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Davies Governance Insights Cited in Globe and Mail Article on Shareholder Activism in Cannabis Industry

Davies Governance Insights 2018 is cited in a *Globe and Mail* article about shareholder activism in the cannabis industry, as part of its Cannabis Professional series.

The article cites the subsection of the Davies' report, "Activism in the Cannabis Space: The Next Weed War?," which warns that "issuers in the space may start to face greater scrutiny and engagement about their governance and compensation practices, as well as their leadership structures." The report refers to two recent incidents of shareholder activism: the sale of MedReleaf Corp. to Aurora Cannabis Inc. in July, when shareholders representing about 49% of the outstanding shares of MedReleaf voiced their concern about the company's business and share price, eventually leading to the \$3.2-billion deal; and the September open letter sent to the board and CEO of TSX-listed HEXO Corp. by New York-based investment firm RiposteCapital, which was concerned about the "severely depressed valuation of HEXO in spite of significant positive milestones and developments."

The article quotes the report as recommending that "Management and boards operating in this industry should start reviewing their organizations' policies and practices to ensure they are in line with best practices and evolving investor expectations. Key areas likely to attract focus include misalignments between pay and performance, a lack of diversity and/or skills among the issuers' leadership, lack of independence at the board level and criticisms of long-term strategy and execution."