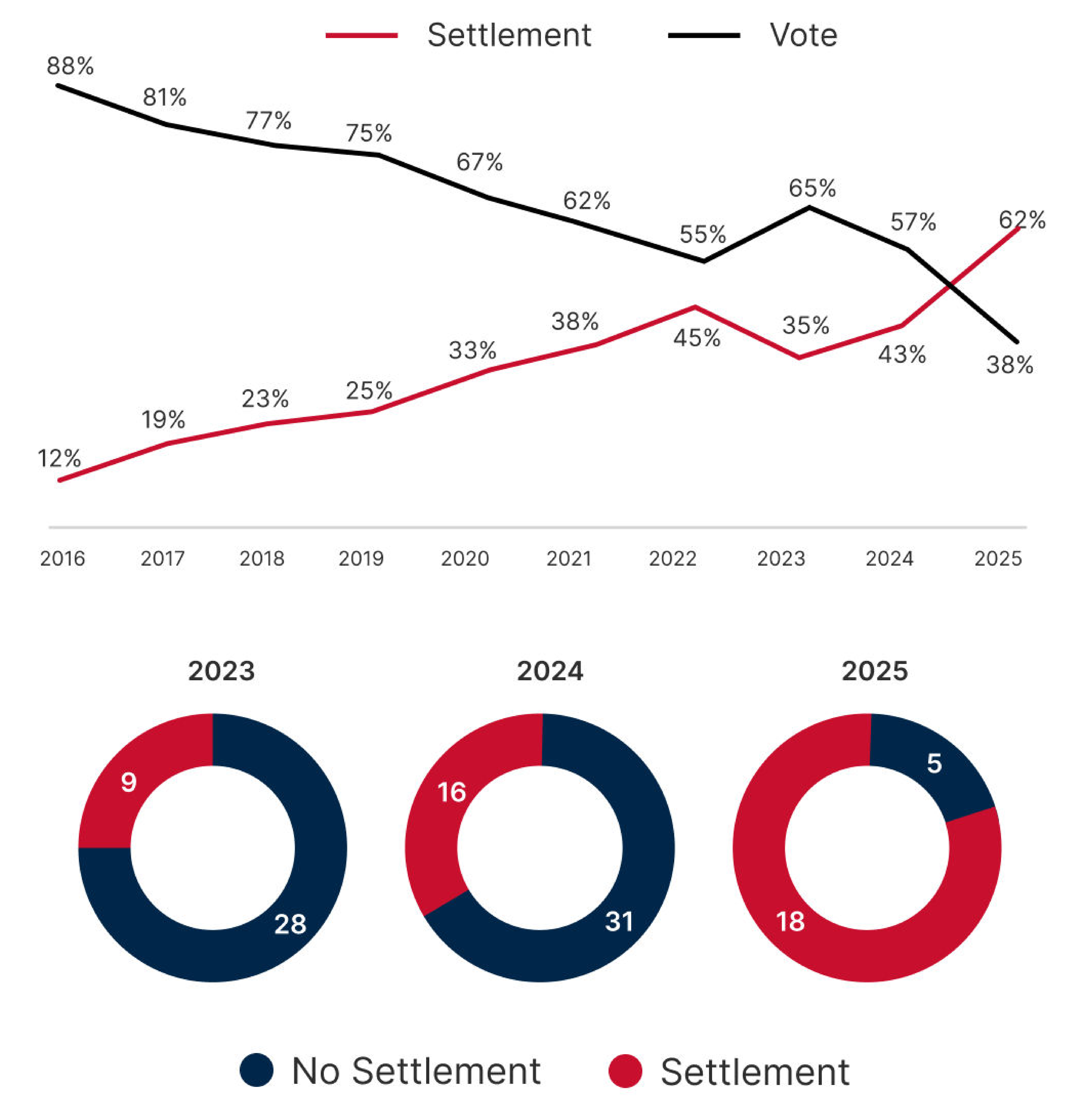
- **CAE Inc:**
  "...CAE must recruit a proven CEO with a verifiable track record of value creation. We urge the Board not to act hastily in its CEO search, but rather to engage with us to collectively recruit the best possible leader." ***(Browning West)***

- **Dye & Durham:**
  "Governance Failures: Four CEOs and Two CFOs in Six Months, an Entrenched Board Ignoring Credible Bids, Insiders Granted ~5% of the Company in Egregious $10 Stock Options, and Investors Actively Directing Management." ***(Plantro Ltd)***

Kingsdale's full suite of services help boards and activists alike to identify a company's vulnerabilities and consider ways to mitigate risks.

Source: Various publicly available sources. Categorizations made by Kingsdale Advisors.

Record Year For Settlements



Settlements vs. Votes
This graph shows the proportion of campaigns that were either settled or went to a vote over the last 10 years. The graph does not capture campaigns where there was not a vote and there was a win by means other than a settlement.

Activists Wins Through Settlements
This graph shows the total number of activist wins achieved, whether through a settlement or by means other than a settlement.

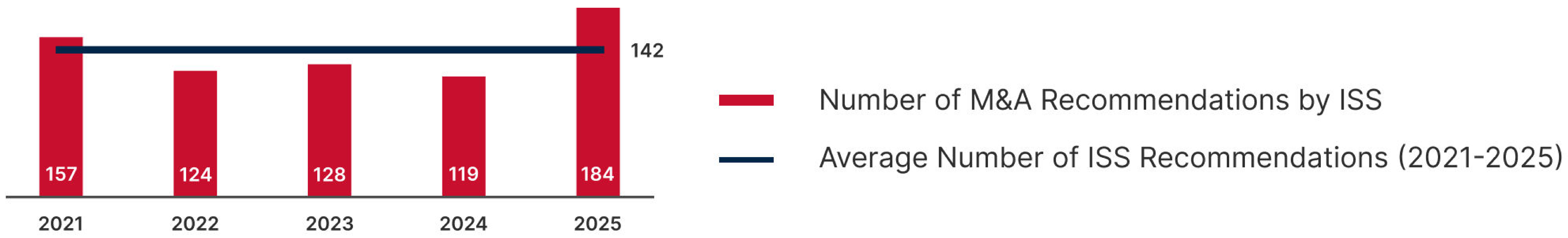
- The 2025 proxy season saw a record number of settlements between issuers and activists compared to the last 10 years, with few activist campaigns going all the way to a shareholder vote.
    - More than 75% of activist wins this proxy season were due to settlements, a record proportion compared to previous years. For the first time, campaigns settled surpassed those having gone to a vote.
- More "one-day campaigns" were captured this season, where there was an announcement of a cooperation agreement between an issuer and an activist without any prior discussions in the public eye.
    - Activists and companies are pursuing constructive engagement behind the scenes, as opposed to running costly campaigns leading to a shareholder vote.

Kingsdale's full suite of services help boards and activists alike to identify a company's vulnerabilities and consider ways to mitigate risks.

