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Shareholder Activism: 2019 Trends and Major Developments

Chapter 3 of Davies Governance Insights 2019

While 2019 to date has witnessed fewer proxy contests in Canada compared with the corresponding period in 2018, activity increased in some industries, notably the resource sector, to levels not seen since 2015. We have also observed a number of important developments, including some that may be indicative of broader trends in proxy contest strategy. Two key developments in 2019 that we discuss in this chapter were the increased public involvement of institutional shareholders in contested situations and an uptick in activists' use of universal proxies. This year, market participants also received the long-awaited regulatory response to concerns about the use of soliciting dealer fees (or "vote buying") in proxy contests, which we review. We also discuss a recent decision of the B.C. Supreme Court, affirming that controversies relating to proxies should be resolved in favour of facilitating shareholders' right to vote. We round out our discussion with some practical guidance for both issuers and activists as they prepare for the 2020 proxy season.

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This chapter appears in the 2019 edition of *Davies Governance Insights*, our comprehensive annual report on the trends and issues most important to Canadian public companies.

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