LAURENTIAN BANK IS FACING A FIGHT. GOOD THING ITS NEW CEO, RANIA LLEWELLYN, HAS NEVER BACKED DOWN FROM ONE
Imagine an epicentre for new and growing companies. A catalyst for breakthroughs in health tech and innovation. And a community for emerging talent, researchers and health experts.
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The Innovation Arena, located in the City of Kitchener’s Innovation District, will amplify Waterloo region’s health tech sector. With Velocity – Canada’s most productive incubator – at its core, the Innovation Arena will streamline commercialization pathways for businesses, fast-track delivery of health technologies and drive Canada’s next wave of economic growth.

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WOMEN LEAD HERE
OUR ANNUAL BENCHMARK STUDY OF WOMEN IN CORPORATE LEADERSHIP

ABOUT TIME
It’s Rania Llewellyn’s job to fix Laurentian Bank. As the first woman to lead a major Canadian bank, she’s up to the task. /By Joanna Pachner

+ Meet the 71 companies that made our list, plus five CEOs on moving diversity and inclusion beyond gender

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SAY EHHHH
Canada has produced some of the biggest names in biotech (including the guy who financed COVID-19 vaccine maker Moderna). Too bad they all left for the U.S. /By Sean Silcoff

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GREATEST SHOW ON EARTH
For much of its existence, bitcoin could be dismissed as a peculiar but passing fad. But now, the world of traditional finance is scrambling to catch up. /By Jason Kirby

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Two-time central bank governor and first-time author Mark Carney has stared into the abyss of several financial crises. Now he’s leading Brookfield’s charge to save the planet (and make money doing it)

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Andrew Simpson’s funds only invest in companies that meet socially responsible criteria—which is why he’ll take the FAANG stocks, minus Facebook

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For Top Hat’s Mike Silagadze, being CEO meant a whole lot of stress—which is why he decided to hand the job to someone else
Getting past good enough

Earlier this year, The Globe and Mail published an article filled with damning statistics documenting just how few women occupy the C-suites of corporate Canada. Just 13% of senior executives at the country’s biggest companies were women; only 4% of the firms had female chief executives. The piece was a meticulous examination of the problem and the systemic reasons behind it. But if you needed the issue summarized in a single sentence, here it is: “There are more male CEOs named Michael at Canada’s largest publicly traded corporations than there are female CEOs.”

That wonderful, horrible line was written by Tavia Grant, who, along with Robyn Doolittle, Chen Wang and many of our other Globe colleagues, have produced The Power Gap, a series that exposes the inequity facing women across the private and public sectors. Taken together, their investigation demonstrates that women are still “outnumbered, outranked and outearned” in major institutions, from crown corporations to municipal governments.

We launched our own attempt to track the extent of female leadership at Canadian corporations two years ago, with Women Lead Here. Our project had a slightly different, if complementary, mission to The Power Gap: seeking to identify firms at the forefront of appointing women into executive roles. The goal was to set a benchmark that all companies in Canada could use to assess their progress. We were aware that most companies are a long way from achieving gender equity in their leadership. But it seemed useful to establish what “good” currently looks like.

The research began with the largest publicly traded companies. Researchers evaluated the top three tiers of executive leadership, from the CEO to senior vice-presidents (or their equivalents). This year, that work identified 71 companies in which women held an average of 44% of the executive roles. Compare this result to our 2020 report and you’ll find that—long sigh—not much has changed. Still, there is some hopeful news. There are 34 companies joining our list for the first time. And out of the 37 companies that also appeared in 2020, 41% saw an increase in female leadership. It shows there are companies recognizing that what currently counts as “good” still isn’t good enough. Making this an annual initiative allows us to track both progress and setbacks.

Beyond setting a benchmark, we also want to highlight the approaches, cultures and mindsets that can lead to tangible improvement. Not all corporate leaders are willing to acknowledge a problem or commit to rectifying it. Yet many have expressed a sincere desire to address the imbalance. For them, we’re here to offer ideas and inspiration.

Send feedback to robmagletters@globeandmail.com

James Cowan
Canada needs charging stations for its cars

Out of those planning to buy a new vehicle in the next five years, 68% intend to purchase an electric or a hybrid model, according to a KPMG survey. But drivers will need places to plug in after the upgrade.

**CANADIANS WHO BELIEVE...**

- **CARMAKERS SHOULD HELP PAY FOR ELECTRIC CHARGING INFRASTRUCTURE:** 83%
- **CHARGING STATIONS SHOULD BE AT EVERY GAS STATION, PLUS MALLS AND GROCERY STORES:** 89%

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**ONLINE BOOZE SHOPPING IS TAKING OFF**

The United States will replace China as the largest market for online alcohol sales in the world within the next two years, according to IWSR, a data firm.

**TOP 5 SPORTS WITH HIGHEST GROWTH IN PARTICIPATION (2015-2020)**

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**Driving ranges are the hottest sports venues**

“Off-course” golf, including driving ranges and similar venues, is the fastest growing physical activity, according to the Sports and Fitness Industry Association.

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**Women often get bad career advice**

“Female students are more dissuaded from their preferred career path than male students, and this difference is in part explained by professionals’ greater emphasis on work-life balance when responding to female students.”

—Yana Galien and Melanie Wasserman, University of Chicago working paper

**INVESTORS GIVE LESS ON CLOUDY DAYS**

“Do investors’ moods influence their contributions to risky investments in equity crowdfunding? Yes. ...Our results indicate that change in sky cloud cover from zero to full reduces each investor’s contribution amount by about 10% to 15%.” —Kourosh Shafi and Ali Mohammad, Journal of Corporate Finance

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**A MAJORITY OF CANADIANS ARE “SHELTERING” IN THEIR JOBS**

68% of respondents to a LinkedIn survey are prioritizing a steady paycheck over work they find rewarding or career growth.

**BURGERS ARE STILL KING**

While Popeye’s fried chicken sandwich has spurred a new trend in fast food, hamburgers were still the top pick among Canadians last year, according to the NPD Group.

**SERVINGS SOLD IN 2020**

- **HAMBURGERS:** 739 MILLION
- **BREADED CHICKEN SANDWICHES:** 228 MILLION
- **BBQ CHICKEN SANDWICHES:** 18 MILLION
Pandemic Effects

Over the past several issues, we’ve invited executives from the Report on Business list of Canada’s Top Growing Companies to share how the pandemic has permanently changed their business. Here, more of their responses.

MARC LAFFLEUR  
CO-FOUNDER AND CEO, truLOCAL  
Operates a marketplace for local meat suppliers to sell their products online

I think with the pandemic there’s been obvious changes that will affect every type of business regardless of industry. Things such as daily Zoom calls and WFH are here to stay, but one new process that we’ve adopted are full audits of our packaging supply chain. When people think about supply chain, they usually just think about the products they sell, but as a direct-to-consumer business, the threat of lockdowns during the early days of the pandemic had us realizing how vulnerable we all were if there was a disruption to shipping and packaging material. I’d highly encourage businesses to audit and implement a plan A, B and C when it comes to shipping and packaging material.

ELIZABETH WOOD  
EXECUTIVE VICE-PRESIDENT, CMI FINANCIAL GROUP  
Offers private mortgage financing and alternative investments

The obvious answer is technology. It conveys a powerful competitive advantage to nimble companies like CMI. Changes implemented to keep people safe—electronic signatures, no-contact appraisals—were expedited due to the pandemic and are now turning the industry on its head. Solutions born out of necessity are the new normal. But, just as important, this past year has prompted us to renew our pledge of commitment to our community. Giving back has always been a core value, but the pandemic has really elevated that.

SHELBY TAYLOR  
CEO, CHICKAPEA  
Manufactures organic pasta made of chickpeas and lentils

While we always expected to see our online grocery sales grow over time, that trend has certainly been accelerated due to the pandemic and has pushed a fairly tech-resistant industry into the future. I believe the way people shop has been permanently affected, and we will continue to see online grocery sales grow as a percentage of our revenue, which will continue to see our marketing dollars shift from in-store to digital programs.

Who’s Managing Your Money?

It’s a fair question in a world run by algorithms. Where software edits the news, runs the stores and drives the cars. Indeed, our own investment team is now assisted by artificial intelligence. But one thing is clear:

From the Tech Bubble to the Financial Crisis to the Global Pandemic... ...it is our people that have made the difference. Serving individuals and families with empathy. Drawing on skill, judgment and experience. Making the right calls when it counts. That’s how our clients prosper.

That’s how humans win.

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WE EMBRACE THE PHILOSOPHY THAT THE BEST LEADERSHIP IS DIVERSE LEADERSHIP.