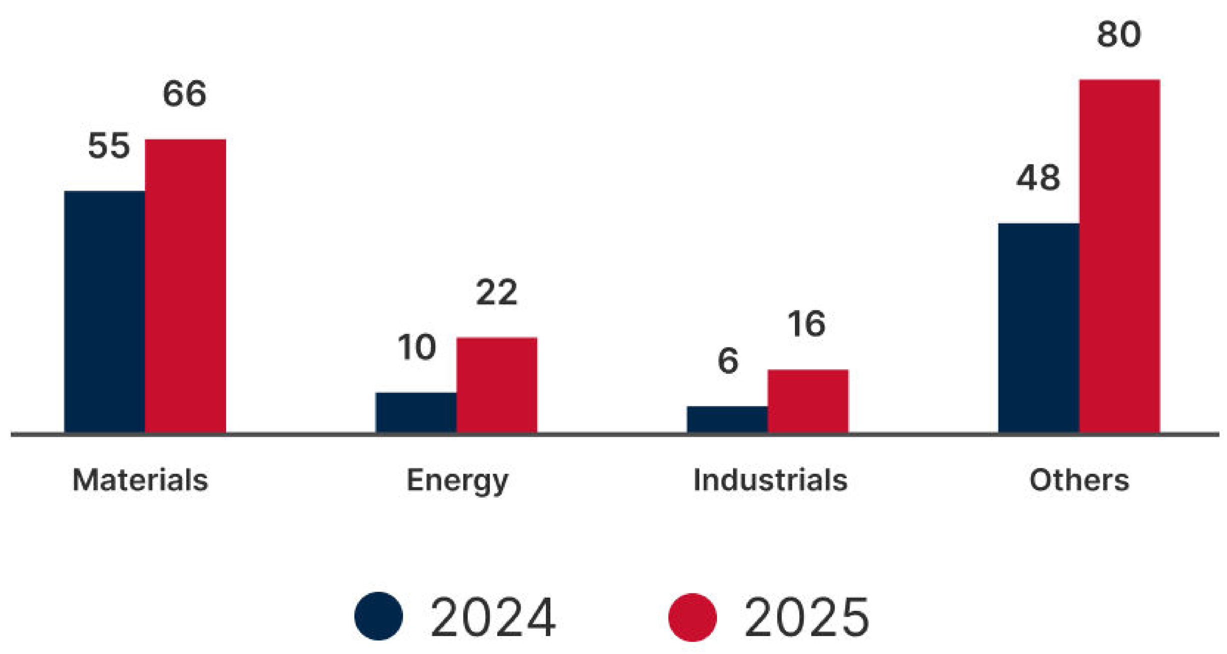
Source: Kingsdale Advisors from various sources. Years are Proxy Season Years from July 1 to June 30. Categorizations made by Kingsdale.

M&A Shareholder Meetings In 2025

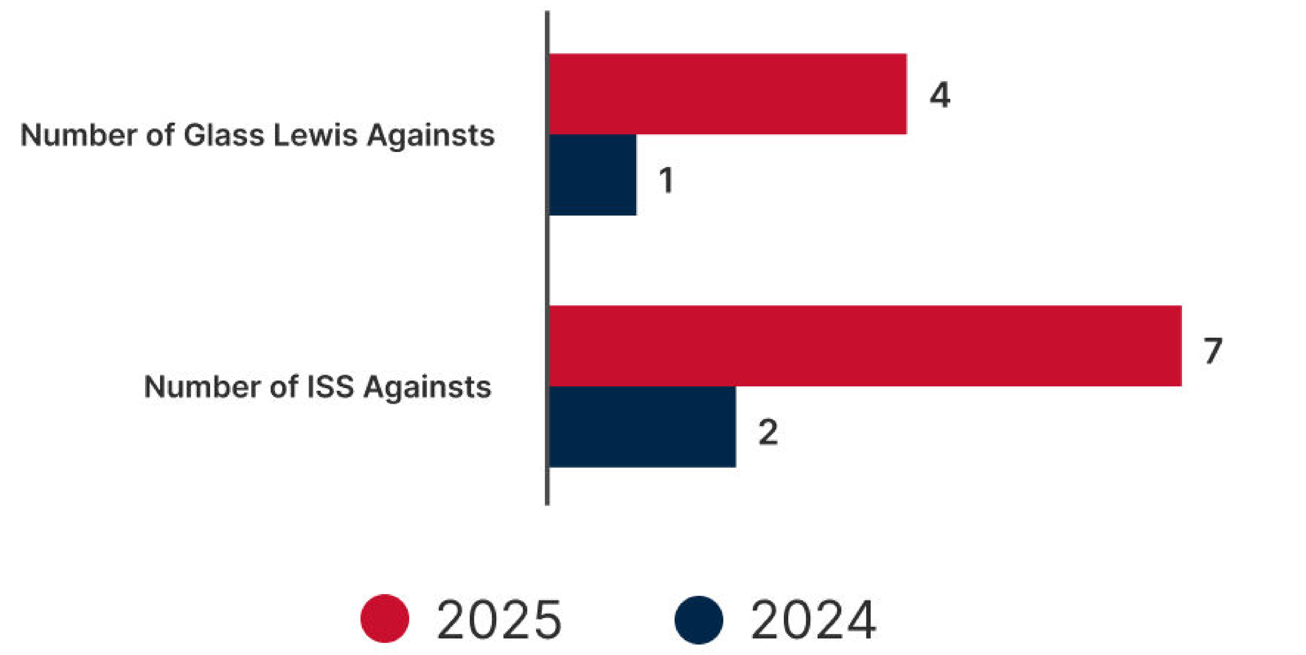
ISS M&A Recommendations (2021-2025)



M&A Recommendations by Sector (2024-2025)



ISS and GL M&A Against Recommendations (2024-2025)

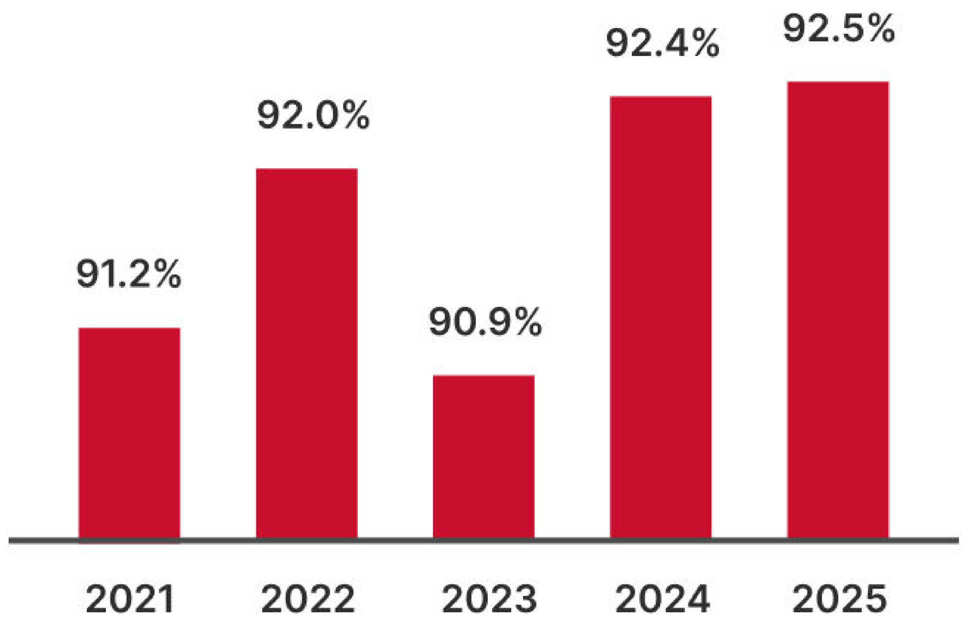


- The 2025 proxy season has been a bumper year for shareholder meetings seeking approval for M&A transactions in Canada.
- In 2025, ISS issued 184 M&A recommendations, marking a 55% increase over 2024 and significantly exceeding the five-year average of 142.
- In 2025, the Materials industry represented the largest portion of M&A activity, in line with historical trends. The Energy industry, however, recorded the highest growth, with the number of ISS M&A recommendations more than doubling compared to the prior year.
- ISS and Glass Lewis recommended in favour of the majority of transactions, opposing only 4% and 2% of deals, respectively in 2025.

