KINGSDALE Advisors

2026 PROXY SEASON EARLY INSIGHTS

Governance, Activism, and Emerging Board Priorities in Canada

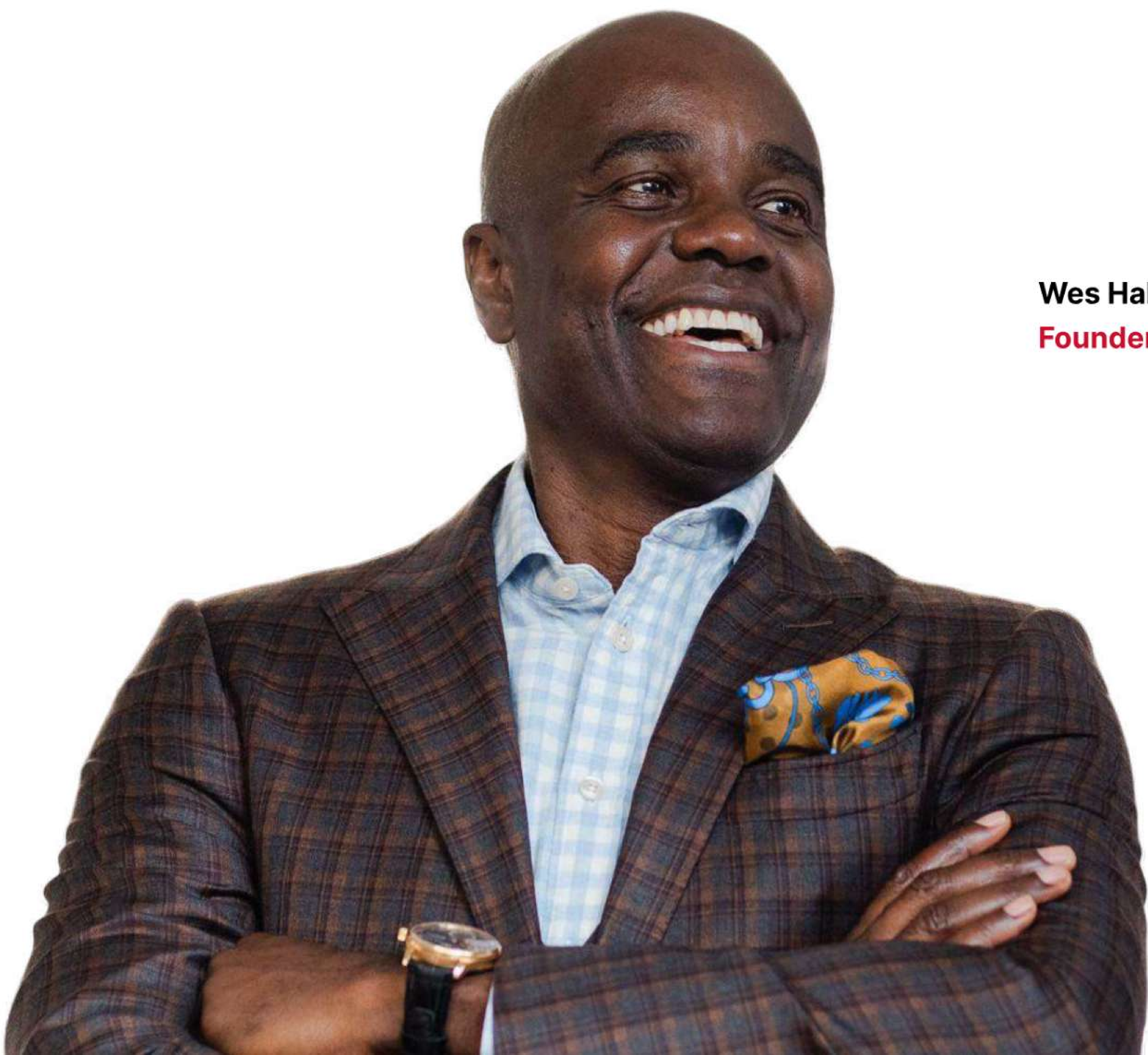
CEO Perspective

The 2026 proxy season is raising the bar for boards.

Shareholder activity is intensifying, highly concentrated, and focused on emerging priorities like AI oversight, retail participation, and stronger expectations around board oversight and accountability. Investors are increasingly results-driven, emphasizing pay alignment, governance quality, and board effectiveness. These dynamics are unfolding amid global uncertainty, including U.S. regulatory shifts and ongoing geopolitical tensions.

This report provides boards, executives, and investors with clear data and insights to understand the proxy season so far and anticipate what lies ahead, helping inform confident, timely decision-making.

At Kingsdale Advisors, we are privileged to advise Canada's leading organizations, and we thank the boards and management teams who trust us to navigate today's complex environment, where preparation, insight, and decisive action make all the difference.



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)*

#8

Proxy Solicitor, Global
(Company Side)*

100%

Win Rate For Clients
(2025)

* **Source:** Bloomberg Global Shareholder Activism League Tables FY 2025 and LSEG Global Shareholder Activism Review FY2025.

In Action: 2025 Highlights

2025
USD 9.1B

Acted on behalf of Parkland with its plan of arrangement with Suncor LP.

2025
CAD 4B

Acted on behalf of InterRent REIT in its sale to CLV Group Inc. and GIC Real Estate, Inc.

2025
USD 2.1B

Acted on behalf of MAG Silver Corp. in its plan of arrangement with Pan American Silver.

2025
CAD 1.3B

Acted on behalf of First Majestic Silver Corp. in its merger with Gatos Silver, Inc.

2025
USD 280M

Acted on behalf of MDA Space in its acquisition of SatixFy Communications.

2025
CAD 201.5M

Acted on behalf of Payfare in its plan of arrangement with Fiserv, Inc.

Boardroom Takeaways

28% Growth in shareholder activism campaigns	**14** Meeting requisitions (highest since 2020)	**101** Shareholder proposals
59 Proposals targeting Big Six Banks	**53%** Dissident campaigns resulting in settlements with management	**14** Proposals with retail shareholders in the spotlight

Board Related Campaigns

Most targeted areas for shareholder activism

Management Leading

Wins following activism situations

CEO Succession Planning

Continues as a key governance risk

Top 3 Activists (Past 5 Years)

- Plantro Ltd.
- KAOS Capital Ltd.
- Elliott Investment Management LP

What's New In The 2026 Proxy Season?

1 **Pay-for-Performance Scrutiny Is Intensifying**

Boards should expect deeper scrutiny even where Say-on-Pay support remains strong.

2 **Shareholder Activism Is Increasingly Targeting M&A**

Activism is rising, 28% growth year-on-year, and transaction-related campaigns have already surpassed the previous year's total.

3 **ESG Expectations Are Shifting to Credibility**

Proposal volumes are up 6%, and focus is on defensible climate disclosures, governance oversight, and data integrity. Boards should prioritize substantiated, decision-useful ESG reporting amid ongoing greenwashing scrutiny.

4 **AI Governance Is Now a Core Board Responsibility**

Investors expect clear disclosures on AI oversight, risk management, and responsible use. Committee-level accountability and board expertise are becoming key differentiators.

5 **Retail Shareholder Participation Is Emerging as a Governance Focus**

For the first time, 14 proposals have been submitted calling for enhanced retail shareholder participation and greater transparency at AGMs.

6 **Proxy Voting Is Becoming More Customized**

Glass Lewis' planned move away from a single Benchmark Policy in 2027 signals greater variability in voting results. Boards should understand how their largest investors approach voting, not rely solely on proxy advisor benchmarks.

7 **Regulatory and Market Pressure Is Reshaping Engagement**

Heightened U.S. scrutiny of proxy advisors and evolving investor expectations are driving more nuanced, less predictable engagement dynamics, requiring boards to be proactive and targeted in shareholder outreach.