H&R REIT is proud to have earned a spot on the Report on Business "Women Lead Here" list for a second year in a row. We recognize the achievements and talents of our people and we have been able to create a dynamic executive team which is a foundation to our success.
A booster shot for productivity

New research suggests a novel way for pharma companies to bolster their work: Give up sooner

When Ottawa announced last year it would make a multimillion-dollar investment in the development of a COVID-19 vaccine production facility in Montreal, to be owned and operated by U.S.-based Novovax, the decision represented not only a bid to repair a supply chain problem but also a bet on a company that has long struggled to turn its science into profits.

The 33-year-old Maryland pharmaceutical firm had never managed to win FDA approval for any of the drugs in its pipeline—a record of strike-outs that attracted short-sellers and even the threat of de-listing from Nasdaq, as the Financial Times reported recently. But then came the Trump administration’s push to finance vaccine development, giant cash infusions, successful clinical trials and, ultimately, a massive bounce in both revenues and Novovax’s stock price, which now trades in the $200 range, up tenfold in the past year.

Though now a moot point, it's worth considering what would have happened if Novovax had pulled the plug on its vaccine development program when the science seemed to be
going sideways. After all, in the world of both big and little pharma, drug development programs fizzle out all the time. In fact, according to many assessments, only about 5% of drugs get from the lab to pharmacy shelves or hospital formularies—a bracing statistic that explains both the extravagant cost of drug R&D (as much as $3 billion per medication that surmounts all the clinical and regulatory hurdles) and the perennial industry hand-wringing about productivity.

Pharmaceutical companies should be more prepared to actually reject the kind of stick-with-it-ness that Novavax demonstrated for all those years in the wilderness, according to a new study. After reviewing 1,274 early-stage drug development programs, the paper, published late last year in the Journal of Production and Operations Management, concluded that pharma companies should give up sooner on floundering projects, redeploy resources to ensure that later-stage drugs get across the regulatory finish line, and look, well, clinically at the amounts rival firms are investing in comparable products.

“If all they do is emergent drugs [i.e. brand new treatments], they face a very large risk,” says co-author Moren Lévesque, a professor of operations management and information systems at the Schulich School of Business, as well as the CPA Ontario Chair in International Entrepreneurship. (Her collaborators are Annapoornima M. Subramanian of the National University of Singapore, and Vareska van de Vrande of the Rotterdam School of Management.)

In some cases, they note, drug companies may be pushing long-odds projects because their scientists are overly invested in a new compound or, more problematically, because C-suite executives are anxious that investors will bail if they disclose that one of their pipeline projects has been discontinued.

Pharmaceutical industry managers and research team leaders, the authors argue, should discontinue early-stage drugs not just because they aren’t panning out as expected, but also for business reasons relating to their overall portfolios—an approach, they observe, that AstraZeneca adopted after a shake-up of its R&D operations in 2011. Yet, Lévesque cautions, if research is contained to a small team working on an early-stage discovery process within a large firm with lots of other development drugs nearing approval, “the opportunity cost is small enough to warrant taking the risk of hitting a winner.”

While Lévesque and her collaborators approach the industry’s grand productivity dilemma from a strategic management perspective, scientists and R&D managers know the decision to discontinue the development of a compound involves countless variables.

Before they go to clinical trials, drug development projects may be halted because the compound is not safe, not effective, or would require massive doses to achieve a therapeutic result. “I’ve seen all of those play out,” says industry veteran Les Brail, a medical biophysicist. “You can always go back and do more chemistry. But at some point, unless you can make a very good argument for why you can solve the problems you’ve run into, there are reasons that programs should be killed.”

At the same time, emerging technologies may offer new approaches. Sarah Dion-Marquis, a spokesperson for Innovative Medicines Canada, an industry body, notes, “Developments in artificial intelligence may further change the nature and development cost structure where therapeutic candidates can be more targeted and identified earlier.”

Lévesque and others also argue for further structural changes in the drug sector—more collaborations and data sharing between big and little pharma, or with academic institutions, to spread out risk. “Such initiatives,” write Lévesque, Subramanian and van de Vrande, “will not only help biopharma firms allocate their resources more effectively…by extending [discovery and development] initiatives beyond firm boundaries, but also help firms to combine [their] expertise and efforts across the entire industry.”

These are great high-level fixes, but the latest X-factor in the ongoing pharma productivity saga is how COVID-19 has impacted drug development pipelines—something we won’t know for a few years. The Lancet reported that the National Institutes of Health found that hundreds of clinical trials had been halted or suspended due to workplace restrictions, lab closures, and the redeployment of medical staff to the front lines of the pandemic.

Both Lévesque and Brail expect that the pandemic may also serve to streamline some of the logistics involved in R&D that have soaked up huge sums over the years, for example the practice of flying teams of drug company personnel to hospitals all over the world to oversee clinical trials.

Consider it the pandemic’s booster shot for Big Pharma’s chronic productivity condition.

/John Lorinc
Don’t force the mentorship
Traditional mentoring relationships involve a neophyte and a much, much older adviser. But guidance from a peer has its own benefits

Kristina Maxxam was working as a referee with the Oakville Soccer Club in Oakville, Ont., last year when she was offered an opportunity to develop her skills through a mentorship program. She had been mentored by a much older and more experienced soccer official in the past, but this time she was paired with a colleague with the same level of certification from a provincial association. This peer mentor offered written and verbal feedback about her refereeing of three matches.

“Working with a peer was less intimidating,” Maxxam says. “I was more receptive to learning since it felt more like a two-way collaboration and less like an assessment, which can be nerve-wracking. Plus, it was just easier to communicate with someone I could relate to. I felt more comfortable asking questions, and my peer mentor explained things in a way I truly understood.”

New research highlights that peer mentorship offers benefits over a more traditional approach for both parties in the relationship. Pair a mentee with a mentor they can relate to and they’ll perform better—and be less likely to quit—than when working with a more experienced colleague.

“There’s some resistance to having, for instance, young people teach other young people,” says Matthew Aslett, who studied mentorship among soccer referees, including Maxxam, for his graduate work at the Smith School of Business at Queen’s University. “The thinking is often that you need the most senior or experienced person in the room driving the learning. But we’ve found that there’s a certain opportunity cost with that approach.”

Peer mentorship eliminates the power differential inherent to traditional programs by pairing mentees with someone of similar age, status or tenure. To explore this dynamic, Aslett, assisted by associate professor Matthias Spitzmuller, teamed 74 referees-in-training at the Oakville Soccer Club with either a traditional or a peer mentor (in this case, peership was determined by the individuals’ Ontario Soccer Association certification level). The mentors provided feedback before, during and after three games where their charges were officiating. Each time, the advice focused on a different area, such as game duties or communication. After each session, mentees completed surveys about their sense of social support, “voice behaviours” (how frequently they spoke up and shared recommendations to better the organization) and how likely they were to quit or look for another job. Mentors also filled out surveys about their mentees’ professionalism, communication and strength in the technical aspects of their role.

Mentees paired with their peers outperformed those in hierarchical relationships in all ways. They perceived having more social support, were less likely to consider quitting, spoke up more often and scored higher on their performance as referees.

In his own life, Aslett recalled
being verbally abused by an older coach while officiating his first soccer game at 16. He wanted to quit. But a peer on a nearby field encouraged him, saying he’d had the same thing happen to him and was there to support Aslett.

“Having a friendly, no-pressure sounding board was important at that moment,” he says. “If I went to a supervisor and said the game got out of control, I would be worried they’d think I was unqualified and wouldn’t give me any more assignments.”

The improved performance for peer mentees is likely partly driven by an enhanced feeling of security. “In traditional mentorship, there’s often not the psychological safety one needs to be honest about any issues or shortcomings,” says Spitzmuller, whose research focuses on team motivation and non-traditional leadership hierarchies. In an organizational context, he says, a junior employee may not share fears and limitations with a senior mentor if it might jeopardize their standing. “But if their mentor is of similar status, age or lived experience, they have more of an opportunity to be vulnerable and receive feedback precisely in the areas they need it most,” explains Spitzmuller.

Peer mentorship has also been shown to improve knowledge transfer within an organization. Tacit knowledge—think unwritten rules, like how to speak up in a meeting or phrase an email to a client or senior employee—flows more easily between peers, according to a study by Scott E. Bryant at Montana State University. This experience-based know-how is often difficult to acquire and tends to be taken for granted by those who hold it. Ensuring that tacit knowledge is made explicit to mentees seems to be a particular strength among mentors of similar standing. And research shows that people dramatically underestimate how willing others are to help them—a problem compounded by the possibility of reputational damage when power dynamics are at play. “We can reduce the reluctance to ask for help by assigning a peer mentor, where the perceived costs of reaching out are lower,” says Spitzmuller.