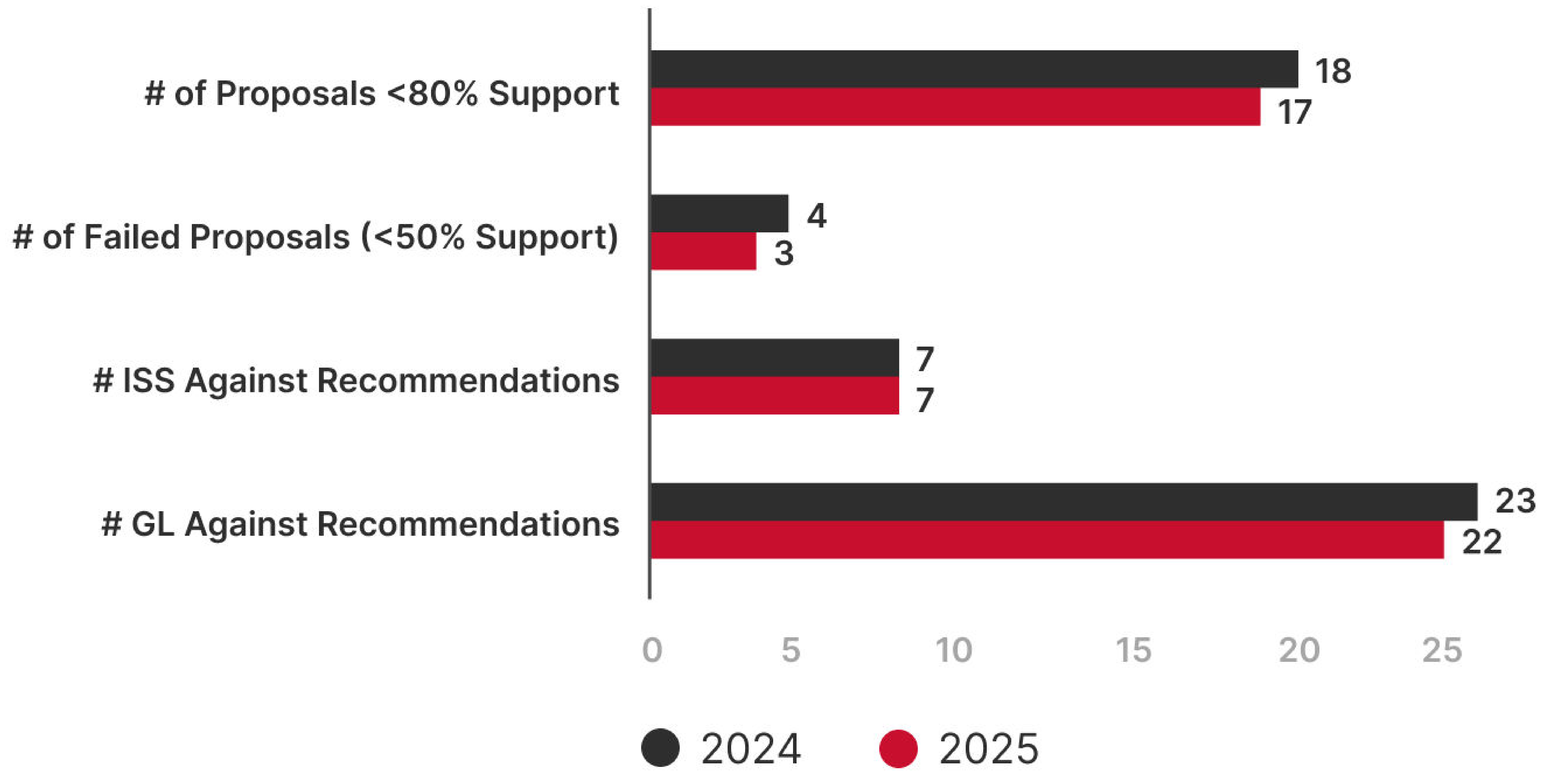
Source: ISS-Corporate. M&A recommendation figures include companies under ISS' Canada policy that included an M&A-related transaction on their ballots. Years are Proxy Season Years from July 1 to June 30. Glass Lewis recommendations are sourced from Diligent Corporation.

Say-On-Pay In Canada

Average Support Levels



By The Numbers (Canada)



- Say-on-Pay ("SoP") proposals in Canada continued to receive strong support in 2025. The average support for SoP resolutions rose marginally to 92.5% in 2025 from 92.4% in 2024. Moreover, over 90% of SoP resolutions received at least 80% shareholder support.

- In 2025, ISS issued seven against recommendations on SoP — holding constant to 2024 levels, whereas GL issued 22 against recommendations in 2025 down from 23 in 2024. All seven companies receiving an ISS against recommendation also received a GL against recommendation in 2025, up from five companies that received against recommendations from both in 2024. Negative vote recommendations on SoP typically stem from a perceived pay-for-performance ("P4P") misalignment.

- Average support levels for companies that received either an ISS or GL against recommendation decreased in 2025, to 53.4% for ISS against (from 56.1% in 2024) and 73.6% for GL against (from 75.1% in 2024).

- The number of companies that failed to garner majority support on SoP in 2025 marginally decreased to three from four in 2024.

KINGSDALE TAKEAWAY

The lower levels of support received in instances where ISS or GL recommend against SoP may be reflective of the growing influence of proxy advisor recommendations on the executive compensation voting decisions of institutional shareholders. Kingsdale has the expertise to help corporate issuers navigate the pay for performance frameworks of ISS and GL to minimize the risk of negative vote recommendations on SoP.

Updates To The Glass Lewis P4P Model

- In July 2025, Glass Lewis issued a client communication previewing the new P4P assessment model for evaluating executive compensation across global markets.
- **Outgoing Methodology:** Glass Lewis' outgoing P4P model evaluated named executive officer compensation against five performance metrics over a three-year measurement period relative to Glass Lewis peers, resulting in an A-F grade based on P4P alignment. A qualitative review of overall compensation structure and decisions was also conducted before determining final vote recommendations.
- **New Methodology:** Glass Lewis is transitioning to a composite scorecard resulting in a 0-100 score, which translates to various concern levels. The scorecard is composed of the following six tests for Canadian issuers:

01. Granted CEO Pay vs. TSR

Relative to GL peers across a five-year weighted average period.

02. Granted CEO Pay vs. Financial Performance

Relative to GL peers across a five-year weighted average period using sector-specific financial performance metrics.

03. CEO STI Payout vs. TSR

Relative to general market-based benchmarks over the average of five one-year periods.

