

Hansell McLaughlin Weekly Proxy Notes

Hansell McLaughlin Weekly Proxy Notes provide you with a look into our governance findings for the 2024 proxy season for TSX listed issuers and governance developments that have occurred during the week. To receive our future notes on the 2024 proxy season [subscribe here](#).

Failed Director Election at Bitfarms Ltd.

The co-founder and former CEO of Bitfarms Ltd. ("Bitfarms"), Mr. Emiliano Joel Grodzki, resigned from the board after failing to receive majority support for his election at the company's annual shareholder meeting. Bitfarms said it believes his failed election resulted from independence concerns expressed by proxy advisory firms. Bitfarms' most recent management information circular states that three of six directors were non-independent directors (including Mr. Grodzki). Mr. Grodzki was the only non-independent director that served on three of the board's committees: the Compensation Committee, the Governance and Nominating Committee and the Environmental and Social Responsibility Committee. Both ISS and Glass Lewis' proxy voting guidelines advise shareholders to withhold voting for non-independent directors that serve on key committees.

Mr. Grodzki's failed election comes at a time where Bitfarms is facing increased pressures from a potential hostile takeover by Riot Platforms Inc. ("Riot"). Days after Bitfarm's shareholder meeting, Riot announced it increased its stake in Bitfarms to 12% and plans to requisition a special meeting to replace the Bitfarms' board with its own nominees. Among other things, Riot cited governance concerns and the Bitfarms board's track record as its reason to replace the board. Bitfarms and Riot are both in the Bitcoin mining business.

Shopify's Say-On-Pay Resolution Passes Despite Opposition

Despite opposition from proxy advisory firms, ISS and Glass Lewis, shareholders of Shopify Inc. ("Shopify") approved the company's say-on-pay resolution at its June 4, 2024, shareholders meeting. Both proxy advisory firms cited problematic pay practices as their reason for opposition. ISS criticized the substantial stock option grants without performance-based vesting conditions provided to the CEO, Mr. Tobias Lütke, and the COO, Mr. Kaz Nejatian. Glass Lewis opposed the plan, citing pay-for-performance concerns relative to Shopify's peers.

TC Energy's Spinoff Resolution Approved

TC Energy Corporation ("TC Energy") shareholders approved the spinoff of the crude oil pipelines business into a newly formed entity, South Bow Corporation ("South Bow"). TC Energy will continue to focus on natural gas infrastructure and nuclear hydro energy storage. TC Energy shareholders will receive one new TC Energy share and 0.2 South Bow shares for each TC Energy share held. The spinoff will close in the third or fourth quarter of 2024. Both entities will trade on the TSX and NYSE.

Byte of the Week

150 shareholder proposals have been submitted to TSX listed issuers to date in 2024. This marks a substantial increase from the 80 proposals submitted to TSX listed issuers in 2023, representing an 87.5% increase in the number of proposals submitted.

2024 Proxy Season To Date (TSX Listed Issuers)



Shareholder Proposals

150 submitted

80 proceeding to a vote

7 successful



9 failed director elections



2 failed say on pay votes

In the News

Below, we discuss news releases related to governance issues at issuers listed on the TSX since our last weekly proxy note.



June 3, 2024, Aimia Inc. (TSX: AIM), "[Aimia Provides Response To Mithaq's Statements Regarding Upcoming Annual Meeting Of Shareholders](#)" - MarketScreener

Aimia Inc. ("Aimia") responded to Mithaq Capital's ("Mithaq") nomination of six nominees to Aimia's board at the company's June 26, 2024, shareholder meeting. Aimia criticized Mithaq for lacking a clear strategy to create shareholder value. In its response, Aimia highlighted its recent actions, including reducing executive compensation, monetizing non-core investments and a planned share buyback. Aimia also emphasized its board's commitment through increased insider ownership and extensive experience compared to Mithaq's nominees.



June 3, 2024, The Toronto-Dominion Bank (TSX: TD), "[TD bank employee accused of helping clients skirt controls in new U.S. money-laundering case](#)" - The Globe and Mail

An employee of the Toronto-Dominion Bank ("TD") in Florida, Mr. Gerardo Aquino Vargas, is accused of accepting bribes to facilitate money transfers to Colombia. Mr. Vargas allegedly created fraudulent bank accounts, provided debit cards and granted online access for transferring millions of dollars. Mr. Vargas allegedly received tens of thousands of dollars in bribes. TD is currently under investigation by three regulators and the Department of Justice, with potential penalties estimated at US\$2 billion. The bank has already set aside US\$450 million for these penalties and is overhauling its anti-money laundering program with over US\$500 million in investments.



June 3, 2024, Fairfax India Holdings Corp (TSX: FIH.U), "[Canadian billionaire Prem Watsa to step down as Fairfax India chairman](#)" - Reuters

Fairfax India Holdings Corp. ("Fairfax India") announced that its chairman of nine years, Mr. Prem Watsa, will step down and be succeeded by his son, Mr. Benjamin Watsa, effective July 1, 2024. Mr. Prem Watsa will continue to serve as a director on the board.

Fairfax India also announced that Mr. Gopalakrishnan Soundarajan will succeed Mr. Chandran Ratnaswami as the company's CEO. Mr. Ratnaswami will transition to executive vice chairman of the board.

Our governance expertise is complemented by a sophisticated data analytics practice which brings you these weekly proxy notes. We analyze the governance practices of all TSX listed issuers. The data is gathered from publicly available information and is managed internally to ensure that the information is standardized, comparable and reliable. [Click here](#) to learn more about our practice areas.