Research shows that mentors stand to gain much from guiding a peer, too. Michael Morrison, Maxxam’s mentor, said the mentorship experience reignited his love of soccer and forced him to hone his communication skills. This translated to better relationships at work and home. In addition, the experience of feeling competent and providing helpful advice to others seems to boost confidence in mentors. A study on peer mentorship in nursing pointed to enhanced leadership skills in mentors; individuals in another study on engineering students had improved grades and retention rates.

Freeing up the time of higher-tier executives, who need to mentor less often, is another potential benefit. Unlike their senior counterparts, peer men-
Regrets only

One of my executives hosted a large dinner party—in violation of pandemic-related public health guidelines. It wasn’t a work event, but other employees found out and are very angry. Is it none of my business, or should I discipline the individual?

You can and should, says David J. Doorey, a professor of work law at York University. “This person is in a position of authority and is supposed to show leadership,” says Doorey. “At minimum, it demonstrates a significant lack of judgement.” The effects of the party could have been disastrous and deadly. That’s a good enough reason to take this infringement seriously. But don’t dismiss lingering consequences at the office, either. “If execs can ignore health and safety guidelines, then so can regular employees. And now, you can’t take action against employees without being a hypocrite and inflating even more anger.” Countless factors go into determining an appropriate punishment—up to and including firing. But at the very least, you should officially and publicly write them up for unbecoming conduct.

Doorey suggests “a notice to employees saying the behaviour was unacceptable, disciplinary actions are being taken and health guidelines will be followed.” Ideally, that message includes a written apology from the offender.

I don’t have a succession plan to determine who will replace me as CEO of my family company. Who should create one?

Janine Guenther is the newly appointed president of Dixon Mitchell; Rob Mitchell is the investment firm’s founder, who graciously stepped aside. Years earlier, Mitchell had begun planning his departure, on his terms, hand-picking the new boss and integrating her into the company. But this ideal situation is rare, even in an industry that’s supposed to know better. “We often advise clients to have a succession plan in place—we’re on them all the time, actually—and still only six of 10 business owners do,” says Guenther. Like a will, it’s your responsibility.

Yet also like a will, psychological barriers (family, legacy, mortality, conflict, uncertainty) can hold you back. “It’s so overwhelming that some people give up. They figure they’ll sell when they need to or let someone else deal with it when they die,” she says. But sudden death as a best-case scenario is likely worst-case for everyone else. Lots of responsibility comes with being a leader, but you don’t have to carry it alone; it’s okay and even preferable to involve your top people with the planning process. That ensures there are no surprises when the time comes. “Like everything else, if you plan for it, everything will probably be fine,” says Guenther. “When you don’t plan, the wheels come off.”

My employees have really embraced working from home. Should we downsizethe corporate offices or wait to see how people feel post-pandemic?

Many companies have been pleasantly surprised about how happy and productive workers have been at home; no wonder some firms are keen to cut their rent payments. But don’t be hasty, says human resources consultant Janet Salopek. What may seem like a budgetary no-brainer is a major upheaval for your firm. “Going entirely virtual is a complete cultural shift, and for culture shifts to be well thought out, it takes time,” says the founder of Salopek & Associates. She suggests considering many scenarios: back-to-the-office, work-from-home and a few hybrids. “Explore other options rather than all-or-nothing,” she says. And solicit employees’ feedback via surveys and continuing communication (you’re doing that already, right?). “Remember that even if people say they love working at home, they might think totally differently in a year, so it’s wise to keep the door open,” Salopek says. Remind yourself of other savings you’re enjoying—overhead, utilities, supplies—and treat paying rent as an investment in future options. 

/Rosemary Counter
A man for all crises

The financial crash. Brexit. The early days of the pandemic. Through it all, Mark Carney has been a steady hand. Now, back in the corporate world (and with a new book out), he’s tackling the biggest crisis of all: climate change.

BY TREVOR COLE

If Thomas More was the man for all seasons, Mark Carney might be the man for all crises—the financial ones, at least. History will record that Carney, born in the Northwest Territories 56 years ago, rode good fortune and intellect from the margin of the world, through Harvard, Oxford, Goldman Sachs and the Canadian department of finance, into the middle of the most tumultuous economic events of recent times. As Governor of the Bank of Canada, he had an intimate view of the financial crisis of 2008-09. As Governor of the Bank of England, he helped steer that country’s financial system through the 2016 Brexit referendum and its immediate fallout. And he was still there as the first tremors of the COVID-19 pandemic were being felt. At every stage, he helped mitigate the damage. Now back in the corporate world, having parlayed his status as the UN special envoy for climate action and finance into the leadership of Brookfield Asset Management’s environmental, social and corporate governance investment strategy, Carney has produced a book. At a dense 531 pages, Value(s) covers a vast range of issues, from the history of money and the foundations of the modern financial system to the banker’s experiences at the lip of the world’s economic abyss. It also offers a detailed blueprint for purpose-driven leaders who see the value in doing good while doing well in a world beset by existential challenges. With much to discuss, Carney spoke to us via Zoom from his home in Ottawa.

1. Prior to Carney’s arrival, the Bank of England had been criticized for failures during the financial crisis and, in 2012, was caught up in a rate-fixing debacle known as the Libor scandal. (Libor stands for London Interbank Offered Rate.)

2. George Osborne was Chancellor of the Exchequer in Prime Minister David Cameron’s cabinet from 2010 to 2016.
Secondly, I’ve known the senior partners. I’ve known Bruce Flatt, for 25 years. I have immense respect for them personally, but also for what they’ve done with the organization. And there was a unique coming together, because they were thinking about their impact-investing strategy. I’m thinking about climate, putting actions to my words, if you will. I’ve been doing it as a regulator, but this is a chance to address sustainability from an opportunity perspective with one of the biggest private owners of renewables in the world. Brookfield understands decarbonization. It understands how to transform companies. It’s got global reach. And when it focuses on something, it really focuses on it. So, the opportunity to set up a strategy to accelerate the transition toward a net-zero economy was very attractive.

**How do you define impact investing?**

In effect, impact investing has a double bottom line. It’s looking at contributing measurable social and environmental good, alongside a financial return. The impact funds that exist, anchored in sustainable development goals, have targeted investment that improves clean water or gender parity in education or soil health or the oceans. My view was, if we’re gonna do something there, why don’t we take on the biggest issue, which is climate? Go to where the emissions are, take companies and assets and reduce their emissions, and put them on this trajectory to net zero. It’s relevant to the set of issues I’m trying to tease out in my book, *Value(s).*

**The book walks us through a number of crises you experienced firsthand. You’d just started as Bank of Canada governor when the financial crisis began.**

(3) **What was your worst day, personally?**

From the spring of 2008 through to Lehman Brothers, (4) I didn’t know when the meltdown was gonna come, but I knew this was imploding. You could prepare for what was coming, but you couldn’t stop it. One of the challenging things was the emergency rate cut in October 2008. At the time, it was an election campaign. And wrongly, I was concerned that us cutting rates, when the narrative was that everything was fine, would be seen as political. And then I had a small epiphany: Wait a minute—if the only reason I don’t do it is because it’s in the middle of an election campaign, then that is political. And of course, as I detail in the book, if anything, it helped the government, as it turned out. (5)

**In the aftermath, do you think enough was done to hold people accountable?**

I don’t think the system was set up to hold people accountable. The accountability was basically centred on criminal activity. I mean, massive incompetence—you should also be held to account for that, and for not acting with a sense of responsibility for your institution, and some sense of responsibility for the system, as well. I have to say, when I was Governor, the major Canadian financial institutions took a series of decisions—and we were part of those decisions, encouraged some of them—that, to their credit, were in the interest of the system, not just their own institution.

**Are there enough protections in place to prevent that kind of thing from happening again?**

There are many more protections. Financial history suggests you never should say there’s enough. I think we’re a lot farther down the road that a large institution could fail without bringing the system down. And it would be quite valuable if that happens, in terms of the lessons it would teach to others.

**You say that the way to prevent a crisis like this is not more regulation. Why?**

Did I say that? I don’t think I said that.

