

2019 YEAR IN REVIEW

Thank you to our clients for another great year. For those who send us referrals and those who stay with us for multiple corporate events, this is the greatest endorsement of our work.

Kingsdale Advisors is committed to delivering the best service and the highest quality outcomes, which is why we are always looking for ways to raise the bar and innovate. We are continuously enhancing our service capabilities to further solidify our position as Canada's most trusted advisors to boards and management. We look forward to working with you all in 2020.

Leading Governance Advice and Industry Experience

In 2019, two industries—gold and cannabis—dominated the business news headlines in Canada and Kingsdale was at the forefront as the go-to source for insights on these sectors' corporate governance practices.

In March, we released a leading-edge report titled *An Activist Gold Rush* highlighting the growing momentum for M&A across the gold industry driven by the market forces, balance sheets, and disgruntled shareholders. The report garnered a wide range of media attention with coverage in The Globe and Mail, Financial Post, The Mining Journal, Mining.com, and BNN-Bloomberg.

"In the months before Canada legalized recreational cannabis, companies in the new sector rushed to get established. Since [legalization] it's become clear that many didn't put sufficient effort into building their boards or instituting governance best-practices. With more than 200 publicly listed cannabis companies in Canada, there are significant deficiencies when it comes to board diversity (both of individuals and skills), executive compensation, CEO-succession planning, director independence, and corporate checks and balances."

— Kingsdale EVP, Ian Robertson for The Globe and Mail

Kingsdale also led the way with commentary on the fledgling cannabis industry. Our team was regularly called upon to provide insight on the first full year of legalization which was fraught with unimpressive earnings, high-profile compliance and regulatory issues, and governance deficiencies.

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KINGSDALE IN THE NEWS

In 2019, we were quoted in the media, on average, approximately once a week:

- [BENEFITS CANADA](#): What's the role of the proxy advisor as rules shift?; Amy Freedman is quoted
- [BNN BLOOMBERG](#): Amy Freedman discusses our 2019 Proxy Season Review
- [BNN BLOOMBERG](#): Ian Robertson discusses the need for cannabis companies to improve governance and improve transparency for investors
- [BNN BLOOMBERG](#): Amy Freedman discusses activism in the commodities sector
- [BNN BLOOMBERG](#): Ian Robertson discusses activism in the gold sector
- [FINANCIAL POST](#): Battles move behind closed doors as activists, short-sellers off to quiet start in 2019; Ian Robertson is quoted
- [MINING.COM](#): A new theme has emerged in the gold M&A market; Kingsdale's report on activism in the gold sector is cited
- [MORNINGSTAR](#): With gender diversity comes quality; Kingsdale's 2019 Proxy Season Review is cited
- [THE GLOBE AND MAIL](#): It's time for Canada's cannabis companies to get their governance houses in order; Op-Ed by Ian Robertson
- [THE GLOBE AND MAIL](#): What boards of directors can learn from the Toronto Raptors; Op-ed by Ian Robertson

Big Wins for Clients

CONTESTED SITUATION EXCELLENCE

In 2019 Kingsdale maintained our impressive success rate of triple the proxy fight wins of our closest competitor. Kingsdale congratulates the following clients on their BIG wins in 2019:

- **Knight Therapeutics Inc.** in its proxy fight against disgruntled director Meir Jakobsohn
- **The Concerned Shareholders of Guyana Goldfields Inc.** in their proxy fight against Guyana Goldfields
- **Waterton Global Resource Management** against Hudbay Minerals Inc.
- **TransAlta Corporation** vs. Mangrove Partners and Bluescape Energy Partners
- **Methanex Corporation** in its proxy fight against M&G Investments, the company's largest shareholder
- **Aimia Inc.** in its proxy fight against Aimia Shareholders for Accountability

These complex activist engagements required the unique expertise of Kingsdale's multidisciplinary team and demonstrates our strategic advantage over competitors.

Of these wins, three notable examples stand out and will serve to provide insight for future proxy fights:

PROXY FIGHT



- With 7% ownership, disgruntled director Meir Jakobsohn (through his private company Medison Biotech), sought six of seven board seats and a new strategic direction at Knight Therapeutics Inc.'s AGM
- Jakobsohn also introduced a shareholder proposal designed to remove the founder and CEO from the company
- With Jakobsohn launching a social media and PR campaign, Kingsdale's strategic communications, media, and shareholder outreach strategy highlighted Knight's strong performance, track record, and risk of change
- Resulted in all management's director nominees being elected, Jakobsohn not being re-elected, and the shareholder proposal being soundly defeated