Boards must anticipate not just where pressure will emerge, but how quickly it can evolve across issuers and investor groups. In this environment, reactive governance is no longer sufficient...

Aaron Boles,
President

The advisor to boards and management on high-stakes shareholder, regulatory, and reputational moments in capital markets for over two decades.

The Market Perspective

The 2026 proxy season confirms a clear shift: activism is more targeted, more sophisticated, and less predictable.

So far, 50 campaigns have been launched, up 28% year-on-year. The story is not volume; it is precision. Micro-cap issuers account for 52% of campaigns, reinforcing continued focus on governance and valuation vulnerabilities. Board-related campaigns represent more than half of all activity, while repeat activists are increasingly deploying multiple campaigns across issuers, signalling more systematic pressure tactics.

Despite this, management teams are currently leading in the "win" column, reflecting stronger issuer preparedness but also higher-quality engagement battles.

A notable shift is the emergence of retail-focused shareholder proposals aimed at improving AGM participation and transparency, an early signal of broader shareholder base activation.

ESG dynamics are also evolving. Environmental proposals are slightly down but more targeted and relevant, while AI-related proposals have materially matured, shifting from broad ethical concerns to specific expectations around oversight, governance, and risk management.

The message is clear: activism is no longer volume-driven; it is precision-driven.

Boards must anticipate not just where pressure will emerge, but how quickly it can evolve across issuers and investor groups. In this environment, reactive governance is no longer sufficient, and preparedness must be continuous.

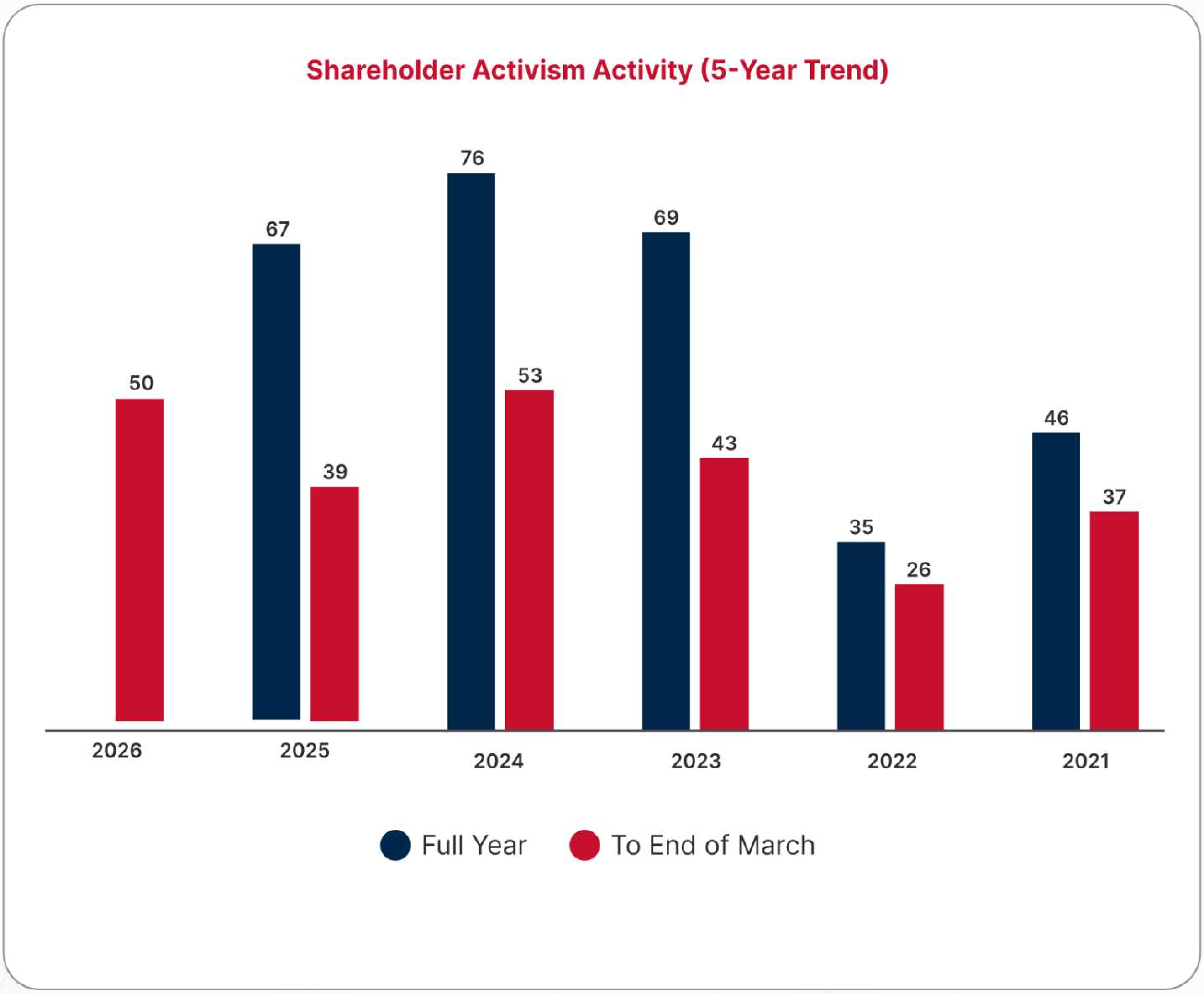
Aaron Boles
President

SHAREHOLDER ACTIVISM

Raman Bhan
VP, Operations

Shareholder Activism In Canada

- 50 shareholder activism campaigns launched, up from 39 over the same period last year, highlighting a clear uptick in activist activity.
- Micro-cap companies ($0–$200M) remain the main targets, accounting for 52% of campaigns, where boards are more exposed, and ownership is fragmented.
- Large-cap companies (>$10B) make up 10% of campaigns, demonstrating that no segment of the market is immune.



What Activists Want

Board-Related

The most frequent target, with 27 campaigns (54% of total), highlighting continued pressure on board composition and oversight.