**You wrote that it promotes a culture of complying with the letter of the law, not the spirit of the law.**

Yes, you’re right. So, there are two broad approaches to regulation. And the pendulum swings back and forth between light touch—“let the market take responsibility”—to very strong regulation that tries to anticipate every contingency. And, of course, you can’t anticipate every contingency. Look, I’m a believer in regulation in the financial sector. As in all things, there are degrees. If I’m running a 50,000-person bank, those people should understand what

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3. He took over from David Dodge on Feb. 1, 2008.


5. The incumbent Conservative Party, led by Stephen Harper, won a minority.
they should and shouldn’t do. There should be a compliance effort. There should be protections in place. And there should be accountability if things go wrong in terms of somebody’s compensation being clawed back after the fact. And after the fact is important, because sometimes it takes three years for the risk to crystallize, for the scandal to come out. And that’s part of this accountability mechanism. It also changes the horizon of the individuals. They’re not just trying to get through to the year end, take their bonus and potentially walk. No, they’re gonna live with the decisions that are made for years.

China is starting to adopt some of the shaky debt practices that got us into trouble. How concerned are you that China could be the source of the next financial crisis?

You see similar dynamics in place in many jurisdictions. It has been a concern the past several years. Most crises have their origin in fundamentally positive developments. So, you have a Chinese growth miracle, you have fintech innovations, which spread new financial products to a much broader set of people. These are, by and large, positive developments. But they can take on an extrapolative characteristic, which builds up leverage, trees grow to the sky, you borrow on the anticipation of future profits, and those risks build. Three or four years ago, a number of aspects of the Chinese shadow-banking sector were not dissimilar to the asset-backed commercial paper sector in Canada, the SIVs (6) in the U.S.—a point that, in my role on the Financial Stability Board, (7) we and others made to the Chinese. They’ve taken a number of measures since, which have reduced those risks. But they are there, and we all have to be vigilant.

Let’s move to COVID-19. How do you think the pandemic might change our values?

There were revealed values in COVID-19. Canadians and others—people who had relatively low personal risk—made the choice to take measures seriously in the interest of others. Secondly, you had this wave of volunteerism come out. (8) There’s lots of evidence that virtue begets virtue. Charity begets charity. It also put a real spotlight on the inequities in our society. This is a crisis that has affected racialized Canadians worse, it has affected women worse, it has affected the least well-off worse. On every metric, it has widened those fissures. So, the expectations around fairness and equity in society, I think, have shifted. And then two other things have been reinforced. First is resilience. We did not have—in Canada, the U.K., elsewhere—resilient protections for this type of event. And secondly, sustainability. It’s reinforced the issues around the need to address climate change.

We’ll get to climate in a second. In the book, you talk about being worried about the amount of public debt and purchases by central banks. What concerns you the most?

I definitely agree with the stance that the major central banks have taken in terms of support. The pandemic is a huge disinflationary, if not deflationary shock, and so the right monetary policy response was in the direction they’ve taken. As well, I’d agree, given that they have fewer and fewer options to provide stimulus when needed, that the shift in the Fed’s reaction function (9) toward this flexible average inflation targeting—so they’d have a bit of an overshoot coming out of this—is also something that’s supported for a durable recovery. We’re gonna get a quick bounce back as things reopen. The question is, does it extend? And I think the Fed’s policy will help it extend. On fiscal, one of the core things I’m trying to say is, just because rates are low and you can borrow a lot of money and spend it doesn’t mean you should. And while there’s an important role for fiscal support here, there’s also a need for discipline and making sure it has the impact it needs to.

You mentioned the inequalities the pandemic has surfaced. Where do you stand on the notion of guaranteed basic income?

Governments have taken extraordinary steps to support individuals and companies, as a bridge toward the return to a normal economy. In the U.K., the deficit, basically, will be cut in half when the economy returns to normal. In other words, the government is standing in for the activity that would otherwise be there. It underscores the importance of a safety net. Whether a guaranteed basic income is the first, best use of limited fiscal capacity is an open debate. We’re going through what’s often called the fourth industrial revolution. In parallel, we’re getting these big structural changes that will come with the move to sustainability, and income support alone is not going to support a worker into those new roles. Maximizing the prospects of employment, as opposed to only dealing with the consequences of unemployment, is important. To govern is to choose, and choosing the balance on that is critical.
Let’s move to climate. Big picture, how do we marshal the forces of commerce to get to net zero? (10) Is it about making it somehow profitable to reduce emissions? The first thing is being absolutely clear on the objective. It seems we needed a Swedish teenager (11) to point out the basic climate mess in a way that was digestible. But if you understand we have a limited carbon budget, it means that certain investments today will not be fully depreciated by the time we have to be at net zero. Secondly, recognizing that if the world’s gonna get to net zero, it means every company in every sector—it’s a reworking of the economy. So the question you ask yourself in a business is, do I plan to be around in the next decade? Or am I gonna run my business off and redeploy the capital somewhere else? Or do I think I’m separate from society, and I don’t care that this is what society wants? Those are your only three options.

Your question, in that context, is about profitability. And this is a critical point. As we shift to “This is what society wants,” solving the problem becomes profitable. And it’s not just because the carbon price is going to rise over time. It’s also because consumers are increasingly focused on sustainability. It’s because the providers of capital are increasingly repricing the provision of capital based on whether you’re perceived as part of the solution or part of the problem. All of that is driving toward profitability.

You anticipate the formation of what you call a new “transition” asset class. Can you define that? It’s taking assets that are not on the path to net zero and putting them on that path. It’s judging companies and assets on whether they are profitable in a low-carbon economy. The reason to call it a transition as opposed to a green asset class is because, in many respects, green is the destination. There are a series of industrial processes where they can take out a lot of the emissions, begin their transition toward net zero, and preserve and extend that carbon budget.

Is the onus on political leaders or on business leaders to manage the coming challenges? As in many of these things, it is shared. I think there is an onus, though, on the political side to really grasp the scale of the change and what’s needed. The fourth industrial revolution is going to involve a series of mid-life, mid-career adjustments. Are we going to integrate our education system and our social support system to that big retraining that’s coming? Those are fundamental government questions. Then with industry, one of the questions is, how do we use AI? I use this phrase in the book: Are we digital by default, or are we digital by design? And are we consciously looking to empower jobs with knowledge or to replace those jobs? And then a meeting of the two, when you look at something like the trade architecture. I’ll use the example of Shopify, which creates an entrepreneurial platform for small and medium-sized enterprises. They can be part of what could be a sort of globalization for SMEs. And then all of a sudden you have something that is reducing inequality. It’s reinforcing dynamism in the economy, and it’s knitting together the system. Shopify and companies like that, for all their brilliance, can’t do it by themselves. Governments can’t do it by themselves, ’cause they don’t have the brilliance. But working together and recognizing these bigger forces is part of how we could accomplish it.

Do you see yourself being a participant in this process on the business or political side? Is there one you would prefer? I mean, you know, right now I’m focused on sustainability, both in terms of the work for the UN and for Brookfield. Pretty healthy set of challenges there. Part of what I was trying to do with the book is to get some of these ideas out there.

So you’re not ruling out a political role in the future? [Laughs] I’m not sure that was in the transcript, but I said what I said.

No, I’m asking. Oh, is that a question? Okay.

Look, Trevor, you’ll be the first to know. You and everyone else.

Part of your job as a bank governor was to anticipate the future. So I want to cast forward 30 years and ask you five rapid-fire questions. First, in 30 years, is there more economic inequality or less? More, unless we act.

Does physical money exist? As an anachronism.

Have we experienced another financial crisis? Yes.

Have China and India surpassed the U.S. as economic superpowers? (12) [Carney is silent for 14 seconds] No.

It took you a while. I’m not fully convinced. The easy answer is yes. The weight of demography and history would suggest that would be the case. But I don’t think it’s a forgone conclusion for positive reasons that could happen in the U.S. but are not assured.

And have we achieved net-zero emissions? Yes.

(This interview has been edited and condensed.)

Trevor Cole is the award-winning author of five books, including The Whisky King, a non-fiction account of Canada’s most infamous mobster bootlegger.
BMO is proud to be recognized as a 2021 Report on Business Magazine’s Women Lead Here honouree. With women making up more than 40% of our senior leadership roles, we are boldly demonstrating our commitment to gender equality every day. Because, to us, leading by example starts with equity in leadership.

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AS COMPANIES STRIVE FOR BETTER, "GOOD" LOOKS LIKE FOR THE MOMENT.
Throughout her life, Rania Llewellyn has been put into boxes, most of which came with people’s preconceived ideas, implied limitations and patronizing questions. Woman. Immigrant. Middle Eastern. Young. The assumptions rankled but also fed her determination. Today, she wears her tenacity and ambition on her sleeve—or, more precisely, on her torso: She appears for a videoconference interview clad in a black sweatshirt emblazoned with the words: Underestimate me. That’ll be fun.

