

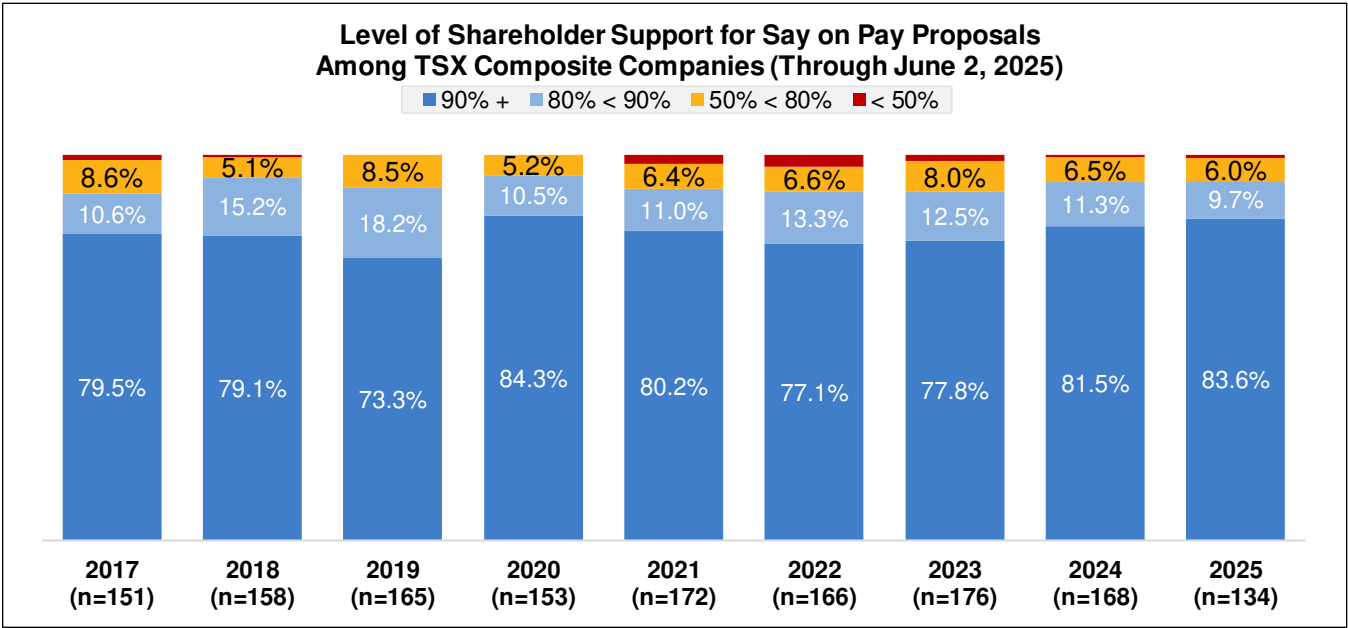
CLIENT ALERT

Interim Canadian Say on Pay Update

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Based on nearly 80% of Say on Pay votes at S&P/TSX Composite companies (through June 2), results indicate sustained high shareholder support, with average approval levels in line with prior years. Notable highlights include:

- The average level of support is 93%, similar to last year
- 84% have received at least 90% support, the highest percentage in the past 5 years (based on interim tracking)
- ISS recommended “AGAINST” Say on Pay at six companies
  - Five of these have passed or not yet held their annual meeting – Aya Gold & Silver (TBD), Colliers International Group (65%), GFL Environmental (67%), NovaGold Resources (71%) and Shopify (TBD)
  - First Majestic Silver (41%) is the only company receiving a negative ISS recommendation which has failed Say on Pay



## Common Themes in ISS Recommendations Against Say on Pay

All six companies that received an ISS recommendation against Say on Pay had a “pay for performance misalignment” and scored a high concern on the quantitative pay for performance test. Additionally, all but Aya Gold & Silver and Colliers International also received a negative ISS recommendation last year, with ISS generally noting a sustained “pay for performance misalignment” over multiple years.

Other common factors that contributed to an ISS recommendation against Say on Pay included:

- Lack of long-term performance-based equity compensation
- Insufficient board responsiveness to low Say on Pay support
- Internal pay disparity
- Single-trigger change-in-control agreement
- Large change-in-control severance multiplier
- Outsized equity awards

In general, vote recommendations were not driven by a single “egregious” pay practice but rather a combination of different factors together.

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