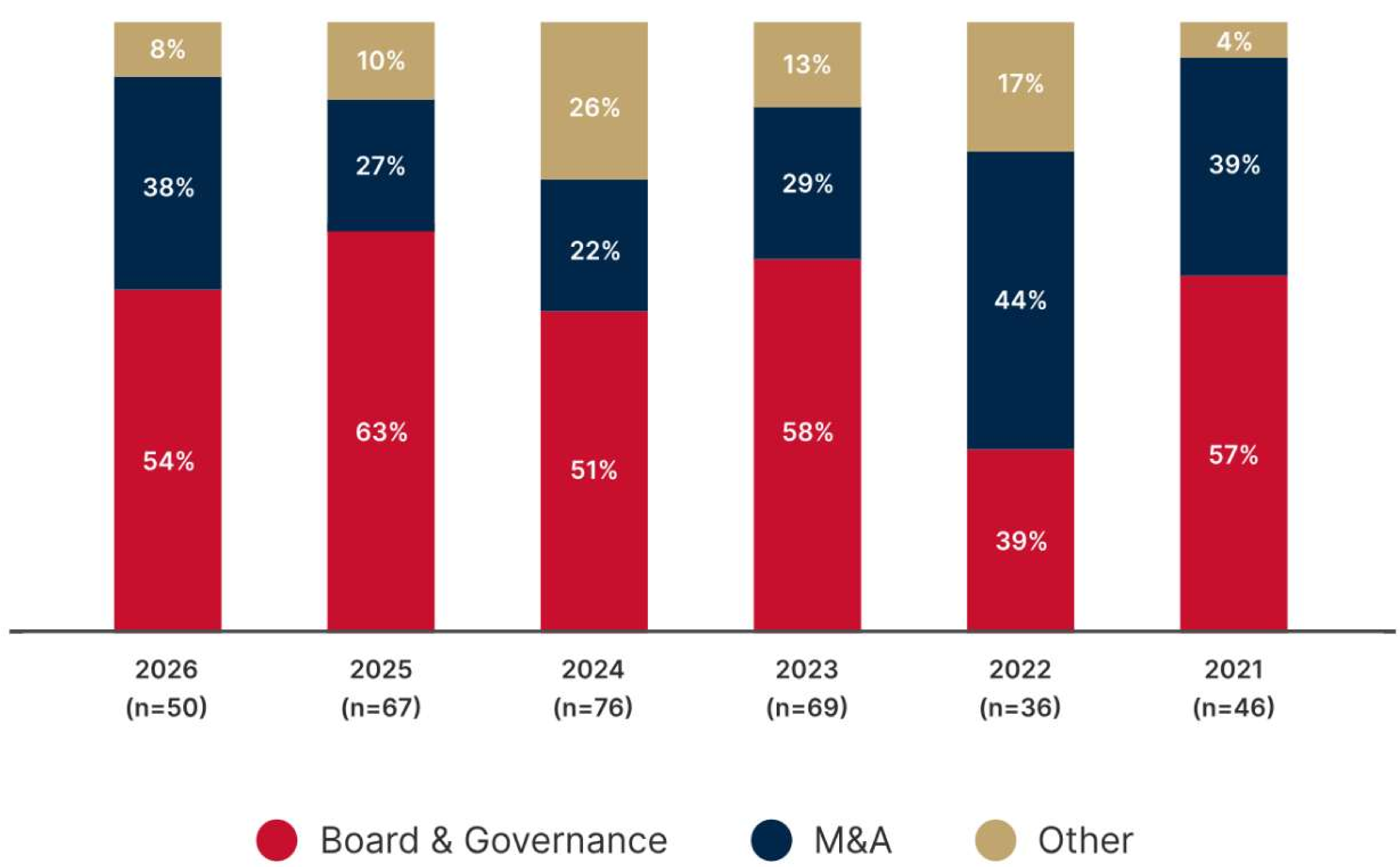
M&A

Already exceeding last year's full-season total (19 vs 18), emphasizing growing activist pressure on strategic transactions. These include opposition to announced deals or pushes for full/partial divestiture.

Other Campaigns

Represents a smaller segment (4 cases, 8% of total), including situations where activist demands are not yet defined or involve critiques of specific governance or financial practices, reflecting more niche or emerging areas of activity.

Trends in Shareholder Activism Focus Areas



Activism Data:
- 2026 – (1 Jul 2025 – 31 Mar 2026)
- 2021 to 2025 – (1 Jul – 30 Jun)

Meeting Requisitions

- 14 meeting requisitions have already been submitted this proxy season, exceeding last year's full-season total (previously the highest since 2020).
- With the season still ongoing, requisition activity has already reached record levels.
- Activists are increasingly using requisitions, or the threat of them, as a key tactical lever to drive engagement and accelerate change.

Repeat Offenders

Certain activists are targeting multiple companies within a single proxy season, indicating more concentrated and strategic campaign activity.

Plantro Ltd. has already targeted four companies this year, including:

01 **Ag Growth International Inc.**

(ongoing)

02 **Information Services Corporation**

03 **Calian Group Ltd.**

04 **Dye & Durham**

(ongoing multi-year disputes)

OneMove has targeted Dye & Durham and Sylogist. Notably, OneMove is the investment vehicle of Tyler Proud, brother of Matthew Proud who heads Plantro Ltd.

Elliott Investment Management, a well-known activist, initiated campaigns at Barrick and Lululemon, both undergoing CEO transitions, underscoring the continued focus on succession planning as a governance risk.

Campaign Outcomes

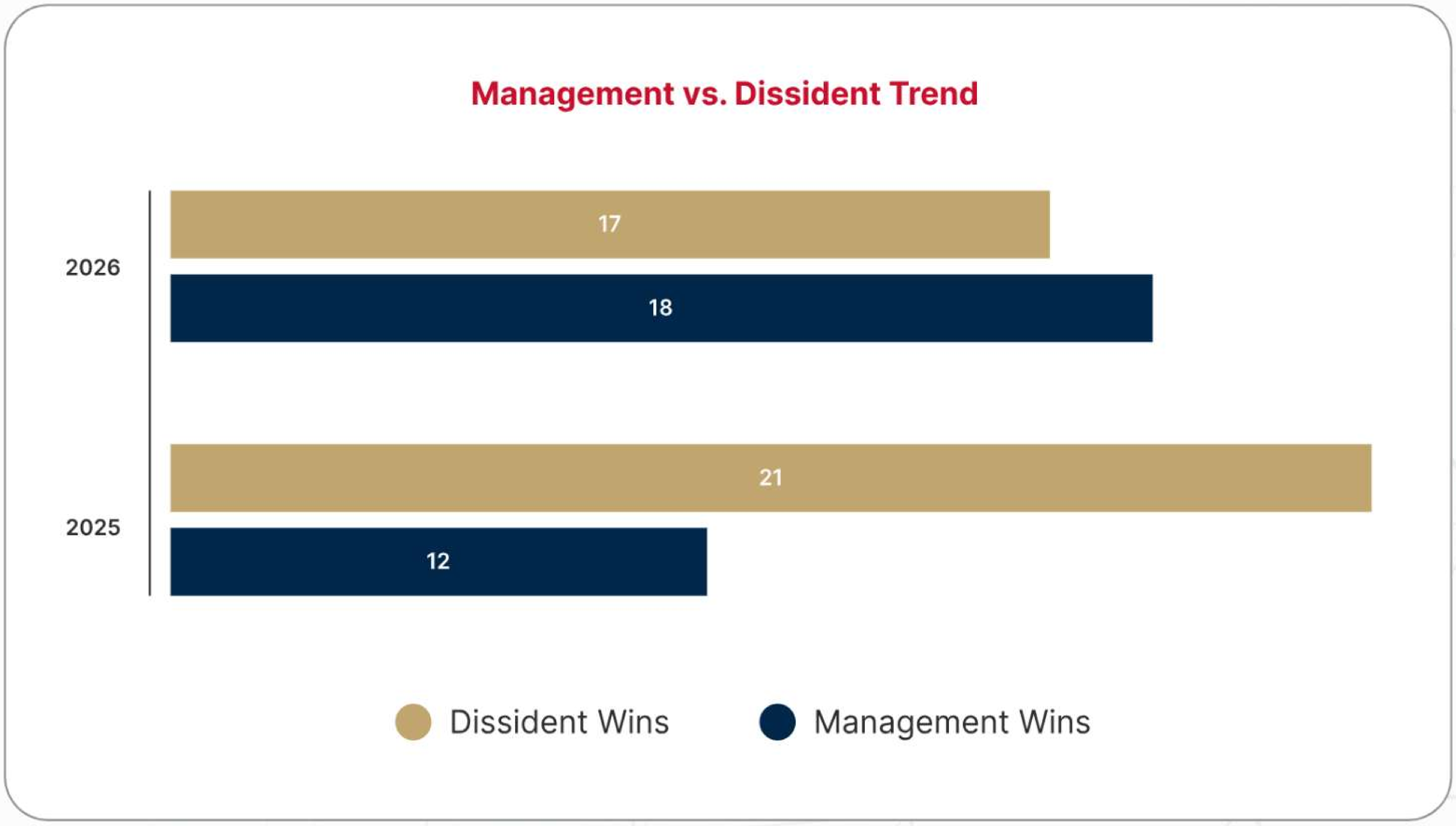
Management holds a slight lead, with 18 wins versus 17 dissident wins.

Half of the dissident wins (9 out of 17) were achieved through settlement agreements, which are classified as dissident-favoured agreements.

