



# 2018 YEAR IN REVIEW

For 15 years we have been committed to delivering the best service and the highest quality products, which is why we are always looking for ways to raise the bar and innovate. We're continuously enhancing our service capabilities to further solidify our position as the top strategic shareholder advisory firm in Canada and go-to governance and special situations thought leader.

## Kingsdale Solidifies Position as Go-To Source for Governance Advice

**F**or years, our Governance Advisory team has been helping clients turn around say-on-pay votes, review compensation plans, assess board vulnerabilities, and make it to the top of The Globe and Mail's Board Games rankings. As shareholders, media, and other stakeholders increase their focus on corporate governance, they are seeking out Kingsdale for our expertise on new challenges and emerging issues.

This year, Kingsdale was heavily featured in the news. We commented on industry developments and trends, from best practices in compensation to the evolution of corporate governance in the cannabis industry.

Our media coverage speaks for itself. In 2018, Kingsdale made a submission on "vote-buying" to the Canadian Securities Administrators, published our annual Proxy Season Review to warm reception across national media, broke down ISS' and Glass Lewis' latest policies, and advised cannabis companies on emerging

best practices on BNN. We also spoke with The Globe and Mail, Financial Post, BBC, and Activist Insight, reaching a combined audience of 14 million.

Kingsdale also played a role in shaping governance at a macro level. This year, our Executive Vice President, Governance Advisory, Victor Li, joined the Council of Institutional Investors' Markets Advisory Council, where he will be able to harness the firm's overall resources and experience to help craft the next generation of governance policies.

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**In case you missed it, click to check out our recent thought leadership pieces:**

### REPORTS

- Kingsdale's **CSA Submission on "Vote Buying"**
- Kingsdale's 2018 **Proxy Season Report** (excerpt) on Harvard Law School's Forum on Corporate Governance
- Commentary on **ISS 2019 Benchmark Policy Updates**
- Commentary on **Glass Lewis 2019 Proxy Voting Guidelines**

### NEWS

- Founder & Chairman Wes Hall and CEO Amy Freedman **comment on soliciting dealer arrangements** (Financial Post)
- Amy Freedman **discuss corporate governance for cannabis companies** (BNN)
- Ian Robertson, EVP Communication Strategy on **what boards can learn from Ontario's provincial election** (Globe and Mail)
- Victor Li, EVP Governance Advisory, interviewed about **dissident directors and trends in shareholder activism** (Activist Insight)
- Victor Li comments on **Elon Musk's unusual compensation plan** (BBC)
- Interview with Wes Hall: **Lessons from a Master Negotiator** (Inspire Podcast)

# KINGSDALE RESPONDS TO INCREASING DEMAND FOR ESG EXPERTISE

**H**eaded by Executive Vice-Presidents Victor Li and Victor Guo, both of whom held senior leadership roles with Institutional Shareholder Services (ISS), Kingsdale's Governance Advisory team has established a proven track record of providing clients with invaluable governance and compensation advice. Now we are answering the call of our clients for additional support when it comes to navigating evolving environmental and social (E&S) expectations.

Our dedicated and experienced Governance Advisory team helps clients become familiar with emerging E&S trends and best practices. We develop tailored shareholder engagement solutions surrounding the management of E&S risks. Our experts have been sought out and quoted by Activist Insight and The Globe and Mail, publications which evaluate and shape the governance space.

## OUR SERVICES INCLUDE:

- Tailored E&S Evaluation – assess clients' ability to identify, disclose and manage E&S risks
- Corporate Social Responsibility ("CSR") Report Guidance – develop and review CSR reports using best practices and bespoke recommendations
- Peer Disclosure Benchmarking – self-disclosed comparison of CSR reports, practices, and other E&S initiatives
- Engaging Shareholders and Projecting Vote Recommendations by Proxy Advisors – we have expert knowledge of institutional shareholders' policies regarding E&S issues, which are bolstered by our close relationships with governance decision makers at institutional investors. We can help clients identify and prepare for shareholder engagements regarding specific E&S topics.
- Third-Party Rating Verification – identify third-party ratings (e.g. ISS E&S QualityScore) and ensure accuracy of such ratings
- Real-Time News Monitoring – monitoring news releases that are relevant to a client's specific E&S issues and evaluating how these affect the client's overall E&S initiatives

