

# Hansell McLaughlin Weekly Proxy Notes

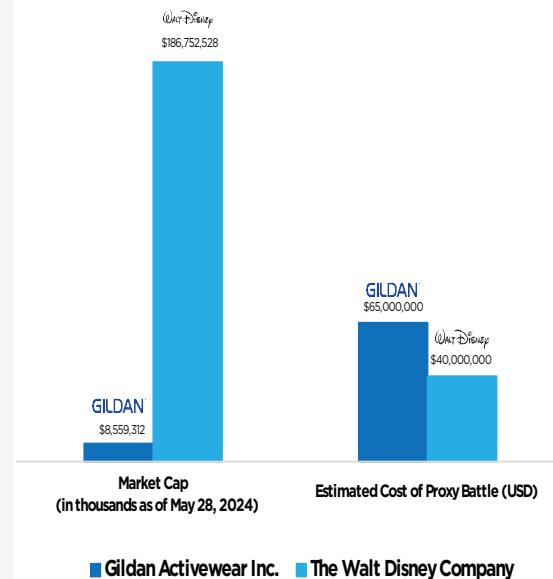
Hansell McLaughlin Weekly Proxy Notes provide you with a look into our governance findings for the 2024 proxy season for TSX listed issuers and governance developments that have occurred during the week. To receive our future notes on the 2024 proxy season [subscribe here](#).

## The Cost of Gildan’s Proxy Battle

On May 28, 2024, Gildan Activewear Inc. (“Gildan”) held its shareholders meeting following a seven-month long proxy battle with Browning West LP (“Browning West”). The central issue in the proxy battle was the decision of the Gildan board to terminate the employment of long time CEO, Mr. Glenn Chamandy. Days prior to the shareholder meeting Gildan’s entire board (including then CEO, Vince Tyra), recognizing that they would lose the vote at the meeting, resigned in favour of Browning West’s nominees. The new board includes, Mr. Glenn Chamandy, who was immediately reinstated as CEO.

Gildan has estimated the total cost of the proxy battle at USD \$65 million. The costs include legal fees, consulting fees and severances paid to executives. This represents 1.8% of total assets, 2.0% of total revenue, and 12.2% of net earnings (based on Gildan’s most recent audited annual financial statements).

Another high-profile proxy battle earlier this year at the Walt Disney Company (“Disney”) was comparatively less costly for the company – with costs disclosed of approximately USD \$40 million. From a market capitalization perspective, Disney is more than 20 times the size of Gildan.



## Byte of the Week

Shareholders of Saturn Oil & Gas Inc. approved the company’s continuance resolution at its May 28, 2024, shareholders meeting, allowing the company to continue under Alberta’s Business Corporations Act from Saskatchewan’s Business Corporations Act.

## First Majestic’s Second Consecutive Failed Say-on-Pay Vote

First Majestic Silver Corp.’s (“First Majestic”) say-on-pay resolution again failed to receive majority support from shareholders at its May 23, 2024, shareholders meeting (49.17% of shareholders voted in favour of the resolution). This was nevertheless a significant improvement over last year’s on say-on-pay vote, which received support from only 26.17% of shareholders.

Both this year and last year, shareholders coupled their rebuke of the company’s approach to executive compensation with a significant withhold vote for the Compensation Committee chair. Last year, Compensation Committee chair, Ms. Ana Lopez, received just 53.13% shareholder support, (in contrast to over 90% of shareholder support for the other directors). She resigned from the board several months ago. This year, Thomas Fudge, Jr., chair of the board and the chair of the Compensation Committee received just 57.35% shareholder support (again, in contrast to over 90% of shareholder support for the other directors).

## 2024 Proxy Season To Date (TSX Listed Issuers)



### Shareholder Proposals

**150** submitted

**81** proceeding to a vote

**7** successful



8 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.



**May 24, 2024 - Main Street Equity Corp. (TSX: MEQ), "[Mainstreet Equity Corp. Cyber Incident](#)" - Businesswire**

On May 21, 2024, Mainstreet Equity Corp. ("Mainstreet") announced that its internal systems were the subject of a cyberattack. Mainstreet engaged third-party cybersecurity experts to investigate the cause of the incident, safely restore its systems and assess if any data was compromised. The company will provide further updates as new information becomes available.



**May 28, 2024 - Bitfarms Ltd. (TSX: BITF), "[Riot proposes hostile takeover of Toronto-based Bitfarms to create world's largest publicly listed Bitcoin miner](#)" - The Globe and Mail**

On May 28, 2024, US based Riot Platforms Inc. ("Riot") announced its plan for a hostile takeover of Bitfarms Ltd. ("Bitfarms") after informing the Bitfarms board that it had acquired 9.25% stake in Bitfarms, effectively making Riot the largest shareholder of Bitfarms. Riot initially sent a letter to the Bitfarms board in April providing a non-binding offer of US \$2.30 per share to acquire all of Bitfarm's outstanding shares.

Riot intends to requisition a special meeting following Bitfarms' May 31, 2024, shareholders meeting to propose its own nominees to the board. If successful, Riot's acquisition of Bitfarms would create the largest publicly listed bitcoin mining company.



**May 28, 2024 - Western Energy Services Corp. (TSX: WRG), "[Western Energy Services Corp. Announces Resignation Of Chief Financial Officer](#)" - Newswire**

On May 28, 2024, Western Energy Services Corp. ("Western Energy") announced the resignation of Mr. Jeffrey K. Bowers, its Senior Vice President, Finance, Chief Financial Officer and Corporate Secretary of 14 years. Western Energy retained a search firm to assist it in identifying a successor for Mr. Bowers, who will remain with Western Energy for an interim period until a successor is identified.



**May 29, 2024 - Ag Growth International Inc. (TSX: AFN), "[AGI Responds to Media Report of Unsolicited Proposal](#)" - Financial Post**

In a press released dated May 29, 2024, Ag Growth International ("AGI") said that it declined an unsolicited third-party bid to acquire the company. AGI said that its board reviewed the proposal to acquire the company, with input from legal and financial advisors. The board ultimately determined that the offer did not serve the best interests of AGI's shareholders.

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.