This contrasts with last year when dissidents led with 21 wins compared to 12 for management. Settlements played a larger role then, accounting for 15 of the 21 dissident wins. Typical resolutions include:

- 1–2 board appointments.
- Cooperation or standstill agreements.
- Formation of special or strategic committees.
- Acceptance of partial governance reforms.

Full dissident slates winning outright remains uncommon.



Defensible compensation is not just about structure; it is about clarity, consistency, and credibility. Boards that proactively explain their decisions and demonstrate alignment with shareholder returns are better positioned to maintain investor support.

Victor Li,
Executive Vice President,
Governance Advisory

Victor is a former ISS insider with 25+ years shaping proxy advisor and institutional decisions in activism, contested M&A, and say-on-pay under maximum scrutiny.

Q **The impact of geopolitical tensions in the Middle East is already being felt in Canada through supply chains, market volatility, and investor expectations. How must boards react and embed geopolitical risk into their disclosures?**

A Proxy circular disclosure of geopolitical risk has, to date, been relatively limited. It is typically confined to statements that such risks are being monitored or that certain directors possess relevant expertise. While disclosure in Management's Discussion & Analysis (MD&A) may be more detailed, it often remains largely boilerplate and lacks specificity on how these risks translate into business impact.

Boards are increasingly expected to move beyond these high-level disclosures. Higher-quality reporting should incorporate scenario-based analysis, clearly link geopolitical risk to capital allocation, liquidity, and corporate strategy, and articulate how these risks may affect both near and long-term performance.

Importantly, disclosures should demonstrate that boards are not simply relying on management but are actively stress-testing key assumptions and challenging underlying scenarios. Investors are looking for evidence of meaningful oversight and a more integrated approach to risk, where geopolitical considerations are embedded into strategic decision-making rather than treated as a standalone disclosure item.

Q **With AI adoption accelerating and no binding federal legislation in Canada, how should boards take ownership of AI oversight and ensure governance frameworks are robust, accountable, and investor-ready?**

A Boards should begin by developing a clear understanding of where and how AI is being deployed across the organization, including its use across business units and functions. Without this foundational visibility, effective oversight is not possible.

AI must be viewed not only as a strategic opportunity, but also as a material risk, with implications for operations, reputation, and regulatory exposure. As a result, boards should ensure that governance frameworks address both value creation and risk mitigation in a structured and consistent manner.

Effective oversight requires the right level of technical literacy at the board level, supported by ongoing education and, where appropriate, the inclusion of directors with relevant expertise. Regular updates from management on AI deployment, risk controls, and evolving use cases are also critical.

Notably, shareholder expectations are becoming more defined. Recent AI-related proposals have moved beyond broad principles to focus on specific issues, such as maintaining a human dimension in decision-making and ensuring appropriate safeguards are in place. This signals a shift toward more practical, implementation-focused scrutiny, reinforcing the need for boards to demonstrate credible oversight and accountability.

> **“Boards should take ownership of their pay-for-performance narrative and communicate it in a clear and compelling way that resonates with shareholders.”**

Q **How should boards ensure executive compensation is clearly aligned with performance and defensible to shareholders?**

A Boards should take ownership of their pay-for-performance narrative and communicate it in a clear and compelling way that resonates with shareholders.

This includes articulating which peers are most relevant, which performance metrics are used, and, importantly, why those choices are appropriate for the company's specific circumstances.

At the same time, boards must recognize that proxy advisors and institutional investors often apply standardized evaluation frameworks. Where a company's approach differs, it is critical to explain why a more tailored or nuanced methodology is warranted, and how it better reflects the company's strategy and performance.

Ultimately, defensible compensation is not just about structure; it is about clarity, consistency, and credibility. Boards that proactively explain their decisions and demonstrate alignment with shareholder returns are better positioned to maintain investor support.

Q **ESG proposals may be declining, but scrutiny is intensifying. How must boards strengthen governance, controls, and disclosures to ensure ESG strategies are credible, measurable, and resilient to challenge?**

A While environmental and social proposal volumes may fluctuate year to year, they are not going away. The underlying expectations around ESG performance and accountability remain firmly in place.

I believe that governance sits at a higher level in the hierarchy and should be the starting point for boards. Boards should focus on building and maintaining effective governance structures, supported by a diverse mix of directors with the relevant skills and experience aligned to the company's strategy and risk profile. Strong governance provides the foundation for credible ESG oversight and decision-making.

Boards should also prioritize direct engagement with shareholders, including conversations led by independent directors without management present, to better understand evolving expectations and areas of concern. This can provide valuable insight into how ESG strategies are being assessed and where greater clarity or disclosure may be needed.

Q **With growing U.S. scrutiny and Glass Lewis moving toward customized voting recommendations in 2027, how should boards prepare for a more fragmented and investor-specific proxy landscape?**

A We are seeing the accelerated decline of the "one-size-fits-all" approach to proxy voting. As recommendations become more customized, voting outcomes are likely to become increasingly fragmented and less predictable. This shift also introduces greater complexity in vote forecasting and tracking, as reduced transparency makes it more difficult to anticipate how different investors will evaluate specific issues.

In this environment, boards should focus on identifying and aligning with the implicit governance expectations that resonate across their shareholder base.

This requires a deeper understanding of how key investors approach voting decisions, rather than relying solely on proxy advisor benchmarks.

In the near term, boards may benefit from a degree of flexibility, particularly as AI-driven or more tailored recommendations evolve. However, over time, outliers in governance or disclosure will become more visible and increasingly vulnerable to challenge. Ultimately, credible ESG strategies are grounded in strong governance, clear accountability, and meaningful engagement, enabling boards to withstand increasing scrutiny and demonstrate resilience over time.

“Equally important is direct engagement with shareholders. Boards should seek opportunities to hear candid, unfiltered perspectives, as these discussions can surface insights that may not emerge through formal channels.”

Q **With the 2026 proxy season still underway, what actions should boards be taking now to stay ahead of investor expectations and avoid activism or governance risks?**

A Boards should adopt the mindset of being their own activist by proactively identifying vulnerabilities before they are exposed by others. This includes conducting regular vulnerability assessments and ensuring that defense preparedness plans are up to date and actionable.

Equally important is direct engagement with shareholders. Boards should seek opportunities to hear candid, unfiltered perspectives, as these discussions can surface insights that may not emerge through formal channels.

By combining proactive self-assessment with meaningful shareholder engagement, boards can better anticipate concerns, address gaps early, and strengthen their overall governance resilience.

SHAREHOLDER PROPOSALS

Neil Tolentino
VP, Strategic Advisory & Analytics

Early Trends

101 shareholder proposals have been submitted, representing a 6% increase year-on-year.

Mouvement d'éducation et de défense des actionnaires (MÉDAC) drove activity, submitting 88 of the 101 proposals, matching the total from the previous proxy period.

A key emerging theme is retail shareholder participation. For the first time, MÉDAC has submitted proposals to 14 issuers requesting:

- Concrete measures to enhance retail participation at AGMs
- Improved transparency on shareholder participation levels

These proposals reflect concerns around declining retail engagement and aim to improve voting accessibility, strengthen issuer communication, and enhance disclosure.