PROXY FIGHT



- Waterton Global Resource Management, the second largest investor in Hudbay Minerals Inc., nominated ten (later revised to four) individuals at the company's AGM, criticizing board entrenchment and poor performance vs. peers
- Kingsdale advised on the use of a universal proxy, organized an aggressive top shareholder outreach strategy, and prepared Waterton for critical meetings with ISS and Glass Lewis
- Hudbay and Waterton entered into a settlement agreement whereby both parties agreed on 11 nominees—including three Waterton nominees—and Hudbay committed to finding a successor to the long-tenured board chair

PROXY FIGHT



- Just weeks before Methanex Corporation's AGM, M&G Investments, the company's largest shareholder with 16.5%, nominated four individuals to the board as a means of thwarting a potential new project
- M&G targeted long-tenured directors arguing that they lacked independence
- Kingsdale led the process of engaging ISS and Glass Lewis, developing shareholder communication assets and getting key messages out to shareholders, garnering overwhelming support behind the scenes
- Resulted in Methanex and M&G entering into a cooperation agreement, two weeks before the meeting, whereby M&G received one out of 11 board seats at the meeting, and an additional seat being mutually agreed to through future board refreshment

Governance Wins

Kingsdale has a long track record of success helping clients identify and mitigate governance vulnerabilities to secure supportive proxy advisor recommendations on shareholder votes involving director elections, say-on-pay, and management resolutions. We've also helped facilitate turnarounds where companies, that have a history of vulnerabilities, were able to make changes and succeed under our guidance.

Select 2019 highlights include:

- Guarded long-term governance clients against surprises at their annual meetings by conducting year-round corporate governance and executive compensation reviews
- For five clients, Kingsdale reversed proxy advisors' initial recommendations, including recommendations on board members and shareholder proposals
- Guided two clients in holding their first say-on-pay votes with both receiving endorsement from the proxy advisors and passing with well over 90% support
- For one large cap client, Kingsdale assisted in turning around their say-on-pay vote from shareholder support in the low 70's in 2018 to the high 90's in 2019
- For two clients who have a long history of board composition and governance-related vulnerabilities, Kingsdale helped to obtain supportive Glass Lewis recommendations on all management directors for the first time in recent years

CONTESTED M&A VICTORIES

- **Canopy Growth Corporation and Acreage Holdings Inc.'s** successful plan of arrangement against opposition from Marcato Capital Management
- **Goldcorp Inc.'s** acquisition by Newmont Mining Corp. against public opposition and an unsolicited takeover bid for the acquiror
- **Keith Piggott's** opposition to a plan of arrangement between Core Gold Inc. and Titan Minerals Ltd.
- **Transat A.T. Inc.'s** acquisition by Air Canada against a competing takeover bid from Group Mach Inc.

CORPORATE ACTIONS WINS

Every year Kingsdale devises unique solutions for complex and precedent setting restructuring events. Notable restructuring events for 2019 included:

Bellatrix Exploration

- **Transaction Type:** CBCA Recapitalization and Plan of Arrangement to restructure debt and consolidate common shares
- **Dollar Value:** \$250 million
- **Support Level:** 100% (Convertible noteholders)/ 99.51% (Debenture holders)/ 87.18% (Shareholders)

As Bellatrix's proxy solicitation, information and exchange agent, Kingsdale created a streamlined process for the convertible debentureholders and unsecured noteholders to vote and elect to receive an early consent consideration through CDS and DTC.

Connacher Oil and Gas

- **Transaction Type:** Restructuring proceedings under the Companies' Creditors Arrangement Act
- **Dollar Value:** \$187 million
- **Support Level:** 100%

Kingsdale acted as solicitation and information agent for two classes of creditors, creating a process for second lien holders to vote for the restructuring plan and elect into the "convenience" class which would standardize their payout within the plan.

Postmedia Network Canada Corporation

- **Transaction Type:** Redemption of first lien notes and amendment of the second lien notes indenture
- **Dollar Value:** \$210 million
- **Support Level:** 85% (first lien holders) /100% (second lien holders)

Kingsdale acted as exchange and solicitation agent for Postmedia assisting the majority second lien holder with consent process by written consent and created a process for subscription parties who were issued new first lien notes against the amount owed for their current holdings of first lien notes.

The Globe and Mail's Board Games Wins

Every year, The Globe and Mail's Board Games report ranks Canada's TSX Composite Index Boards based on their governance and executive compensation practices. Kingsdale strives to ensure that our valued clients have the best-in-class corporate governance practices and provides ongoing assistance to enhance those practices.