Those who underestimated Llewellyn might find this article an uncomfortable read. She remembers. For years, she kept what she calls “F-off letters” in response to her futile job applications, convinced that “someday, I’m going to prove that you all missed out on a great opportunity,” she says.

Vindication is sweet. In October, Llewellyn was appointed CEO of Laurentian Bank of Canada, a Quebec-based institution that celebrates its 175th anniversary this year. She is the first woman to lead a major Canadian-owned bank, and the first Laurentian CEO to come from outside the organization in 25 years. After more than two decades moving up through the Bank of Nova Scotia, most recently as executive vice president of global business payments, Llewellyn’s experience spans commercial, corporate, retail and digital banking.

She will need all those skills, and more. The institution she now leads faces significant challenges. In her first statement to investors and analysts, Llewellyn described Laurentian as being at a “critical juncture in its storied history.” For years, the Montreal-based bank has been an industry underperformer, plagued by fluctuating earnings and shrinking market share. An aggressive shift toward digital banking, launched in 2015, has only deepened its woes, cutting its share price at one point by more than 45%. The bank slashed its dividend last May, and its CEO left on two weeks’ notice. In a sector characterized by orderly leadership transitions, that’s almost equivalent to being marched out the door by security.

But taking over an underdog makes the potential upside all the more appealing. If Llewellyn can turn Laurentian around, that will likely be noticed by her larger competitors, including her former bosses at Scotiabank. She considers Canada’s third-largest bank “my family for the last 26 years,” where she grew up as a person and as a leader. She had frustrations with some individuals, but she notes: “There are people and then there are organizations. Those are different things.” In her new job, all of the experience she gained—in attracting talent and navigating corporate hierarchies while remaining unwaveringly candid—will be vital not just to fix existing problems but to find ways for Laurentian to grow. That challenge shouldn’t be underestimated either.

Rania (“like Tonya”) Llewellyn seems to take after her mom, a barely five-foot-tall force of nature whom her daughter concedes “can be a bit scary.” Llewellyn isn’t intimidating so much as commanding: She speaks quickly and crisply, with a steady gaze and a clear mental map of what she wants to convey. Her short-cropped black hair is peppered with grey, but when she smiles, she looks boyish and much younger than her 45 years.

She has become practised in telling her immigrant story. “Are you okay with me going into deep details?” she asks with a chuckle. Born in Kuwait to a Jordanian mom and an Egyptian dad, she moved with her family to Egypt at age 11. She was a precocious youngster, skipping grades in both countries and graduating from high school at 14. Initially, she wanted to go into medicine—in the Coptic Orthodox community she grew up in, “you’re a doctor, a pharmacist, or an engineer,” says Llewellyn. But when time came to apply to university, she opted for business because it was one of the two hardest programs to get into.

When the Gulf War broke out, the family sought security and opportunity abroad. They landed in Halifax in 1992 and Llewellyn’s first impression of Canada was how cold it was (it was mid-August). Another shock to the teenage immigrant was racial bias. “I never saw colour until I came to Canada,” she says. “I came from a place where people were
discriminated against based on religion. But here, I saw [racial bias] clearly articulated: All the Blacks live on this side of town, the whites live here, the Chinese run the Chinese restaurants.”

Although she looked Caucasian and spoke English fluently (she also speaks Arabic), when she graduated from Saint Mary’s University (she recalls being the youngest graduate in her class, at 18) and applied for jobs, the only position she could get was minding a Tim Hortons counter. The problem, she concluded, was her name: Rania Zakaria Guindi (when she married, she took her husband’s last name to “stop people asking me what my background was”). Through her dad’s business account manager at Scotiabank, she eventually scored a part-time teller position while she pursued her MBA. But even with that degree in hand, she couldn’t get so much as an interview.

Her first break happened at the family’s citizenship swearing-in ceremony, where Scotiabank’s lead executive for the Atlantic region was a guest. Her mom pushed her to “go ask him for a job.” So at a gathering that followed, Llewellyn marched up to the executive and said, “Scotiabank is Canada’s most international bank. I am international. I was born in Kuwait and I lived in Egypt. This is the only bank I want to work for.” He asked her if she spoke Spanish. She retorted, “I’ll speak whatever language you want me to speak, as long as you pay for it.” She had been a shy kid, but frustration gave her chutzpah. “This is what life does to you,” she says on reflection. “You realize that if you don’t speak up, you won’t be heard.” She made enough of an impression to secure a 10-minute meeting. The executive asked her where she wanted to be in 10 years, and she responded, “I want your job.” He laughed and sent her to HR. “I’ve never forgotten that moment,” says Llewellyn. “This is why I give everybody 10 minutes of my time.

She joined the bank’s commercial development training program, but received no job offers afterwards. When she heard of an interesting position, she asked the hiring manager why she wasn’t being considered. He told her, “I’m looking for a man, and I’m looking for someone older.” She replied, “Well, you’ve got me.” He gave her the job, but when a client subsequently requested an older, male account executive, the manager took the account away from Llewellyn. As happens with many women, the pattern continued: being asked in internal interviews whether she planned to have kids, being passed over for a promotion in favour of a man with less experience. The feedback she got was that she was too outspoken and aggressive, but she says being direct is simply part of her culture. “The challenge I’ve had throughout my career is that, because I don’t have an accent and don’t look like a visible minority, people assume I fit a certain mould. But I think and approach things differently.”

Her hopes rose when she was accepted into an interna-
she immediately offered thoughtful arguments,” Marwah says. “You don’t often see that kind of pushback to senior executives by a relatively junior employee.” When the project resulted in the creation of a multicultural banking division, Llewellyn got the chance to lead it, but, given she would be reporting to a woman, she interviewed everybody who worked for her potential boss. “I actually told her, ‘If you’re looking for a yes person, please don’t hire me,’” Llewellyn recalls. “But if you’re looking for someone who will shake things up, challenge the status quo, I think we can have some fun.”

It was a pivotal career point, offering her an opportunity to build a business from scratch with a diverse team she selected. Now that she was moving in higher executive echelons, she became more aware of how she came across to others, with the help of a coach. “It was like she put a mirror up to me: ‘When you hear something that pushes your button, here’s what you think and this is what people see.’” Llewellyn was grateful for the insights. “At some point, when you get many consistent data points, it’s no longer about them, it’s about you. I’ve taken that into my coaching and mentoring of others.”

Llewellyn performed well and when she was ready to move on, opportunities abounded. She took time to make a decision, leading a male executive to say, “Rania, it’s like we took you shopping for dresses and you don’t like anything you see.” This was just 10 years ago. She opted for a role at RoyNat Capital, a low-profile subsidiary that provides alternative business financing. Within 18 months, she was the division’s president and CEO, and finally had the power to put her convictions about diversity and inclusion into practice. All new recruits had to be evenly split between males and females. The managers knew that if they nominated a man, Llewellyn would be calling to understand how they reached the decision. Identifying and grooming diverse talent is her special strength—her “superpower,” she calls it. “My brand [at ScotiaBank] was that I was an amazing talent magnet. If I let someone leave, I would get calls asking, ‘Is there something wrong with that person?’”

Llewellyn’s own career-long experience has made her keen to avoid gender- or ethnic-based assumptions. “Putting men and women into boxes actually annoys me,” she says. “It starts at such a young age.” When her daughter came home one day excited because her gym teacher said a girl who scored a goal would get two points while a boy would get only one, Llewellyn was irked. This, after all, is a woman who plays competitive squash and notes she was the first woman to play for the men’s team at Toronto’s posh Granite Club. Llewellyn is a big believer in hashing out such issues. “To battle unconscious bias, we need to have open conversations,” she says. “People have started saying it will do many things in the past and not necessarily coming to the Street with the results they promised,” Desjardins told investors, assuring them he would end that frustrating record. He set about expanding commercial banking and the B2B Bank, which provides retail banking products to financial professionals—the businesses responsible for the bulk of Laurentian’s profits. But the big job was fixing retail banking by moving away from teller services to digital platforms and simplifying the portfolio of consumer offerings. He shuttered roughly half the branches and transformed the others to advice-only “financial clinics.” Other banks are making similar shifts, but Laurentian’s transition was uncommonly rapid. “He set a really aggressive plan, but it’s not like a switch that you turn on and off,” says Leman Persaud, an analyst at Cormark Securities. “That hurt them.” Laurentian lost market share in deposits and loans, including mortgages.
TransAlta Corp. has set ambitious goals to promote diversity and inclusion across its workplace.