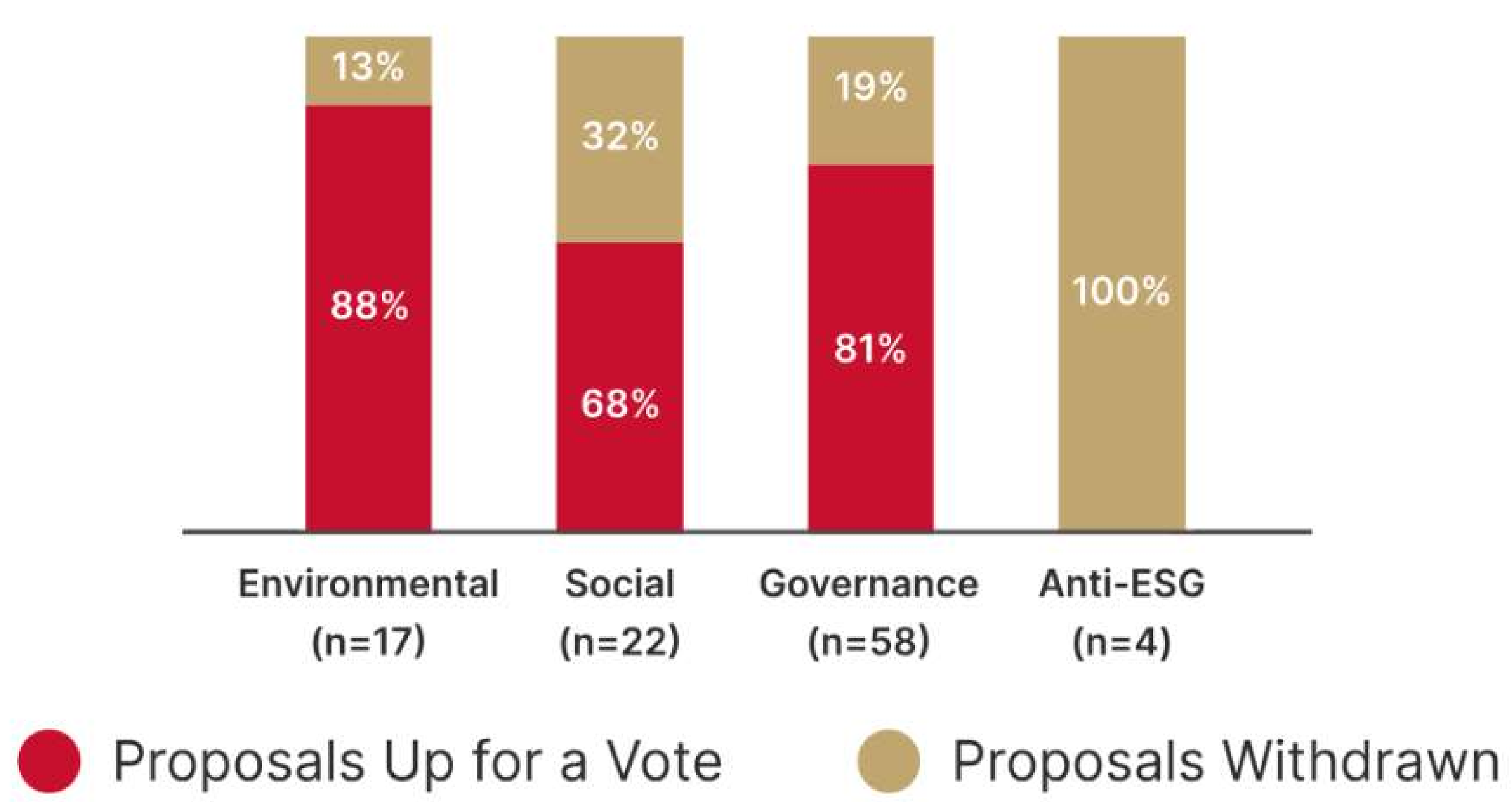
While unlikely to receive proxy advisor support or majority shareholder backing, they signal a growing focus on retail shareholder empowerment.

This theme aligns with broader North American developments, including the SEC's September 2025 no-action relief granted to Exxon Mobil Corporation enabling standing voting instructions for retail shareholders (refer to page 31 for details).

Why This Matters

Retail shareholder participation in Canada is emerging as a new governance theme, setting the stage for evolving expectations around engagement and disclosure.

ESG Shareholder Proposals (2026)



Proposal Concentration - Issuers & Proponents

1 Proposal activity remains highly concentrated among the following issuers:

- The Big Six Banks received 59 proposals (approximately 60% of the total), consistent with prior years.
- Bank of Montreal and Royal Bank of Canada led with 11 proposals each.

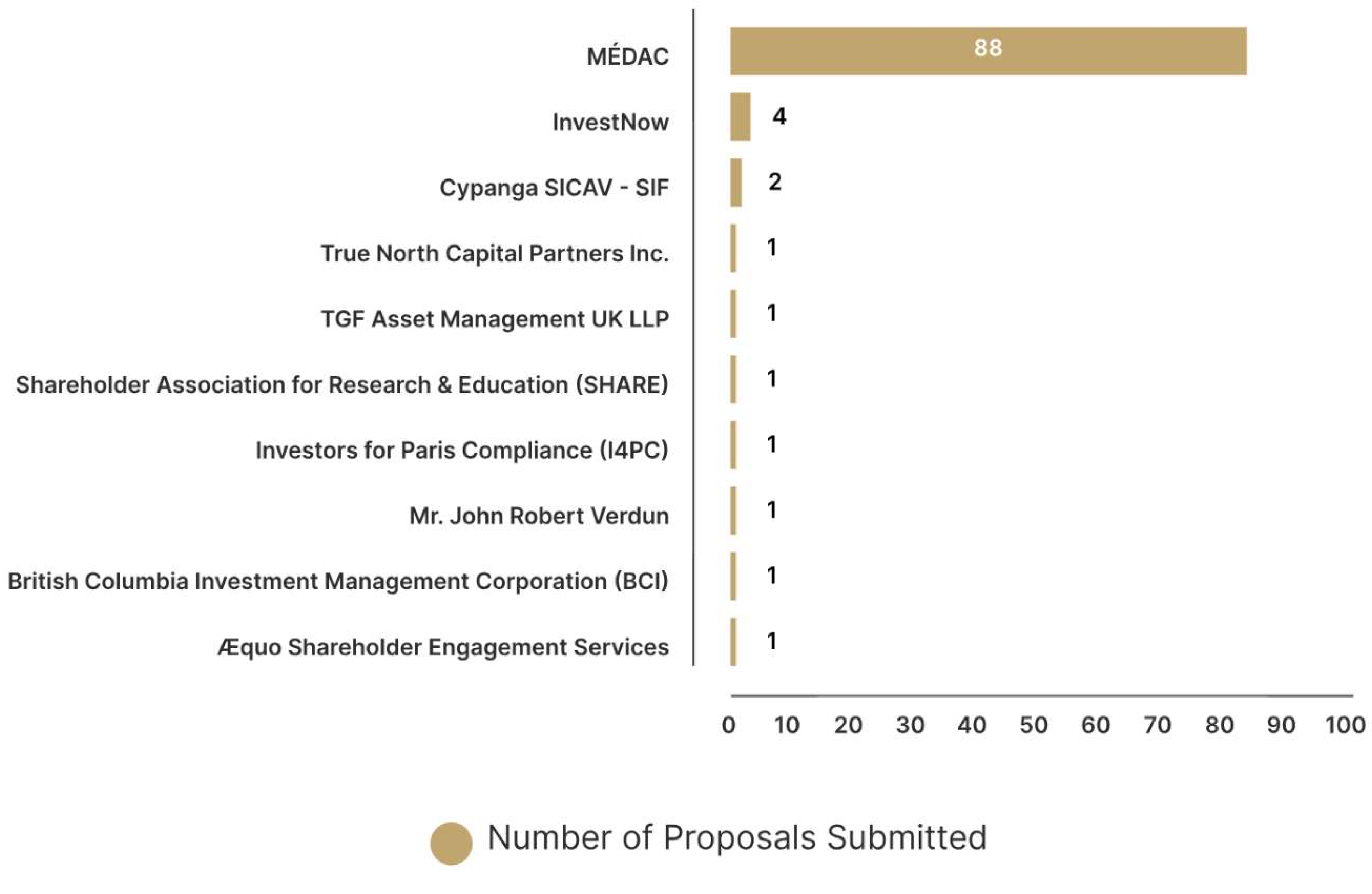
2 Activity is also concentrated among a small number of proponents:

- MÉDAC alone accounts for the vast majority of submissions.