04. Granted NEO Pay vs. Financial Performance

Relative to GL peers across a five-year weighted average period using sector-specific financial performance metrics.

05. Realized CEO Pay vs. TSR

Relative to GL peers across a five-year weighted average period.

06. Qualitative Test

Evaluates the overall structure of the compensation program, including the presence of any problematic pay decisions made.

- Similar to the previous methodology, a poor result on the scorecard will not automatically result in a negative vote recommendation. Glass Lewis will further evaluate each company's compensation practices on a case-by-case basis.
- This will present some uncertainty for SoP resolutions in the 2026 proxy season, particularly for clients whose shareholders are heavily influenced by Glass Lewis recommendations.
- P4P models play a critical role in how ISS and Glass Lewis evaluate executive compensation.

Source: 2025 Glass, Lewis & Co., and/or its affiliates.

Board Diversity

- President Trump's January 2025 executive orders to end federal and private sector DEI programs in the U.S. prompted companies to rethink both their practices and disclosures regarding diversity.

- ISS and Glass Lewis in the U.S. responded differently to this issue
  - ISS suspended its board diversity policy for U.S. companies.
  - Glass Lewis has maintained its board diversity policy for U.S. companies and will emphasize when this policy results in a negative voting recommendation for a director.

- Some institutional shareholders updated their in-house proxy voting policies to remove numerical diversity requirements or targets from board composition considerations.

- Kingsdale has identified 28 shareholder proposals at U.S. companies as Anti-DEI proposals that were put to a vote during the 2025 proxy season, up from 23 last year. Shareholders rejected these proposals with an overwhelming average opposition of 98.5% (up from 98.0% last year), including at large corporations such as **Apple Inc.**, **Costco Wholesale Corporation**, **McDonald's Corporation**, and **The Coca-Cola Company**.

- Canadian companies with U.S. operations and/or U.S. stock listings continue to evaluate their risks.

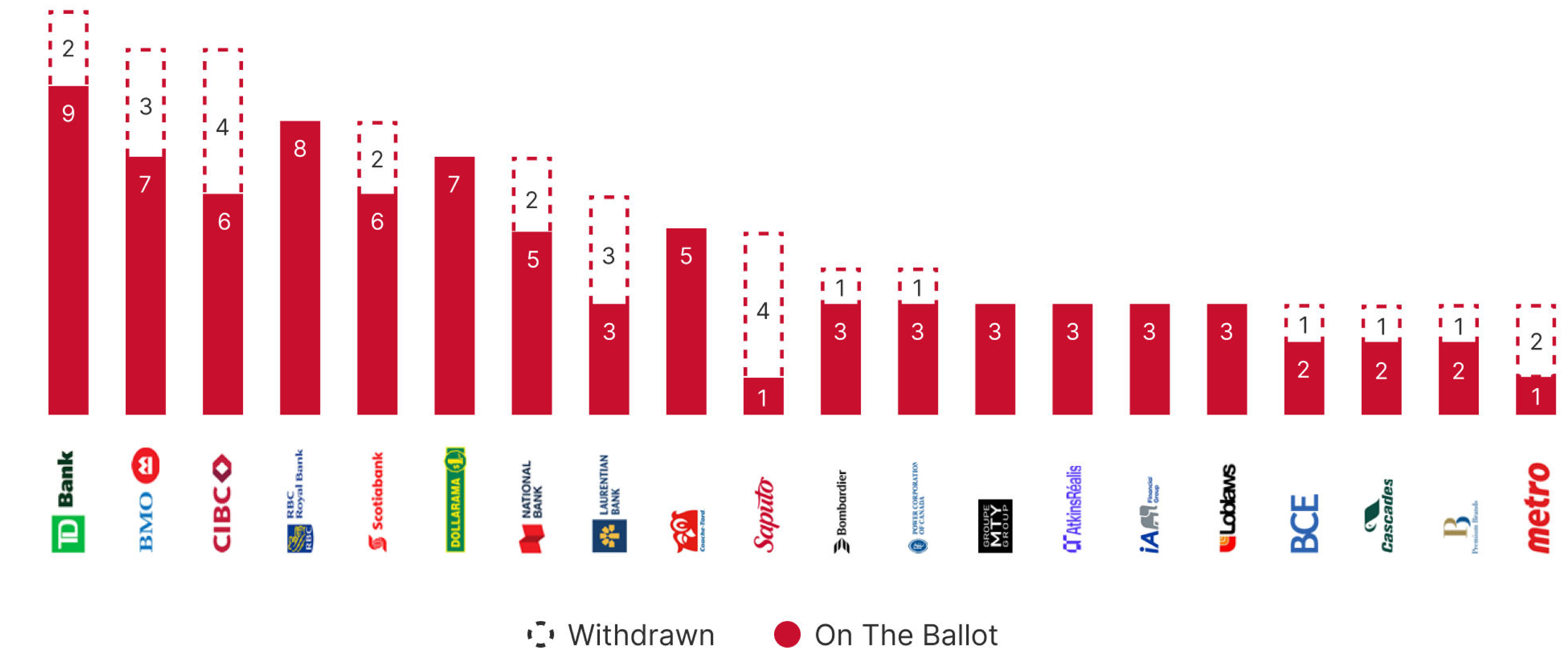
- ISS and Glass Lewis did not make any updates to their previously published 2025 benchmark proxy voting guidelines for Canadian companies. It is unclear at this time what changes may be made to diversity guidelines for the 2026 proxy season. ISS and Glass Lewis' global annual policy surveys for the 2026 proxy season asked organizations how they stood on DEI-related topics, including the importance of maintaining board diversity and related disclosures, signaling possible changes to how diversity is considered and evaluated globally going forward.

- In April 2025, the CSA paused work on the development of new mandatory climate-related disclosure rules and amendments to existing diversity disclosure requirements. The CSA noted that this was done to support Canadian markets and issuers as they adapt to the recent developments in the U.S. and globally.

- Despite the noted developments, certain investors continued to oppose directors in 2025 where there was not enough gender or racial diversity on the board, even when ISS and Glass Lewis were supportive. Nominating committee chairs for certain companies received a notable level of opposition despite proxy advisor support and commitments to reach a higher level of diversity at or before the next annual shareholder meeting.

Shareholder Proposals: Overview

Shareholder Proposals In Canada In The 2025 Proxy Season*



- 88 shareholder proposals have been put to a shareholder vote during the 2025 proxy season. This is compared to the 78 proposals that were submitted to a vote in the 2024 proxy season.
  - These proposals received average shareholder support levels of 12.4%, lower than the 2024 average of 15.5%. The proposal regarding hybrid AGMs at **Dollarama Inc. ("Dollarama")** was the only one that passed the shareholder vote.
  - An additional 33 proposals were withdrawn ahead of the AGM (after management consultation with the respective filers).
- Canadian banks remained the focus of these proposals (with 44 proposals going to a vote accounting for 50% of all resolutions). **The Toronto-Dominion Bank ("TD")** continued to lead all companies with nine shareholder proposals submitted to a vote, including several unique proposals related to corporate governance and oversight considering **TD**'s significant anti-money laundering challenges, along with thematic coverage of newer AI and language disclosures.