MORE CANADIAN COMPANIES are realizing the broad benefits of gender diversity across their operations — including in decision-making roles on boards and in senior management — and taking action. A recent KPMG study shows women made up more than a third of all new appointments to the boards of Canada’s 100 largest publicly traded companies since the “comply or explain” gender diversity mandate came into effect in 2014. The KPMG survey shows 96 per cent of boards have at least one female director, up from 67 per cent in 2014.

TransAlta Corp., one of Canada’s largest publicly traded renewable independent power producers, sees gender diversity and inclusion as a competitive advantage and part of its broader environmental, social and governance strategy.

“TransAlta firmly believes that true diversity is good for the economy; it improves corporate performance, drives growth and enhances employee engagement,” says TransAlta’s outgoing chief executive officer Dawn Farrell, who steps down on March 31 after almost a decade in the role.

The company uses gender data to identify gaps, develop solutions and measure impacts to meet its diversity and inclusion goals. It has committed to achieving 50 per cent female membership on its board by 2030, up from 42 per cent today. It also has a target for its entire workforce of about 1,475 people to be 40 per cent female by 2030, up from approximately 22 per cent today.

“In October 2020, TransAlta adopted a Diversity and Inclusion Pledge to emphasize our commitment to enhance equity, diversity and inclusion for all people,” says Kerry O’Reilly Wilks, executive vice-president of legal, commercial and external affairs and Jane Fedoretz, executive vice-president of people, talent and transformation.

In February, TransAlta received recognition from Diversio’s globally recognized certification platform for its equity, diversity and inclusion activities. The certification recognizes the company’s efforts to measure, track and continuously improve its equity, diversity and inclusion.

The advancement of women and diversity will continue to be a core value and top priority for TransAlta under new president and CEO, John Kousinioris.

“We know that by raising awareness about equity, diversity and inclusion at work, we create space for our employees to unlock their potential, to be highly engaged, and to reflect the diversity in the communities in which we operate, which ultimately leads to an enhanced employee experience,” says Jane Fedoretz, executive vice-president of people, talent and transformation at TransAlta.

In October 2020, TransAlta also started measuring its equity, diversity and inclusion practices by conducting a voluntary survey that collected data on diversity demographics of its people and their thoughts on equity and inclusion within the company.

TransAlta is helping women advance their careers at the company including the appointments of Shasta Kadonaga (top left) to senior vice-president of its shared services business; Kerry O’Reilly Wilks (top right) to executive vice-president of legal, commercial and external affairs and Jane Fedoretz (bottom right) to executive vice-president of people, talent and transformation.
Not only has there been little progress on the financial promises Desjardins made, but the bank has been plagued by union troubles and controversy around the securitization of non-qualifying mortgages. With the costs of retail overhaul and rising provisions for credit losses (money set aside to cover loans that may go bad) due to the pandemic, profit was down almost 80% in the second quarter, which ended April 30. That led Laurentian to slash its dividend by 40% in May. The move drew gasps; it’s been almost three decades since a bank reduced payouts to investors. Laurentian certainly isn’t the only bank whose profits were initially hammered by the COVID-19 crisis, but the fact that none other followed its move only cemented Laurentian’s reputation as the laggard of the pack.

Four weeks later, to few observers’ surprise, Desjardins was out—“retired” at age 49. “When the ouster is that fast, the red flags have to wave,” says Benj Gallander, who co-edits the Contra the Heard investment newsletter and is a Laurentian shareholder. Investors like Gallander, who had hoped to profit from Desjardins’ transformation, were disappointed; during Desjardins’ tenure, Laurentian’s stock lost more than 45% of its value.

Whether you’re recruiting people or building a culture or trying to engage with regulators and suppliers, being likeable helps an awful lot.” The fact Llewellyn doesn’t speak French was a drawback, Mowat admits. “If she was a unilingual, Canadian-born male, that would be very different, but she’s a female immigrant who is multilingual and someone who understands diversity.”

Llewellyn originally had mixed feelings. “The CEO title was definitely an attraction,” she admits. The fact that Laurentian was an underperformer was another big draw. On top of that, there was a number of vacancies at the leadership table—in the previous months, both the acting CEO and the CFO announced their retirements, which meant Llewellyn could set the tone culturally. Looking for advice, she met with Lawson in the latter’s backyard. “You don’t know if that opportunity will afford itself at Scotiabank,” Lawson told her, “and to get that growth opportunity at your age is excellent.”

Even though she leapt up two executive strata and is largely unknown outside Scotiabank, the Street greeted the October announcement of Llewellyn’s appointment with enthusiasm. “It’s positive that they’re bringing in someone from outside,” says one analyst who was not authorized to speak on the record. “It signals the intention for real change. But she’s in a difficult position.”

Llewellyn knows all too well. “It’s a rebuild story of renewal and growth” is how she sums up her task. She is not ready to discuss strategic plans but has committed to reassessing existing transformation projects, tightening cost discipline and retooling the executive team and business organization, including splitting the bank’s personal and commercial banking segments into separate units. While Laurentian reduced expenses and grew loans in the last quarter of fiscal 2020, which ended on Oct. 31, personal deposits were down almost 5% year over year. “The bleed in retail deposits shows that the personal banking franchise has yet to stabilize,” Paul Holden, an analyst with CIBC World Markets, wrote in a note. “Stemming the outflow of deposits should be one of the first priorities for new management.”

Fixing the problems is one thing; reigniting growth is quite another. During the December analyst call, Llewellyn made clear there were many options. Commercial lending has been Laurentian’s strength and will likely remain a focus. Llewellyn wants to leverage the bank’s relatively small size to its advantage. “When you’re smaller, you should be faster and more nimble,” she says. The bank is likely to pursue niche strategies in business banking, equipment financing and other areas that are underserved by big banks, says Cormack’s Lumar Persaud. “That’s really the opportunity, because they can’t go toe to toe with the big banks.”

Llewellyn may have more room to take dramatic action than an internally promoted chief executive would have. “I like the underdog story where people don’t have a lot of high expectations,” she says. To the doubters out there: Remember that sweatshirt.
WOMEN IN LEADERSHIP HAVE ALWAYS BROUGHT OUR COMPANY TO NEW HEIGHTS.

Fire & Flower is proud to be included on the Women Lead Here list. Here's to all the strong and talented women on the team who help make Fire & Flower what it is, and to all the other recipients of this honour.

About Fire & Flower

Fire & Flower’s leadership team combines extensive experience in the cannabis industry with strong capabilities in retail operations. And some truly remarkable women.
“Let’s be honest: Mining has been a supersexist industry. But 30% of our board, 40% of our executive team and half of our corporate office staff are women. We didn’t set out to do that. We set out to hire the best and the brightest—people who come at things with different perspectives.

That’s why companies need to hire for competence and capability and curiosity, instead of from ‘the club.’ That’s what we’re doing at our mine in Guerrero, Mexico. Right now, we have 16% female representation. But there’s a major opportunity there. The play for an organization like ours is to work on getting female leadership in the production area, in the operation area—at the front end of the pipeline. Give me some truck drivers, operators, maintenance people, because that’s where our next supervisors and managers are. It’ll take a bit longer, but they’ll be so much more ready and effective by
the time they get there.

I would also say you’ve got to find some heroes. In our case, we found two. One is a truck driver named Estella, who took the job, loved it, raised her two young daughters, and now she tells other young women in the community, ‘You need to be a truck driver at this company.’ Our other hero is a trainer named Jonathan. He took it upon himself to work with these women and say, ‘No, you belong here. I want you to be here.’ Now, about 20% of our haul truck drivers on-site are women. That’s what I mean when I talk about filling the pipeline from that end. There are lots of women in mining who work in finance and HR, but the credible jobs are the ones that touch the metal and the money—the operations. So, my goal is always to get young women into those jobs, because those are the future leaders of mining companies.”

“I’m an engineer by training—bachelor and master’s—and that’s a fairly male-dominated field, still. The industries I keep getting attracted to are also male-dominated. I got my MBA, and I spent 11 years in automotive, at Ford and Chrysler. Then I did a ride-sharing startup. The last company I was CEO of was in collision repair. And now Ritchie Bros.

It is an incredible company. That said, there’s a lot of work to be done. Even on the gender side, we know we have a long way to go. The work around gender diversity started a long time ago. Canada was very much focused on this issue at the board level and took it much more seriously than other countries did. Our long-time chair is female—Bev- erley Briscoe. When my predecessor, Ravi Saligram, came in, he took gender diversity very seriously. He recruited our CFO, Sharon Driscoll, and appointed Kari Taylor as president of U.S. sales. And as I build out the management team, we’ve added more women. But if you look down in the organization, as in any male-dominated field, there are gaps. So we have a long way to go.