3 Outside of MÉDAC, proposal activity is limited.

4 InvestNow Inc. (InvestNow) was the only proponent to submit anti-ESG proposals, reflecting its advocacy for Canada's domestic resources sector (including Oil & Gas).

Proponent Activity Snapshot



ESG PROPOSALS

Environmental Proposals

- 15 environmental proposals were submitted this season, slightly down from 17 in the same period in 2025.
- Two proposals at Alimentation Couche-Tard Inc. focused on emissions reduction disclosure and introducing a Say-on-Climate vote, receiving 15.8% average shareholder support.
- All Big Six banks received proposals calling for a Say-on-Climate vote, consistent with previous years.

Environmental

Disclose

- Emissions Reduction Strategy — Couche-Tard
- Financed Emissions — FAIRFAX
- Report on Sustainability — SUNCOR ENERGY
- Report on Loans Made by the Bank in Support of the Circular Economy — RBC Royal Bank
- Detailed Report on the Physical Risks Relating to Climate Change — COGECO
- Account for Environmental and Climate Change Expertise in Directors' Skills Matrix — COGECO, iA Financial Group

Implement

- Advisory Vote on Environmental Policies — Couche-Tard, BMO, RBC Royal Bank, Scotiabank, TD Bank, National Bank of Canada, CIBC, iA Financial Group, SUNCOR ENERGY

Social Proposals

- 15 social proposals were submitted (compared to 27 last year), including initiatives to increase youth representation in company leadership and governance roles at the management and board levels.
  - All Big Six banks were recipients of these proposals, which also included requests to establish dedicated committees to assess the systemic impacts of operations on communities and the environment.
- Only two proposals sought disclosure of language expertise among employees and executives, both of which were withdrawn (compared to 10 similar proposals last year that proceeded to a vote).

Social			
Disclose	Report on Forced Labor and Child Labor in Lending Portfolios	National Bank of Canada, RBC Royal Bank, TD Bank	
Implement	Increase Youth Representation in the Bank's Governing Bodies	BMO, CIBC, TD Bank, RBC Royal Bank, Scotiabank, National Bank of Canada	
	Establish a Permanent Advisory Committee on the Systemic Impact of the Bank's Decisions	BMO, CIBC, TD Bank, RBC Royal Bank, Scotiabank, National Bank of Canada	

Governance Proposals

- 47 governance-related proposals were submitted this season (vs 20 last year), covering themes such as enhancing shareholder participation at AGMs and, for banks, improving transparency on country-by-country reporting and AI oversight.
  - Four proposals specifically addressed AI usage and oversight. These now focus on issuers disclosing how AI risks are assessed and mitigated internally, a shift from last season's 14 AI-related proposals, which called for a standardized Code of Conduct to address societal and existential risks from AI misuse.
- Quebec-based issuers Alimentation Couche-Tard Inc., CGI Inc., and Cogeco Inc. received a notable proposal requesting annual in-person meetings, with virtual participation offered as a complement.
- The proposal received ISS support across all three issuers, but ultimately failed to achieve majority approval, securing 36% support at Alimentation Couche-Tard, 18.6% at CGI, and 6.4% at Cogeco.

Category	Type	Proposal	Issuers
Governance	Disclose	Enhance Transparency and Shareholder Dialogue in a Multiple Voting Shares Context	CGI
		Publish Findings on Capital Return Policy and Ensure Alignment of Shareholder Interest	Labrador Iron Ore Royalty Corporation
		Disclose Non-Confidential Information Relating to the Bank's Country-by-Country Reporting	BMO, CIBC, TD Bank, RBC Royal Bank, Scotiabank, National Bank of Canada
		Report on AI-Use in High-Level Decision-Making, Risk Assessment and Loan Grants	BMO, TD Bank, RBC Royal Bank, Scotiabank
		Commit to Filing ESG Reports Backed by Reasonable Assurance Engagement	Banque Laurentienne

Governance Proposals

Governance

Implement

- Amend Articles to Establish Maximum Limit to Common Share Issuance
- Approve In-Person Annual Meetings while Offering a Virtual Component as a Complement
- Strengthen Shareholder Participation in Annual General Meetings (AGMs)
- Undertake a Formal Market Testing Process
- Approve Change of Auditors
- Adjust Governance Practices in Light of the Risks Related to Trade Tensions with the United States
- Adopt Performance-Aligned Compensation Policy
- Adopt New Skill Diversification Policy

Withdrawn Proposals

Of the 101 proposals received, 24 were withdrawn.

- Withdrawals included four anti-ESG proposals from InvestNow, targeting BMO, CIBC, Scotiabank, and TD Bank. These sought to remove consideration of ideological factors, such as carbon neutrality, from corporate practices.

Environmental	Disclose	Disclosure of Climate Transition Readiness on a Sector-wise Basis	BMO
	Implement	Establish Formal Action Plan on Minimizing All Forms of Operations Waste	Couche-Tard
	Anti-E - Implement	Establish Formal Action Plan on Minimizing All Forms of Operations Waste	BMO, CIBC, TD Bank, Scotiabank
Social	Disclose	Report on Forced Labor and Child Labor in Lending Portfolios	Scotiabank
		Disclose Languages Mastered by Employees	Couche-Tard
		Disclose Language Mastered by Executives	Couche-Tard
	Implement	Inclusion of Young People in the Bank's Bodies	Banque Laurentienne
		Social Dividend and Better Value Distribution	Banque Laurentienne
		Advanced generative AI systems and Code of Conduct	Bombardier
		Formal Recognition of the Board of Directors' Systematic Role	Banque Laurentienne

Withdrawn Proposals

Category	Type	Proposal	Company
Governance	Disclose	Report on AI-Use in High-Level Decision-Making, Risk Assessment and Loan Grants	BCE; National Bank of Canada
	Implement	Adopt New Skill Diversification Policy	National Bank of Canada
		Advisory Vote on Executive Compensation	Air Canada; Cascades
		Amend By-laws in regard to Process for Contested Meetings	Dye & Durham
		Ethical framework for participation in the defense efforts	Bombardier
		Optimizing Technology Investments Based on the Bank's Size and Financial Capabilities	Banque Laurentienne
		Potential Enhancements to the Operation of BMO's Margin Accounts	BMO
		Responsible and Performance-Aligned Compensation Policy	Banque Laurentienne
		Strategic Diversification of Director Skills	Banque Laurentienne

PROXY SEASON 2026
UPDATES

The Future Of Retail Participation

Institutional investors have long dominated proxy voting in Canada, with participation consistently in the 80–90% range, supported by dedicated stewardship teams, data infrastructure, and proxy advisory engagement. By contrast, retail turnout lags below 30%, even when retail holders collectively hold meaningful stakes, particularly in mid- and small-cap issuers. This participation gap limits retail influence, leaves a disproportionate share of votes uninstructed, and reinforces the weight of institutional stewardship and proxy advisors' guidelines in determining how votes land.

Exxon's Retail Voting Program

The U.S. Securities and Exchange Commission (SEC) granted Exxon Mobil Corporation no-action relief on September 15, 2025, allowing retail shareholders to provide standing voting instructions aligned with management recommendations unless they opt out. This is one of the first large-scale tests of enhanced retail participation in corporate governance in North America.

What Canada Should Be Watching at Exxon's 2026 AGM

Exxon's Annual General Meeting on May 27 will be a pivotal early test case for this retail voting concept. Approximately 100,000 retail shareholders have opted in, representing about 3% of total share capital, meaning a portion of the retail base will be automatically voted in line with management unless instructions are changed.