Sources: ISS-Corporate and SEDAR+. Timeframe is shareholder meetings held from July 1, 2024, to June 30, 2025.
*The displayed issuers received a minimum of three proposals, collectively representing 90.8% of the 121 total shareholder proposals during the 2025 proxy season.

Shareholder Proposals: On The Ballot (ESG)

Environmental	Disclose	Energy Supply Ratio	BMO, CIBC, TD Bank
		Industry-Specific Carbon Risks	CIBC
		Decarbonization Action Plan	Couche-Tard
		Financed Emissions	FAIRFAX
		Account for Environmental and Climate Change Expertise in Directors' Skills Matrix	Bombardier, iA Financial Group
		Net Zero Target Achievement Via Specific Transition Plan Elements	Great-West Lifeco Inc., Brookfield
	Implement	Say-on-Climate Vote	BMO, CIBC, National Bank, Royal Bank of Canada, Scotiabank, TD Bank, Saputo, iA Financial Group, AtkinsRéalis, Dollarama, Power Corporation of Canada, Couche-Tard
		Action Plan for Minimizing Operational Waste	Dollarama
	Disclose (Anti "E")	Impact of Net-Zero Pledge	Suncor

- 24 proposals are categorized as "Environmental," including one that is anti-"E".
  - The average shareholder support level for Environmental proposals was 15.6%, continuing the trend of declining support across 2024 (15.9%) and 2023 (17.1%).
  - Despite decreased support levels across this category, the number of proposals mandating climate-related disclosures (Say-on-Climate) remained constant at 12 year-over-year with nine of these originating at the same issuer.

- A proposal for **TD** to disclose its annual energy supply ratio received 38.3%, the highest level of support among Environmental proposals this season. A similar proposal at **The Bank of Nova Scotia ("Scotiabank")** was withdrawn after the Bank committed to disclosing its annual energy supply ratio by June 1, 2026.
  - **Dollarama** and **iA Financial Corp.** saw support levels of >20% for proposals on detailing their waste management strategy and adopting an annual voting policy for their environmental and climate action plan respectively.

Sources: ISS-Corporate and SEDAR+. Data captures shareholder proposals received by Canadian companies under ISS' Canada coverage. Timeframe is shareholder meetings held from July 1, 2024, to June 30, 2025. ESG categorizations by Kingsdale.

Shareholder Proposals: On The Ballot (ESG)

Social

- **Disclose**
  - Forced Labour and Child Labour
  - Languages of Employees
  - Languages of Executives
  - Third-Party Racial Equity Audit
  - Circular-Economy Related Loans
  - Lobbying Activities
  - Report on Food Waste Management and Targets to Reduce Food Waste
  - Report on Group-Housed Pork
  - Adopt a Roadmap with Benchmarks in Transitioning to Cage-Free Eggs
- **Implement**
  - AI-Related
  - Donate % of earnings to ESG causes

› 38 were shareholder proposals categorized under "Social" with average support levels of 9.3%, trending downwards from 10.6% in 2024. Among these, **Scotiabank**'s proposal on conducting a third-party racial equity audit received the most support at 37.7%.

- Five of the Big Six banks received proposals to disclose the participation of bonded and child labour within their loan portfolios (with **Canadian Imperial Bank of Commerce**'s being withdrawn in advance before the AGM).

› Proposals for disclosures around language fluency among employees and executives accounted for 16 "Social" proposals submitted to issuers across multiple verticals (including Banking, Consumer Staples and Insurance).

Sources: ISS-Corporate and SEDAR+. Data captures shareholder proposals received by Canadian companies under ISS' Canada coverage. Timeframe is shareholder meetings held from July 1, 2024, to June 30, 2025. ESG categorizations by Kingsdale.

Shareholder Proposals: On The Ballot (ESG)

Governance

Disclose

- Country-by-Country Reporting — TD Bank, CIBC, National Bank, Royal Bank of Canada, Scotiabank, BMO
- Internal Pay Metrics for Exec Comp — CIBC, BMO, Royal Bank of Canada
- Reasons for Low Levels of Director Support — Dollarama

Implement

- Hybrid Meeting — Royal Bank of Canada, Couche-Tard, Cascades, Bombardier, Dollarama
- More Strict Director Retirement Age and Term Limit — TD Bank
- ESG Objectives to Employee Comp — Couche-Tard
- Change Auditor — metro
- Separate from Former CEO — TD Bank
- Hire External CEO — TD Bank
- Commit to Filing an ESG Report Backed by Reasonable Assurance Over Next 3 Years — Laurentian Bank
- Require Independent Board Chair / Lead Directors — MTY Group
- Adopt Policy to Limit Director Overboarding — Premium Brands
- Provision for Reimbursement of Legal Costs to Shareholders — Alamos Gold Inc.
- Restrict Lead Director Nomination Decisions to incumbent Independent Directors — Loblaws
- Conduct Data Protection Impact Assessment of Consumer Healthcare Offerings — Loblaws

- The remaining 26 shareholder proposals are categorized under “Governance” which saw average support levels of 14%, a reversal of the rise recorded in 2024 (18.2%) but still above support levels for these proposals recorded in 2023 (11.9%).

- The number of shareholder proposals on the ballot related to hosting hybrid shareholder meetings has declined YoY, as eight of 13 proposals were withdrawn. The remaining five proposals, on average, received 37.2% of shareholder support.

  - A noted outlier was a successful proposal for shifting from virtual AGMs to a hybrid model at **Dollarama**, despite management recommending against it. This proposal also received the highest level of shareholder support at 56%.

Sources: ISS-Corporate and SEDAR+. Data captures shareholder proposals received by Canadian companies under ISS’ Canada coverage. Timeframe is shareholder meetings held from July 1, 2024, to June 30, 2025. ESG categorizations by Kingsdale.