Last year, when the Black Lives Matter movement gained momentum, we had conversations about why we were going to prioritize diversity. And we formed a 100-person volunteer Black Lives Mat- ter Employee Resource Group, who I give so much credit for driving this forward. We just had Black History Month, and it kicked off with an incredible learning session. I used it as a rallying cry to say, ‘Look, we started on the journey of gender a couple years ago. Now we’re celebrating cultural diversity.’

We are not yet at the measurement stage, cand- didly, because our internal people systems are not great. They need a spiffing up. So right now, it’s
more igniting people’s passion and understanding of what’s right. Asking that interview slates be diverse in nature—doing the basic blocking and tackling, if you will. For me as a woman, as an immigrant, it’s second nature. It’s critical. The Black Lives Matter movement hit me, even though I’m a white woman, very personally, very deeply. As Jews, we were political refugees when we left Russia. The idea that sections of the population are not treated as others are—it spoke to me on a personal level.

I try to give back where I can. I volunteer as a mentor with a program called Signature, aimed at women leaders one rung below the C-suite attempting to break through the glass ceiling. A woman reached out to me recently because she’s considering a career change. She’s looking at this opportunity, and she’s perfect for it. But she’s like, ‘I don’t know—I feel like maybe I should take a class.’ I said to her, ‘This is a classic gendered approach. You don’t even realize it’s happening. You are perfect for this job.’ So how do you break through?

And men have their blinders on. We all have these biases that we bring forward. Only by talking about them can we bring them out of the shadows.”

We said we’d have 40% women in senior leadership roles by 2016—and we achieved that goal. Otherwise, you can always make excuses for why it’ll be next year, next year, next year.

In 2017, we set what we called our Vision 2020 Diversity Strategy—to have 40% to 60% representation of women in senior leadership. By the end of 2020, it was 41.1%. Now, 45% of my direct reports are women, including the heads of two of our four operating groups, and 45% of the board. Where are we going tomorrow? I think gender par-

“Mining has a reputation for being an old, antiquated industry, but for most of my time at Lundin, the head office has had lots of women. Maybe that’s from our Swedish roots—because in Sweden, even the mines have 20% women. But our inclusion policy never had targets before, and last year we asked, why don’t we? Now we’re introducing a target of 30% women on the board. We just added Karen Poniachik, who used to be Chile’s minister of mining.

In the mines, many people are trying to improve their gender ratios, so there’s a lot of competition to hire women with technical backgrounds. We have training programs and workshops, for example, in heavy trucking licensing, and we encourage women to enrol so that when positions open, they have the qualifications to apply. In some locations,
ity and inclusion will continue to be a focus through our Zero Barriers to Inclusion strategy, which includes a lot of other, more granular rules on the topic of intersectionality. We talk about representation of Black, Indigenous, people of colour, Latino and LGBTQ+ employees, and we set specific objectives for each. In some cases, they are nowhere near where they need to be. In other cases, we’re doing pretty well.

I’ve had conversations with companies that are stymied by diversity and inclusion. We don’t pretend to have the answers for everybody. But I’ll give you one example: If your head of human resources is the spokesperson for an ideal we might have, that’s actually pretty good. And I think that’s important.

But I’ll give you one example: If your head of human resources is the spokesperson for an ideal we might have, that’s actually pretty good. And I think that’s important.

And it’s important to recognize progress, and to recognize that progress is not yet good enough. Otherwise, you get companies saying, ‘Gee, this is just too big of a hill to climb, and all I can see is failure. So why bother trying?’ That’s not very inspirational. Instead, recognize the progress you’ve made, then think: Why isn’t it good enough? What can we do differently? If you don’t do that, you’re probably not going to get better at it. Which is, of course, the objective for all of us.”

Meghan Roach
Roots

“I spent the bulk of my career in private equity, and it was a struggle to find role models. I have two young daughters, and it’s very difficult to find your career path if you don’t have someone to look up to and think, How did they get there?

Before I got to Roots, the C-suite was 75% male. Now, 75% of our management team are women. It’s nice to be part of a brand where your team is reflective of the customer base. We still have a lot of work to do, but we’re trying to lean into it and go beyond gender. We have a Diversity, Equity and Inclusion Council that includes not only me and other senior leaders, but also people from our stores and distribution centre. So it’s made up of employees from very different backgrounds and places in the company, and that brings this new and different decision-making to the table.

When roles come open, we’re trying to level the playing field in terms of hiring by using case studies. At many companies, the interview process is personality-driven—chatting with a candidate to make sure they fit from a cultural perspective. The real question is, can they do the job? Case studies put everyone on an equal footing. So if I’m hiring somebody for finance, I might ask them to look at my financial statements or analyst reports and give me feedback on how they might do things differently. You’re really focusing on what they can do, as opposed to potentially focusing on what school they went to or what they know. People have to make an effort to think about their own limitations and the limitations of their network. Do I have people within my network who are diverse from a gender perspective, from a racial perspective? If you don’t, you should really be looking at working with some of the agencies and companies that are focused on helping you find them.

Many of my top executives have kids. So during the pandemic, we’re trying to give people the flexibility to balance their lives and their work. It’s respected if you can’t take a call because you have to pick up your kids or pause because your child needs help with school. We’re all struggling with the same issues. And we owe it to other people to show that it’s okay to say you’re not okay.

I won’t pretend I have all the solutions, but I think the more we make it a normal part of the conversation, the more great ideas will come up.”

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**METHODOLOGY**

To create the 2021 Women Lead Here list, Report on Business magazine evaluated publicly traded companies in Canada with annual revenues greater than $50 million. Assessments were done during November and December of 2020, and represent the state of each company during that time. Our researchers evaluated each company’s top three tiers of executive leadership (Tier 1: CEO or equivalent; Tier 2: C-suite, president or equivalent; Tier 3: generally EVP, SVP or equivalent), measuring the ratio of female-identifying to male-identifying individuals at each tier. We contacted each evaluated company by email to confirm the accuracy of the data. We then applied a weighted methodology. We also took into account the company’s profitability, revenue growth and three-year return using the most recent financial data available. The diversity of an executive team was also considered, as was the year-over-year improvement in female representation, where applicable. We then assigned each company a score and applied a final screen to the top quintile: Companies with fewer than 30% of overall executive roles held by women were excluded, as were companies with only one woman-identifying executive.

<table>
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<th>COMPANY</th>
<th>INDUSTRY</th>
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Torex Gold is leading the way on diversity:
40% of our Executive Team and 30% of our Board of Directors are women.

We are proud to recruit the best and brightest who have the drive and capability to create positive change. Team members across the company are becoming the next generation of leaders. Not because they are female, but simply because they are great.

Torex Gold is a Canadian gold producer, responsibly mining in Mexico.
<table>
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<tr>
<th>COMPANY</th>
<th>INDUSTRY</th>
<th>FEMALE CEO</th>
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ISC is the leading provider of registry and information management services for public data and records.

**Leaders should be defined by what they do, not what they are.**

ISC is proud to be among those companies recognized for leading the way for the next generation of female executives. We're committed to ensuring strong representation across the board, and on the Board.

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When it comes to the lucrative U.S.
Canadian biotechnology is having a moment: Last year saw the three largest IPOs ever by domestic therapeutic developers, including AbCellera Biologics. The Vancouver startup is now the country’s most valuable biotech company ever. Victoria’s Aurinia Pharmaceuticals received regulatory approval in the United States for a lupus drug this year, becoming one of the few Canadian developers to take a treatment to market without a Big Pharma partner in the lucrative American market. Canada finally has several companies with potential to grow into pharma giants and turn our life sciences sector into a global contender.

As it turns out, Canadians have been part of the biotech revolution for a long time, just not...here.

South of the border, Canadians occupy many senior roles in one of the world’s leading value-creating sectors. Wall Street’s top biotech investment banker is Canadian, as is its top-ranked analyst. The chairman of COVID-19 vaccine maker Moderna? Canadian. So is the chief scientific officer of biopharmaceutical giant AbbVie.

Perhaps you were aware that Marc Tessier-Lavigne—the president of Stanford University and the former chief scientific officer of Genentech—is Canadian, too. (Nice Order of Canada pin, Marc.) Well, so are John Hamer and Kiersten Stead, managing partners of San Francisco venture capital firm DCVC Bio, which recently turned a US$18.2-million investment into a US$1.1-billion-plus fortune. The company they bet on? Canada’s own AbCellera.