The meeting will be closely watched for several key indicators:

01 Could expanded retail participation shift results on routine or non-routine matters, including executive pay, ESG proposals, and board elections?

02 Will major institutional holders adjust their engagement strategies or voting behaviour as a response?

03 Will other large issuers consider piloting similar approaches, or will intermediaries and platforms signal willingness to support comparable mechanisms in Canada?

Shareholder Proposal Review Overhaul

What the SEC Did

For the 2026 proxy season, the SEC eliminated standard "no-action" responses on most shareholder proposal exclusion requests. Under the new approach, companies may exclude proposals based on their own reasonable interpretation of Rule 14a-8 and notify the SEC; the SEC will issue a "no objection" letter but will no longer publicly evaluate or opine on legality in most cases.

Impact in the U.S.

Boards and counsel now face greater responsibility and litigation risk when excluding shareholder proposals because there is no formal precedent or staff guidance to rely on. Exclusion decisions have become more strategic, and potentially contested, requiring thorough documentation and defensible legal analysis.

Relevance for Canada

While this change is U.S.-specific, its effects reverberate for Canadian issuers, especially those with U.S. investors or cross-listed securities:

- **Investor behaviour:** U.S. institutional investors may adjust engagement approaches and voting strategies, influencing expectations in Canada.
- **Governance norms:** The shift underscores broader trends toward data-driven activism and enhanced scrutiny of exclusion decisions, which are increasingly relevant in the Canadian proxy context.
- **Litigation risk:** Canadian issuers contemplating exclusions in cross-border situations should prepare for heightened investor challenges similar to those now emerging in the U.S.

Key Takeaways for Boards

Boards can no longer rely solely on SEC precedent or historical practice when assessing shareholder proposals. To mitigate governance and activism risk:

01

Conduct robust scenario planning and legal risk assessments.

02

Strengthen documentation and rationale for inclusion or exclusion decisions.

03

Engage proactively with key shareholders to understand expectations before decisions escalate into disputes.

PROXY SEASON 2026
TRENDS

Geopolitical Headwinds - What's Your Plan?

Board Insight:
Geopolitical risk is now a board-level priority for Canadian issuers.

Current Landscape:
Trade disputes, tariffs, sanctions, and regional instability across the world are reshaping capital allocation, sourcing, and risk disclosures.

Proxy Advisor Guidance:

- *Glass Lewis:* evaluates how boards oversee material risks as part of its broader governance assessment; insufficient oversight or disclosure of key external risks may raise concerns in voting recommendations.
- *ISS:* emphasizes robust risk oversight and transparent disclosure; gaps in addressing material operational or external risks may influence director support recommendations.

2025 TO 2026 TREND

Boards are increasingly integrating geopolitical risk into enterprise risk management. In 2025, companies like Bombardier Inc. and Canadian National Railway highlighted tariffs and supply chain impacts. Disclosures now commonly include impact of regional instability on strategy, particularly in energy, banking, and technology sectors.

Actionable Takeaways:

1. Treat geopolitics as a performance variable in strategy and disclosure.
2. Strengthen board oversight and integrate into risk management.
3. Show how the company is positioned to withstand shocks and navigate uncertainty.

AI In The Boardroom And Beyond

Board Insight:
AI oversight is shifting from full boards to specialized committees.

Current Landscape:
Boards must manage AI risks, governance, and responsible use, including model validation, bias mitigation, privacy, and regulatory compliance.

Proxy Advisor Guidance:

- *Glass Lewis:* expects boards to demonstrate effective oversight of material risks, including emerging technologies, supported by clear and transparent disclosures.
- *ISS:* views committee-level oversight of material and emerging risks as a positive governance practice and may assess this under board effectiveness and risk oversight.

Regulatory Update:

Canada currently lacks binding federal AI legislation. Bill C-27, which included the Artificial Intelligence and Data Act (AIDA), died when Parliament was prorogued in January 2025. Existing frameworks remain non-binding, leaving boards fully responsible for establishing internal oversight, governance, and risk management. To date, there are still no statutory obligations or enforceable guidelines governing the development and operation of AI in Canada.

AI In The Boardroom And Beyond

2025 TO 2026 TREND

AI governance has moved rapidly from a disclosure gap to a boardroom priority, with issuers formalizing oversight structures and risk frameworks.

- In Canada, companies such as Royal Bank of Canada and Shopify have begun incorporating AI-specific risk disclosures into proxy materials.
- In the U.S., large-cap issuers including Microsoft and Alphabet are setting the tone with formal AI governance frameworks, public principles for responsible AI, and enhanced board-level oversight disclosures.
- Shareholder and regulatory focus is increasing, with expectations for:
    - Clear accountability at the committee level
    - Director education and AI expertise
    - Robust internal controls and testing frameworks

As AI-related incidents and regulatory developments accelerate globally, disclosure and governance expectations are expected to rise further through 2026.

Actionable Takeaways:

1. Clarify committee oversight, management accountability, and risk frameworks for AI.
2. Demonstrate board-level capability, including AI expertise and ongoing education.
3. Disclose material AI risks and controls clearly in proxy and risk reporting.

Governance - More Proposals, Sharper Scrutiny

Board Insight:
ESG remains critical but is under closer scrutiny. While environmental and social proposal volume has declined, governance proposals remain firmly in focus, with volume more than doubling over the same period in 2025.

Current Landscape:
Investors expect climate and DEI oversight backed by internal controls, clear metrics, and transparent governance. Emphasis is shifting from quantity to quality and credibility.

Proxy Advisor Guidance:

- *Glass Lewis:* considers ESG factors in pay-for-performance assessments if they are material to company strategy. Expects boards to clearly disclose governance, oversight, and metrics supporting ESG initiatives.
- *ISS:* evaluates board oversight of ESG risks and executive pay linkage. Focuses on substantiated disclosure; may recommend against directors if ESG governance is weak or claims are unsupported.

Regulatory Update:

Amendments introduced in November 2025 to the Competition Act in Canada softened earlier anti-greenwashing provisions by:

- removing the requirement to substantiate claims using internationally recognized methodologies.
- removing the ability for third parties to bring claims related to environmental representations.

While this reduces legal exposure, regulatory and investor scrutiny remains high, placing greater emphasis on credible and well-governed disclosures.

Governance - More Proposals, Sharper Scrutiny

2025 TO 2026 TREND

E&S proposals are declining in volume but increasing in focus, emphasizing credible governance, measurable impact, and robust disclosure.

Actionable Takeaways:

1. Anchor ESG strategy in robust governance and verifiable disclosures.
2. Substantiate environmental claims and metrics; document methodology and data quality.
3. Assign board or committee oversight for climate, DEI, and social initiatives.
4. Align reporting with global frameworks where feasible for comparability and investor confidence.
5. Prepare for increased scrutiny by focusing on ESG quality, transparency, and defensibility rather than quantity.

Consistent Oversight On Pay Decisions

Board Insight:
Pay-for-performance remains a core principle in Canada with boards facing consistent scrutiny on how compensation is determined, particularly where judgment or discretion is applied.

Current Landscape:
Boards must clearly link pay to performance, supported by transparent disclosure of metrics, targets, and outcomes. There is consistent focus on how boards exercise judgment in compensation decisions, particularly in periods of uncertainty or volatility. Any adjustments to payouts or targets must be well-supported and clearly communicated to shareholders.

Proxy Advisor Guidance:

- *Glass Lewis:* Applies a quantitative pay-for-performance (P4P) framework and closely reviews discretionary adjustments, especially where results diverge from shareholder experience.
- *ISS:* Emphasizes alignment, transparency, and appropriate shareholder oversight for material pay decisions and plan changes.

2025 TO 2026 TREND

Say-on-Pay support remains consistently high, but investor scrutiny is becoming more nuanced and results-focused.