For more information about Kingsdale's E&S and Governance Advisory Services, contact Victor Li at [vli@kingsdaleadvisors.com](mailto:vli@kingsdaleadvisors.com) or Victor Guo at [vguo@kingsdaleadvisors.com](mailto:vguo@kingsdaleadvisors.com).

## Did you know?

Kingsdale is well known for our shareholder services but people are sometimes surprised that we also play a valuable role in a range of balance sheet restructuring events that span debt and equity. To ensure you are well prepared for your restructuring event, contact Grant Hughes at [ghughes@kingsdaleadvisors.com](mailto:ghughes@kingsdaleadvisors.com).

## New clients and even more AGMs:

We want to welcome all of our new clients, a selection of whom are represented below, and congratulate all of our AGM clients on a successful 2018 proxy season. Kingsdale was proud to act as a trusted advisor on over 50 AGMs this year.



# BIG WINS FOR CLIENTS: PROXY FIGHT EXCELLENCE

**W**e congratulate our clients Alexandria Minerals, Crescent Point Energy, Colorado Resources, and Global Atomic on their successful proxy fight wins. We are also pleased to have advised AIMIA, Cominar REIT, DIRT, and Obsidian Energy on reaching successful standstill agreements with their respective activists. These complex activist engagements presented specific circumstances that required the unique expertise Kingsdale's multidisciplinary team provides and demonstrates Kingsdale's strategic advantage over competitors.

**"Crescent Point said shareholders on Friday backed all 10 of the company's board nominees and rejected a slate of four directors put forward by Cation, bringing an end to a short but heated proxy contest in the oil patch." – The Globe & Mail**

Cation Capital, an activist with 0.3% ownership, requested 4 of 10 board seats just one day before the deadline under Crescent Point's advance notice by-law. ISS recommended shareholders vote for two activist nominees; Glass Lewis recommended for management's slate. Kingsdale worked with Crescent Point to reach out to key institutional shareholders to counter ISS' recommendation and led an extensive PR and retail outreach campaign, ending in a clear victory with all 10 management nominees elected.

**W**e also congratulate client CanniMed for a sweetened hostile-turned-friendly bid, the largest in the cannabis space at the time, and client Ensign Energy for its successful hostile bid for Trinidad Drilling.

**"Sweetened C\$1.23 billion (\$1 billion) cash-and-stock deal that would be the largest merger yet in the country's red-hot cannabis industry." – Bloomberg**

A proposed friendly merger between CanniMed Therapeutics and Newstrike Resources turned into a hostile bid defence when Aurora Cannabis swooped in looking to takeover CanniMed and block the deal. Kingsdale's aggressive PR campaign and shareholder outreach strategy turned the tide in CanniMed's favour despite 36% of shares locked up against the deal. With insurmountable pressure against the hostile bid, Aurora approached CanniMed and negotiated a new offer, 112% greater than the original.

**"The Calgary-based drilling company says 56.38 per cent of Trinidad shares have been tendered. The 154.1-million shares are in addition to the 26.9-million it also owns, raising its stake in Trinidad to 66.18 per cent." – The Globe and Mail**

Ensign, a 9.8% shareholder of Trinidad Drilling, made a successful bid (pending completion) for Trinidad Drilling despite several obstacles. Trinidad opted for Precision Drilling's white-knight all-stock POA offer over Ensign's all-cash tender offer. Ensign shortened the bidding period and reached a majority of shareholders who tendered before Trinidad could vote on Precision's offer. With the shortened bid period, Kingsdale mounted a 'fire drill' outreach and PR campaign to ensure shareholders tendered as quickly as possible. (At the time of writing, Ensign owns 86.67% of Trinidad.)