Shareholder Proposals: Withdrawn

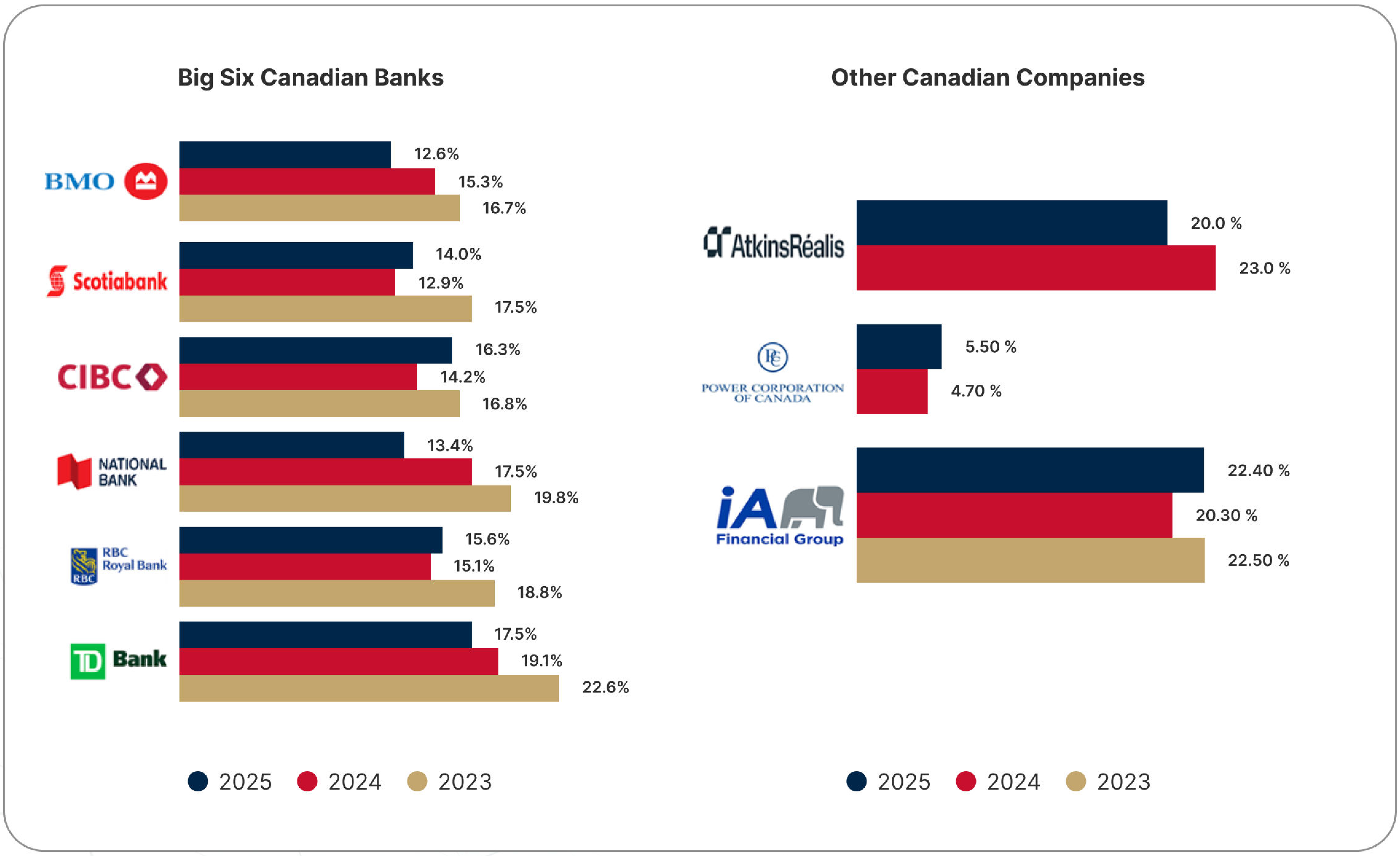
Environmental	Disclose	Energy Supply Ratio	Scotiabank
		Impact of CWB Acquisition on Decarbonization Plans	National Bank
		More Information on Renewable vs. Non-Renewable Energy Financing Commitment	National Bank
		Account for Environmental and Climate Change Expertise in Directors' Skills Matrix	Power Corporation of Canada
	Implement	Say-on-Climate Vote	Laurentian Bank
		Withdraw from the Net Zero Banking Alliance (NZBA)	TD Bank, CIBC, BMO, Scotiabank
Social	Disclose	Forced Labour and Child Labour	BMO, CIBC, Laurentian Bank
		Transitioning to Cage-Free Egg	metro
		Languages of Executives	Saputo
		Languages of Employees	Air Canada
		Measures Taken to Increase Support for Say-on-Pay	Air Canada, Cascades
		Policies and Practices Regarding Indigenous Community Relations*	EQ Bank
	Implement	AI Code of Conduct	CIBC, Laurentian Bank, metro, Bombardier
		Bonus for all Employees Tied to ESG Objectives	Saputo
Governance	Disclose	Country-by-Country Reporting	Laurentian Bank
	Implement	Hybrid Meeting	CIBC, BMO, metro, CGI, Saputo, Air Canada, BCE*, Premium Brands
		Independent Review of Board Governance Policies and Director Selection Criteria	TD Bank

*While detailed in their circulated Management Information Circulars as agenda items for their 2025 AGMs, EQB Inc.'s proposal for disclosing their Engagement Practices with Indigenous Communities and BCE's proposal for Hybrid AGMs were later withdrawn ahead of the meetings (on April 8 and May 5 respectively).

- Kingsdale has identified **33** shareholder proposals that were submitted and have been withdrawn by proponents, including requests for companies to:
    - Host a hybrid shareholder's meeting
    - Withdraw from Net Zero Banking Alliance

Sources: ISS-Corporate and SEDAR+. Data captures shareholder proposals received by Canadian companies under ISS' Canada coverage. Timeframe is shareholder meetings held from July 1, 2024, to June 30, 2025. ESG categorizations by Kingsdale.

Lower Support For Say-On-Climate Proposals



- Support for shareholder proposals urging companies to adopt a so-called “Say-on-Climate” resolution saw minor year-over-year fluctuations in the 2025 Proxy Season at the Big Six banks compared to both 2024 and 2023.
- In line with the trend recorded for the prior 2024 season, shareholder support at Big Six banks remained below 20%. Other major issuers (such as **AtkinsRéalis** and **iA Financial Corp.**), who received similar proposals in both 2024 and 2025, had shown comparatively higher levels of support.

Sources: ISS-Corporate and SEDAR+. Data captures shareholder proposals received by Canadian companies under ISS’ Canada coverage. Timeframe is shareholder meetings held from July 1, 2024, to June 30, 2025. ESG categorizations by Kingsdale.

Artificial Intelligence Proposals On The Rise

Proposals requesting that companies adhere to the Government of Canada's Voluntary Code of Conduct (the **"Code of Conduct"**) on the Responsible Development and Management of Advanced AI Systems were submitted to a vote at nine Canadian companies in 2025.

- All nine proposals were opposed by management and only received average shareholder support of 9.1%.
- An additional four proposals requesting adherence to the Code of Conduct were withdrawn from consideration prior to voting.

Separately, **Thomson Reuters** received a proposal requesting that the company amend its AI governance framework to be consistent with its overall approach to human rights due diligence, in alignment with the UN Guiding Principles on Business and Human Rights (UNGPs). This proposal received 4.9% shareholder support, despite being supported by Glass Lewis.

Due to the prorogation of parliament in early 2025, the Federal Bill C-27 proposing the Artificial Intelligence and Data Act (AIDA) has not been enacted (as of August 2025). While this leaves a regulatory void for governing AI usage, there are other measures (such as the annual Globe and Mail Board Games rankings) which considers the ways in which the boards of S&P/TSX Composite companies disclose their oversight of AI risk issues.

Glass Lewis expects boards to outline their role in overseeing AI, enabling shareholders to gauge how seriously companies approach the issue, per their 2025 Canadian guidelines. Glass Lewis will not penalize companies solely on gaps in disclosing AI usage and governance, but may recommend against specific directors if poor AI oversight causes material harm.

Source: ISS-Corporate. Captures shareholder proposals seeking an advisory vote on governing artificial intelligence (AI) usage at companies under ISS' Canada policy. Timeframe is shareholder meetings held from July 1, 2024, to June 30, 2025.

Federal Initiatives To Regulate Proxy Advisory Firms

In recent years, public companies and industry groups have raised concerns about the influence and dominance of proxy advisors ISS and Glass Lewis.