As a result, we take great pride in the following clients' impressive improvement in the rankings:

Sun Life Financial Inc. (also a top quartile performer)
Suncor Energy Inc. (also a top quartile performer)
Morneau Shepell Inc. (also a top quartile performer)
Methanex Corp. (also a top quartile performer)
Laurentian Bank of Canada (also a top quartile performer)
MAG Silver Corp. (also a top quartile performer)
Cenovus Energy Inc. (also a top quartile performer)
Cameco Corporation (also a top quartile performer)
Air Canada (also a top quartile performer)
Nutrien Ltd.
Parkland Fuel Corp.
Encana Corp.
Cominar Real Estate Investment Trust
Endeavour Mining
OpenText
ECN Capital Corp.
Eldorado Gold Corp.
NovaGold Resources Inc.
Kinaxis
Kirkland Lake Gold Ltd.
Intertape Polymer Group Inc.
Parex Resources Inc.
Tourmaline Oil Corp.

We would also like to acknowledge our clients who are top quartile performers:

Manulife Financial Corp.
Sun Life Financial Inc.
Suncor Energy Inc.
Morneau Shepell Inc.
Canadian Pacific Railway
Fortis Inc.
Methanex Corp.
Pembina Pipeline Corp.
Capital Power Corp.
Kinross Gold Corp.
Laurentian Bank of Canada
MAG Silver Corp.
Cameco Corporation
Cenovus Energy Inc.
TransAlta Corp.
Air Canada



Eco Oro

- **Transaction Type:** Private Placement of CVR interests and notes
- **Dollar Value:** \$50 million
- **Support Level:** N/A

As the transaction's subscription agent, Kingsdale maintained the register of CVR interests and note holdings, verified subscription agreements, and created a process to allow existing CVR holders to combine their current shareholdings with their CVR to determine prorated participation in the offering.

Enmax Corporation

- **Transaction Type:** Indenture Amendment
- **Dollar Value:** \$300 million
- **Support Level:** 97.6%

Kingsdale acted as consent solicitation exchange agent for Enmax's parallel consent solicitation and plan of arrangement which proposed amendments to the Trust Indenture and offered an early consent consideration to debentureholders. Kingsdale created a consent and vote process to receive consents/votes through CDS facilitating payment of early consent consideration.

Kingsdale Has Defined the Market's Approach to Director-Shareholder Engagement

Since its publication three years ago, Kingsdale's *The Definitive Guide to Director-Shareholder Engagement* has served to help create a new paradigm for the way independent directors interact with shareholders. This year, following three printings and numerous downloads, we provided an update to the document.

Traditionally in Canada, directors generally felt that meeting with shareholders was the job of management and an ineffective use of time. Against the grain at the time, Kingsdale asserted that director-shareholder engagement was a proactive way to head-off potential issues, dissuade shareholder activism, and demonstrate board capability.

We're glad to report that things have now changed: Director-shareholder engagement has become the new normal with a majority of TSX 60 companies disclosing their engagement policies.

This year, in our 2019 update, we equipped directors with the tools needed to respond to increasing demand for engagement from institutional investors, meet rising governance and transparency expectations, and adequately address an increased focus on ESG issues.

Download it [here](#).

Watch Our Webcast: E&S Rising

This year, Kingsdale was proud to host a panel discussion on how corporate Canada can meet the evolving E&S challenge. Moderated by Kingsdale's Ian Robertson, the discussion explored topics such as:

- How to set the right E&S reporting standards for your company?
- How to overcome the challenges of E&S related data?
- How to think about E&S issues as drivers of business risk and opportunity?
- What E&S issues are investors currently focussed on?
- What is the role of governance when it comes to E&S issues?



Panelists included:

- **Michelle Edkins**, Managing Director, Global Head of BlackRock Investment Stewardship
- **Nora M. Duke**, Executive Vice President, Sustainability and Chief Human Resource Officer at Fortis Inc.
- **Judy Cotte**, CEO at ESG Global Advisors

Watch the video [here](#).

KINGSDALE REPORTS

In case you missed it, download our recent thought leadership pieces and commentary:

- [ISS 2020 PROXY VOTING GUIDELINES](#): Kingsdale's analysis on ISS's 2020 Benchmark Proxy Voting Guidelines updates.
- [GLASS LEWIS 2020 PROXY VOTING GUIDELINES](#): Kingsdale's analysis on Glass Lewis's 2020 Benchmark Proxy Voting Guidelines updates.
- [2020 AGM CHECKLIST](#): Our annual AGM checklist includes a series of core questions that every Canadian board should be asking in preparation of their next annual meeting.
- [2019 PROXY SEASON REVIEW](#): Kingsdale's 2019 Proxy Season Review highlights the major events of the proxy season, important developments in corporate governance, and trends that will impact boards in 2020.
- [AN ACTIVIST GOLD RUSH? ACTIVISM IN THE GOLD SECTOR](#): A special report spotlighting the growing momentum in M&A and the significant number of high profile activist campaigns in the gold industry.

New Clients and Even More AGMs

We welcome all of our new clients, a selection of whom are represented below, and congratulate all of our AGM clients on a successful 2019 proxy season. Kingsdale was proud to act as a trusted advisor on over 70 AGMs this year.