We also congratulate Velvet Energy on reaching a hostile-turned-friendly acquisition agreement with target Iron Bridge Resources.

## Governance wins for clients:

Kingsdale has helped vulnerable clients pass say-on-pay votes in the most challenging circumstances, including multiple turnarounds where companies failed the previous year but were able to succeed under our guidance. Select 2018 highlights include:

- For three clients, Kingsdale reversed proxy advisors' initial recommendations, including recommendations on board members and say-on-pay
- For another client, when ISS had an issue related to a major constating document Kingsdale was successful in obtaining support for the client's position
- Worked alongside another client who received the Best Engagement by a Governance Team award from the Governance Professionals of Canada

## The Globe & Mail's Board Games wins:

A record number of our clients have either stayed among top quartile Board Games rankings or made significant improvements in rankings. Congratulations to:

**Fortis Inc.** (also a top quartile performer)  
**Suncor Energy Inc.** (also a top quartile performer)  
**Pembina Pipeline Corp.** (also a top quartile performer)  
**Canadian Pacific Railway Ltd.** (also a top quartile performer)  
**Kinross Gold Corp.** (also a top quartile performer)  
**Morneau Shepell Inc.** (also a top quartile performer)  
**New Gold Inc.** (also a top quartile performer)  
**TransAlta Corp.** (also a top quartile performer)  
**Cenovus Energy Inc.** (also a top quartile performer)  
**Element Fleet Management Corp.**  
**Encana Corp.**  
**Pan American Silver Corp.**  
**Parkland Fuel Corp.**  
**Artis REIT**  
**Cominar REIT**  
**ECN Capital Corp.**  
**Endeavour Mining Corp.**  
**Kinaxis Inc.**  
**Onex Corp.**

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

**Manulife Financial Corp.**  
**Sun Life Financial Inc.**  
**Magna International Inc.**  
**Precision Drilling Corp.**  
**Barrick Gold Corp.**  
**Cameco Corp.**

# Corporate Actions wins

As with previous years, Kingsdale has devised unique solutions for complex and precedent setting restructuring events including:

- **Advised on Banro Corporation's** (\$275M) recapitalization. Created a process in CDS to combine the voting on the recapitalization with capture of new security registration details and acted as the transitional "registrar" providing the initial shareholder registry to the Cayman Transfer Agent and assisting them in securing know your customer (KYC) documentation.
- **Advised on Concordia International Group's** (\$3B) precedent setting recapitalization of loans and notes which utilized a simultaneous CBCA plan of arrangement and US Chapter 11 restructuring. Created a new "ballot-proxy" to bridge the two regimes and two settlement environments. Created the voting and election process, stepped into the loan agent's role for voting, provided the entitlement calculations and settled the entire transaction.
- **Advised on Algoma's** (\$746.25M worth of debt) emergence from three years in CCAA by way of credit bid. Stepped into several roles to ensure a "fixed" closing date could be maintained – including settling all newly issued securities to Kingsdale as agent to allow the Luxembourg Transfer Agent to comply with local law for closing.
- **Acted on Jupiter Resources'** (USD \$1.1B) plan of arrangement as an exchange and escrow agent, establishing the market process to enable creditors to elect whether to participate in a capital raising subscription, captured registration instructions for new private equity, maintained the participation records, calculated all netted entitlements and will settle entitlements with creditors.

## WATCH OUR PANEL WITH EXPERTS FROM ISS AND GLASS LEWIS

Kingsdale was proud to host a rare panel discussion with governance experts from ISS and Glass Lewis.

Kingsdale CEO Amy Freedman moderated a discussion with Debra Sisti, Executive Director and Head of Canadian Research at ISS, and Kern McPherson, VP of Research and Engagement at Glass Lewis. The panel discussed notable events of the past proxy season, 2019 policy updates, and emerging corporate governance issues that will matter to Canadian companies in the year ahead.