The debate has gained momentum in 2025, as policymakers and lawmakers at both the federal and state levels have introduced various initiatives aimed at increasing the regulation of proxy advisory firms. In April 2025, a subcommittee of the U.S. House of Representatives (the **"House"**) Committee on Financial Services held a hearing to examine the role and influence of proxy advisory firms. In connection with this hearing, there were six discussion draft bills that seek to implement stronger oversight over proxy advisory firms by amending the Securities Exchange Act of 1934 (the **"Exchange Act"**). A summary of the proposed amendments to the Exchange Act in each of the six draft bills is presented here. *(see Nos.1-6 below)*

In May 2025, members of the U.S. Senate (the **"Senate"**) Committee on Banking, Housing, and Urban Affairs published a letter to the CEOs of ISS and Glass Lewis to express "concerns with the expansive, opaque, and *ideologically driven influence your firms exert over the corporate governance of U.S. public companies".* One of these draft discussion bills *(see point No.6 below)* has been introduced in the House under the title *"H.R.4098 - Stopping Proxy Advisor Racketeering Act."*

Proposed Amendments to the Exchange Act

1. Mandating the registration of proxy advisory firms with the Securities Exchange Commission (**"SEC"**) and requiring such firms to report on operational information and certification status annually.

2. Providing for the liability of certain failures to disclose material information by a proxy advisory firm, including the firm's methodology, sources of information, and/or conflicts of interest.

3. Requiring annual disclosures by institutional investment managers subscribing to the services of proxy advisory firms, including an explanation of votes cast and how recommendations of proxy advisors were considered.

4. Prohibiting robovoting with respect to votes related to proxy or consent solicitation material.

5. Requiring the SEC to conduct an initial study of certain issues with respect to shareholder proposals, proxy advisory firms and the proxy voting process. Following completion of the initial study, the SEC would be required to conduct similar studies every five years.

6. Prohibiting proxy advisory firms from issuing proxy voting advice if they possess a conflict of interest that could affect the objectivity or reliability of any provided advice.

Source: ISS-Corporate. Captures shareholder proposals seeking an advisory vote on governing artificial intelligence (AI) usage at companies under ISS' Canada policy. Timeframe is shareholder meetings held from July 1, 2024, to June 30, 2025.

H.R. 4098 - Stopping Proxy Advisor Racketeering Act

- In June 2025, Representative Scott Fitzgerald (R-WI) introduced H.R. 4098, the Stopping Proxy Advisor Racketeering Act ("H.R. 4098"), in the House.

- H.R. 4098 proposes to amend the Exchange Act to restrict conflicted conduct by proxy advisory firms and establishes penalties for violations.

- Under the requirements set forth in H.R. 4098, proxy advisory firms would be barred from providing voting advice if they have conflicts of interest, including:

  - Offering consulting services (directly or through affiliates) to the same companies they provide voting recommendations on.

  - Modifying recommendations or deviating from their methodologies based on whether a company subscribes (or may subscribe) to their services/products.

  - Providing proxy voting advice while also offering stewardship or engagement services to a shareholder proponent or other party on the same matter.

  - Being members of organizations that support shareholder-sponsored proposals on the same subject as the proxy voting advice being given.

- H.R. 4098 also proposes that the SEC can investigate and, after a hearing, impose civil penalties on proxy advisory firms or individuals who contribute to violations.

SEC Initiatives To Regulate Proxy Advisory Firms

In the last few years, the SEC itself has proposed, adopted, and rescinded several amendments to the rules governing the proxy advisors.

In August 2019, the SEC released *Commission Interpretation and Guidance Regarding the Applicability of the Proxy Rules to Proxy Voting Advice* (the **"Proxy Advisor Release"**) providing an interpretation regarding the applicability of certain rules, which the SEC has promulgated under Section 14 of the Exchange Act.

In October 2019, ISS brought a civil action against the SEC for declaratory judgement and injunctive relief claiming that the Proxy Advisor Release was unlawful for several reasons including:

1. The Proxy Advisor Release exceeded the SEC's statutory authority under Section 14(a) of the Exchange Act and was contrary to the plain language of the statute.

2. The provision of proxy advice is not a proxy solicitation and cannot be regulated as such.

In February 2024, the United States District Court for the District of Columbia (the **"District Court"**) rendered a summary judgment noting that *"The court holds that the SEC acted contrary to law and in excess of statutory authority when it amended the proxy rules' definition of 'solicit' and 'solicitation' to include proxy voting advice for a fee. The ordinary meaning of those terms when Congress enacted the Exchange Act in 1934 did not encompass voting advice delivered by a person or firm with no interest in the outcome of the vote."*

In April 2024, the SEC and the National Association of Manufacturers (intervenor-defendant in the case) filed notices of appeal.

The SEC later moved to voluntarily dismiss their appeal in August 2024, resulting in the National Association of Manufacturers becoming the sole appellant.

In July 2025, the U.S. Court of Appeals for the District of Columbia Circuit (the **"Court of Appeal"**) upheld the District Court's decision, finding that under the plain meaning of 'solicit' proxy advisory services do not constitute solicitations. The Court of Appeal noted that, unlike corporate directors who directly urge shareholders to support a specific outcome, proxy advisors simply offer recommendations at the request of their clients.

State-Level Actions To Regulate Proxy Advisory Firms

At the state level, governments in Texas, Missouri, and Florida have also introduced measures aimed at regulating proxy advisory firms.

Texas

In June 2025, the Texas Legislature passed Senate Bill 2337 ("S.B. 2337") introducing new regulations on proxy advisors when providing proxy voting recommendations concerning Texas companies.

S.B. 2337 was expected to take effect on September 1, 2025 and would require that proxy advisors disclose advice or recommendations based on "nonfinancial" factors including "an environmental, social, or governance (ESG) goal," "diversity, equity, or inclusion (DEI)", or "a social credit or sustainability factor or score."

However, U.S. District Judge Alan Albright of the Western District of Texas granted an injunction temporarily blocking the law, based on free speech concerns from ISS and Glass Lewis.

Missouri

On July 11, 2025, Missouri's Attorney General announced that his office launched investigations and filed parallel lawsuits against ISS and Glass Lewis to *"ensure their compliance with lawful demands for information related to their promotion of radical environmental, social, and governance (ESG) and diversity, equity, and inclusion (DEI) agendas."*

The Missouri Attorney General claimed that ISS and Glass Lewis have used their influence to push far-left DEI and ESG agendas into corporate boardrooms under the guise of impartial investment advice, while presenting themselves as neutral advisors.

Florida

On March 20, 2025, the Florida Attorney General announced that he directed an investigation into ISS and Glass Lewis for *"potential misrepresentations related to their Environmental, Social, and Governance (ESG) and Diversity, Equity, and Inclusion (DEI) investing policies in violation of the Florida Deceptive and Unfair Trade Practices Act and possible unlawful collusion in adopting and enforcing these policies in violation of the Florida Antitrust Act of 1980".*

The Proxy Advisor Perspective

Senate Committee on Banking, Housing, and Urban Affairs
In their May 2025 letter, members of the Senate requested detailed responses from ISS and Glass Lewis addressing the concerns raised about their policies and practices as proxy advisors.

In June 2025, Glass Lewis published a public response to the Senate's letter. In the response letter, Glass Lewis rejected claims that its recommendations are ideologically driven noting that its Benchmark Policy supported 94% of all management proposals at S&P 500 companies in 2024.