Attention continues to be on:

- Clarity of performance metrics and targets.
- Rationale for any adjustments to compensation.
- Consistency between pay and shareholder experience.

Actionable Takeaways:

1. Ensure clear alignment between pay and company performance.
2. Provide transparent, decision-useful disclosure, particularly where judgment is applied.
3. Clearly articulate the rationale behind compensation decisions, including any adjustments.

LOOKING AHEAD

Navigating The Rest Of The 2026 Proxy Season

The remainder of the 2026 proxy season will be defined by heightened expectations rather than opposition, with investors and proxy advisors placing greater emphasis on pay-for-performance alignment, governance quality, and credible, decision-useful disclosures.

Early indicators point to a more complex and scrutinized environment, even as headline voting numbers remain broadly stable. Boards should prepare for the following dynamics:

1 Continued Pressure on Pay-for-Performance Alignment

While Say-on-Pay support remains strong, Glass Lewis' new P4P model and increased focus on realized pay and multi-year alignment will drive deeper scrutiny.

- Expect heightened attention on discretion, special awards, and pay quantum, particularly where pay diverges from shareholder returns.

2 More Targeted Shareholder Activism

Activism levels remain elevated year-on-year, with campaigns primarily being board-related or M&A focused.

- Expect continued use of meeting requisitions and settlements as activists seek influence without full proxy fights.

3 Increased Focus on Governance Quality Over Volume

Governance proposals have more than doubled in volume and scrutiny is intensifying.

- E & S proposal volume may be lower but investors and proxy advisors are focusing on credible, well-governed disclosures, particularly around climate claims.

4 AI and Emerging Risks Moving into the Mainstream

AI governance is quickly becoming a core board responsibility.

- Expect more shareholder engagement and disclosure expectations around AI oversight, risk management, and board expertise.

5 Greater Variability in Voting Results

The proxy landscape is becoming less predictable.

- With customized proxy advisor approaches and evolving investor voting frameworks, results, especially in contested situations, may vary more than in prior years.

6 **Execution Risk Around Annual Meetings**

Meeting format and mechanics remain under scrutiny.

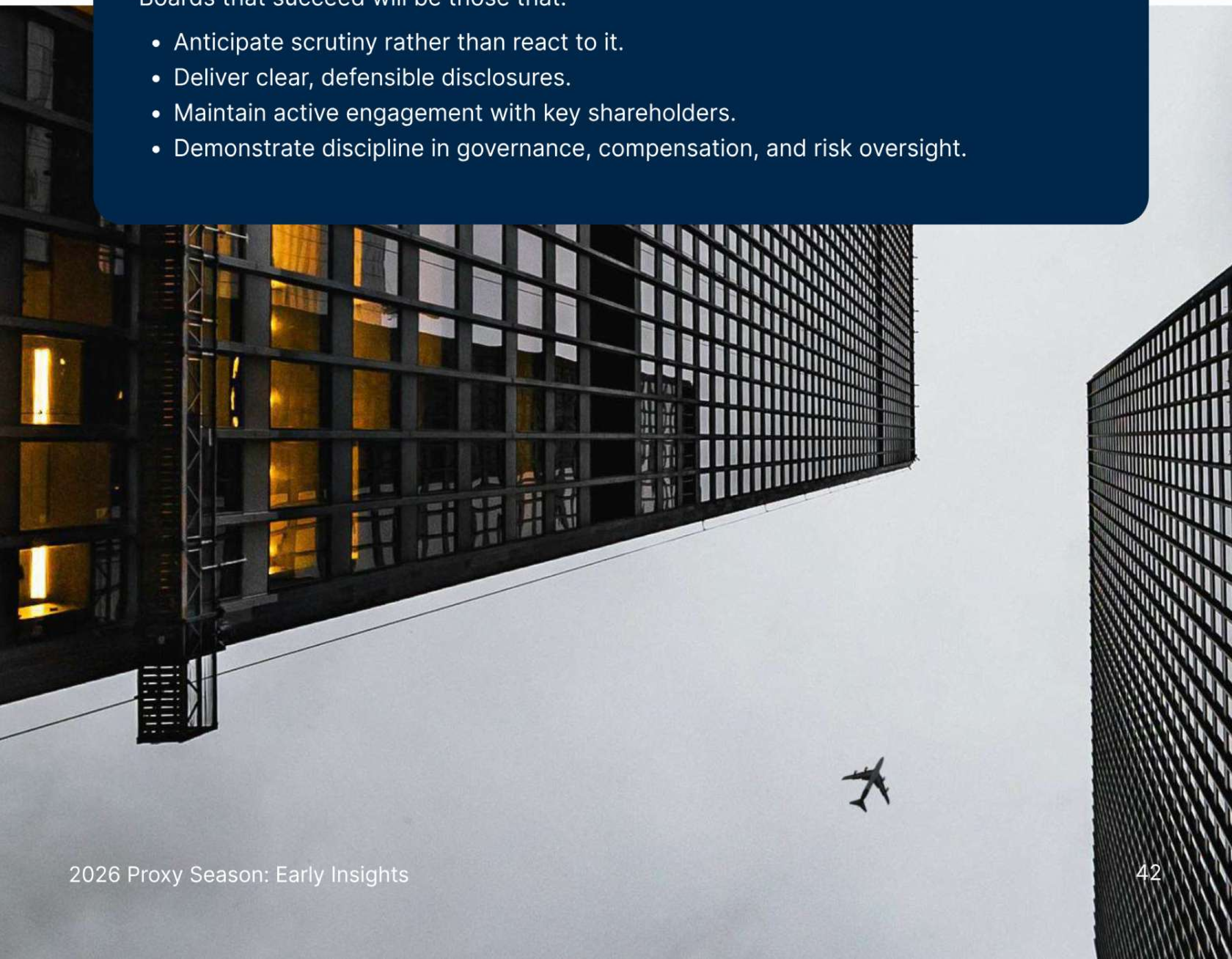
- Boards should ensure clear communication, strong participation processes, and contingency planning, particularly for hybrid or virtual components.

BOTTOM LINE FOR BOARDS

The remainder of the 2026 proxy season will be defined by higher expectations, not necessarily higher opposition.

Boards that succeed will be those that:

- Anticipate scrutiny rather than react to it.
- Deliver clear, defensible disclosures.
- Maintain active engagement with key shareholders.
- Demonstrate discipline in governance, compensation, and risk oversight.



METHODOLOGY & DATA SOURCES

SNAPSHOT AS OF MARCH 31, 2026

Reporting Scope

This report provides early insights into the 2026 proxy season, covering the period from July 1, 2025 to March 31, 2026, based on publicly available information as of March 31, 2026. As the proxy season is ongoing, all data presented are preliminary and subject to revision as additional information becomes available.

Year-on-year comparisons reflect the same year-to-date period in the prior year, July 1, 2024 to March 31, 2025.

Kingsdale Advisors defines a proxy season as the period from July 1 to June 30 of the following year. References to the prior proxy season relate to the period from July 1, 2024 to June 30, 2025, unless otherwise specified. Where relevant, full-year references correspond to the calendar year (January 1 to December 31) and will be specified.

Data Sources

This analysis is based on a combination of public filings and proprietary research, including:

- SEDAR+ filings (including management information circulars and meeting materials)
- Public issuer disclosures
- Proxy advisor reports and voting recommendations
- Kingsdale Advisors' internal database of shareholder activism, proxy contests, and shareholder proposals

Methodology

Data has been compiled through a process of classification, validation, and aggregation across multiple sources to create a consolidated dataset. While every effort has been made to ensure accuracy, figures remain subject to refinement as additional disclosures become available throughout the proxy season.

Notes

This report reflects early proxy season activity and should be interpreted in that context. Full-year results may differ materially once the proxy season concludes.

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