In response to concerns about its partial ownership by the Canadian private equity firm Peloton Capital Management ("Peloton"), the response letter emphasized that Glass Lewis operates independently and separately from Peloton. The response also noted that Peloton is excluded from any involvement in the formulation and implementation of the Glass Lewis proxy voting policies and in the determination of voting recommendations for shareholder meetings.

Texas S.B. 2337
In response to Texas S.B. 2337, ISS and Glass Lewis each filed separate federal lawsuits in July 2025 against the Texas Attorney General in his official capacity, contesting the constitutionality of the law both on its face and as applied.

Both ISS and Glass Lewis are seeking declaratory and injunctive relief to prevent the enforcement of S.B. 2337, arguing that it is unconstitutional under the First and Fourteenth Amendments.

Specifically, they allege the Act violates the First Amendment's prohibition against viewpoint discrimination, infringes upon their freedom of association, and is unconstitutionally vague.

In addition, ISS argued that S.B. 2337 "substantially impairs ISS' contractual relationships with its customers without any legitimate purpose", whereas Glass Lewis indicated that the law burdens interstate commerce by "requiring to give out-of-state shareholders time-consuming, expensive, and distracting disclosures about companies that need not even be incorporated in Texas."

In August 2025, the Texas Stock Exchange and the Texas Association of Business moved to intervene as defendants in the lawsuits, arguing that S.B. 2337 complies with the First Amendment on the basis that proxy advisors' advice constitutes false and misleading commercial speech, which is not entitled to constitutional protection.

On August 29, 2025, Judge Alan Albright granted an injunction temporarily blocking the law and noted that he will issue a written order within 30 days. The case is scheduled to go to trial on February 2, 2026.

Kingsdale's Perspective

1 **Proxy Advisors' Resistance to Change:**

Although proxy advisors have accepted marginal adjustments in their processes, they are likely to resist any attempts at sweeping industry reforms.

- Free speech has been a central criticism of past and ongoing efforts in the U.S. to regulate proxy advisors, and similar concerns are likely to be raised against any reforms perceived to affect their First Amendment rights.
- Notably, ISS initiated litigation against the SEC challenging its interpretation of certain regulations applicable to proxy advisory firms and obtained a favourable judgment.
- Proxy advisors contend that, like banks and credit rating agencies, they have taken steps to address perceived conflicts of interest.

2 **Unintended Consequences of Regulatory Measures:**

Previous regulatory efforts targeting proxy advisors have produced unintended consequences, increasing both the complexity and cost of corporate issuers' proxy solicitation efforts.

- In November 2020, ISS announced that it would stop its "draft review" process for S&P 500 companies, whereas Glass Lewis now charges corporate issuers to publish their dissenting views into Glass Lewis' proxy papers.
- The "Big Three" global asset managers (BlackRock Inc., The Vanguard Group Inc. and State Street Corporation) initiated pass-through voting, allowing individual investors to have more control over their voting which has actually made proxy voting less transparent and potentially reduced voter turnout.

Additional unintended consequences that might result from ongoing efforts to regulate proxy advisors, include:

- Requiring proxy advisors to register with the SEC would raise the barrier to entry in the industry and cement the dominance of ISS and Glass Lewis.
- Imposing liabilities on proxy advisors for failures to disclose material information or making misstatements will likely raise the cost of their services.
- Requiring annual disclosures from the clients of proxy advisors will raise the cost for institutional investors.

3 **Looking Ahead:**

It remains uncertain how additional regulatory burdens in the U.S. may affect ISS, Glass Lewis, and the wider capital markets; however, both firms are expected to maintain significant influence in the near term.

- Political and legal pressures can have a material impact on voting policies and processes; for example: in 2025, ISS eliminated its board diversity requirements in the U.S. after Executive Orders by U.S. President Donald Trump.
- Outside the U.S., both ISS and Glass Lewis have established local entities in many countries, including Canada.

The Changing Landscape

Shareholder engagement has become a defining feature of corporate governance. Direct and proactive dialogue is no longer optional; it is central to maintaining credibility and investor confidence.

Yet, securing meaningful engagement has never been harder. Investor bases are more fragmented, expectations more demanding, and access to decision-makers often mediated through advisors or proxy firms. This tension, heightened need paired with shrinking opportunity, sets the stage for a new era of shareholder relations.

The evolving landscape of shareholder engagement is being shaped in part by developments in the U.S., where institutional investors have been reassessing their engagement and stewardship practices in response to new SEC guidelines introduced in February 2025. The new guidance indicates that, in certain cases, engagement and stewardship activities by passive investors could be interpreted as attempts to 'influence or control' a U.S. company, thereby triggering more burdensome disclosure requirements. The search for clarity on the new guidance by U.S.-based investors has cooled engagement activity in the 2025 proxy season, a period when issuers sought to better understand their shareholders' evolving views.

Traditional shareholder touchpoints such as annual reports, AGMs and quarterly updates, no longer suffice. Investors increasingly expect companies to be transparent, responsive, and prepared to demonstrate measurable progress on both governance and ESG fronts.

Direct conversations help companies pre-empt activist campaigns, address reputational risks, and secure long-term support. When access is denied or limited, investors default to proxy advisors and public commentary, increasing the chance of misalignment and public disputes.

The future of shareholder engagement will be shaped by both access and influence. Companies must be prepared with flexible materials, one set oriented toward governance and performance, another focused on ESG commitments. Ultimately, success will not be measured by the frequency of contact but by the quality of engagement.

The Changing Landscape

Asset Manager	Sub-Team	Policy Framework	Priority Focus	Risk / Engagement Signal
BlackRock	BIS (Passive Investment Stewardship)	BIS Proxy Voting Guidelines	Governance & Financial • Long-term shareholder value • Board oversight • Risk management	Medium → Support if governance is credible
	BAIS (Active Investment Stewardship)	BAIS Global Engagement & Voting Guidelines	ESG & Sustainability • Climate strategy • Stakeholder risk • ESG integration	High → Risk of withhold votes if ESG unmet
Vanguard	Capital Mgmt. (2026)	TBD	Likely Governance- leaning	Unknown → Prep governance-heavy case
	Portfolio Mgmt. (2026)	TBD	Likely ESG-balanced	Unknown → Prep ESG framing
State Street	Global Stewardship	Global Proxy Voting & Engagement Policy	Governance Core • Board independence • Shareholder rights	Medium → Pragmatic; less prescriptive on ESG
	Sustainability Service	Sustainability Stewardship Service Policy	ESG Heavy • Climate risk • DEI (female & minority representation)	High → Will press on ESG & diversity disclosure

Governance focus: Emphasize board strength, financial performance, risk oversight

ESG focus: Lead with sustainability, diversity, climate strategy, disclosures.

Mixed/Unclear: Prepare dual decks (governance + ESG).

The stewardship approaches of BlackRock, Vanguard, and State Street set the tone for global engagement practices.

- BlackRock continues to emphasize governance, particularly board strength, financial performance, and risk oversight.
- Vanguard leans more heavily into sustainability, climate action, and diversity disclosures.
- State Street takes a blended approach, weighing governance alongside ESG priorities depending on context.

For issuers, this means a one-size-fits-all engagement strategy no longer works. Tailored approaches are required to meet the distinct expectations of each investor.

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