There’s Sylvie Gregoire, past president of Shire PLC’s rare-disease unit, and Sanofi SA’s former CEO Chris Viehbacher, plus at least a dozen other Canadians in top roles with U.S. biotechs. There are more in Europe, like James Sabry, global head of pharma partnering with Roche Holding AG.

You get the picture. We’re not talking about a brain drain, but a full-scale brain transplant.

“The world of biotechnology and health care, and frankly Wall Street itself, is built with Canadians,” says Marc Harris, an American who heads research at Wall Street investment bank Evercore ISI and employs two Canadian biotech analysts, Liisa Bayko and Josh Schimmer.

Canadians “are probably over-represented in senior U.S. biotech
Jessica Chutter
Chair, biotechnology investment banking, Morgan Stanley

Jessica Chutter is a rarity for a Wall Street banker. For one, she’s worked for the same company, Morgan Stanley, for more than 30 years. Despite offers to cover higher-profile sectors, she stuck with biotech, even when it was a much quieter field, because she wanted to do good in society. “I know it sounds a bit schmaltzy, but it’s what I’ve been most excited about,” she says.

Most surprisingly, for the past 26 years, Wall Street’s top biotechnology investment banker—a key adviser on seminal industry deals including Centocor Inc.’s US$5-billion sale to Johnson & Johnson in 1999 and Moderna’s 2018 initial public offering—hasn’t actually worked on Wall Street. Instead, she’s been based in Toronto, where her husband, Derek Berghuis, ran radio station 680News for Rogers Communications.

How does she do it? In non-COVID-19 times, it involved a lot of travel, typically three days a week, to Morgan Stanley’s Manhattan offices and to see her many Boston-based clients (a colleague oversees Morgan Stanley’s West Coast biotech group). When you consider her clients are primarily outside New York, being a flight away from the city isn’t really a problem. In fact, it took Chutter less than a day to convince her boss that moving to Toronto wouldn’t be an issue. She was right: Chutter has worked on mergers and acquisitions worth a total of US$85 billion, and another US$70 billion in capital raises.

She’s also highly regarded by clients. “Today she is the top of the top people in this industry,” says fellow Canadian Noubar Afeyan (more on him on page 40), whose Flagship Pioneering has tapped her for at least seven IPOs of portfolio companies, including Moderna, as lead or co-lead banker. “She’s a great company picker,” says Clarissa Desjardins, former CEO of Montreal rare-disease drug developer Clementia Pharmaceuticals, which used Morgan Stanley to lead its 2017 IPO and advise on its 2019 sale to Ipsen SA. “Within Morgan Stanley, her name echoes in the hallways, and all the junior bankers are thrilled to work on her team. When you’re that good, you don’t have to move to head office—you can live where you want.”

Similarly, Chutter says top investors are indifferent to where the opportunities are located. That bodes well for Canadian biotechs. In the past four years, she has led IPOs for three of them, which were backed by big foreign investors: Clementia, Repare Therapeutics (ran by Desjardins’ husband, Lloyd Segal) and Fusion Pharmaceuticals Inc. “I think we’re at a point where, fortunately, capital is blind to geography,” Chutter says.

Chutter grew up in Ottawa’s east end, the middle-class daughter of a construction consultant father and a Dutch mother who had come to Canada on an assignment with the Netherlands embassy. Chutter was an nationally ranked tennis player in her teens, and studied economics and business at McGill University, where a professor encouraged her to work on Wall Street. She started at Morgan Stanley in the early 1980s, working in New York and San Francisco before moving to Toronto in 1995. “The opportunity was in the U.S. at the time—there was just really no question,” she
says, “I would not have been able to continue a career if I were focused on Canadian biotech.”

Biotechnology was still an early-stage industry. That meant she handled financings for a range of health sciences companies, including clinical research organizations and medical device makers. But as researchers mapped the human genome and made other breakthroughs, interest in early-stage drug developers heated up in the late 1990s. She’s been a full-time biotech investment banker ever since.

Chutter considers herself a storyteller. Her job is to translate deep science and the potential of breakthrough drugs into a compelling, easily explainable tale for investors. “You should be able to reduce every vision and every business plan to a very succinct articulation of what a company is doing,” she says. “If you can’t do that, there’s probably something flawed about the business plan.”

For her, the deal that changed everything was advising Pharmasset during its US$11.1-billion acquisition by Gilead Sciences. Until then, biotech companies typically became takeover targets only once their drugs were approved and commercialized. By contrast, Gilead was willing to pay handomely for a company just entering late-stage human efficacy trials for a hepatitis C treatment. The deal was “a big wakeup call” because it meant investors could expect potential takeovers much earlier in the lives of young drug companies.

Chutter is optimistic about Canadian biotech, but advises founders and funders here to think big. “We’re now at a place in Canada where we’ve got fearless senior executives who recognize how big their platforms can be, how big the opportunity can be and, as a result, considerable capital is coming in to enable that,” she says.

She’s also hoping to see more Canadian institutional investors start backing the biotech sector. “It is obviously generating significant returns, and to date it has not been as prominent an area of focus for a number of Canadian institutions,” she says. They’re missing out on a great story.

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**Tom Hudson**
Senior vice-president of R&D and chief scientific officer, AbbVie Inc.

Tom Hudson is one of Canada’s top biotech exports to the U.S., but he has imported some of that knowledge back to his home country.

After earning a medical degree at Université de Montréal and doing post-graduate work in immunology at McGill University, the native of Jonquière, Que., moved to the Boston area in the early 1990s to join the most exciting science project of the day: mapping the human genome. He did post-doctoral studies and served as assistant director of the Whitehead Institute for Genome Research at the Massachusetts Institute of Technology in the 1990s.

Then he came back, keen to apply some of the lessons from his pioneering work to drug discovery and commercialization. “He saw problems but with new eyes, and he became a real major player in every fashion,” says Phil Gold, a pioneering cancer researcher and past chair of McGill’s medicine department.

In 2003, Hudson founded and ran a genome innovation centre in partnership with McGill to apply his knowledge of treating genetic disease to drug development programs. Three years later, he went to Toronto to lead the Ontario Institute for Cancer Research (OICR). Finding adequate research funding for drug development has been a chronic problem in Canada. But with determination and an infusion of dollars from the Ontario government, OICR helped create 20 companies during his tenure.

Then, five years ago, America came calling again.

Hudson now oversees 11,000 employees as chief scientific officer of AbbVie, the U.S. biopharmaceutical giant that was spun out of Abbott Laboratories eight years ago. Ever the builder, Hudson has overseen the expansion of AbbVie’s franchise in cancer treatments and immunology, splitting time between his home in San Francisco and AbbVie’s headquarters in the Chicago area.

He could have continued to do discovery work in Canada, “but I was also interested in learning more about the later phases of drug development,” Hudson says. For the most part, that work happens outside Canada. He wasn’t sure if Big Pharma would be constraining compared to academia, “but actually it wasn’t the case,” he says.

He’s optimistic about Canada’s opportunity to compete in biotech but says “it takes a long-term investment in that ecosystem and being able to identify strong players to take every opportunity.” But AbbVie is also on the hunt for Canadian biotech firms and university researchers to purchase or partner with.

“The thing with Tom is it’s the happiest story of a guy who is truly an intellectual leader in his field finding a role at the pinnacle of his practice in drug discovery,” says Lloyd Segal, the veteran biotech entrepreneur and investor based in Montreal. “The only sad part is Canada can’t keep someone like that, because there is no platform that big for drug discovery and development in Canada. It’s not a complaint; it is what it is.”
Noubar Afeyan
Founder and CEO, Flagship Pioneering, and chair, Moderna Inc.

As he was finishing his PhD in biochemical engineering at the Massachusetts Institute of Technology in 1987, Noubar Afeyan spent six months travelling back and forth to Montreal to see if he should set up his first company there.

He had strong ties to Montreal; his family had arrived in 1975, when he was 13, after fleeing the civil war in Lebanon, where he was born to Armenian parents. Within months of the family’s arrival, he had a federally funded job where he interviewed fellow Armenians about their experiences in Canada, and scored free tickets to events at the 1976 Summer Olympic Games. He went to high school and college in Montreal and earned a degree in chemical engineering at McGill University before getting into MIT.

Afeyan was looking to start a biotech instrument company. “I was pretty interested in actually doing it in Canada,” he says. But after meeting potential investors and partners in Montreal, he concluded “there weren’t quite the conditions, the people, the support that I thought one needed to create a biotechnology company. The only money available was government money,” which came with strings attached, and he didn’t want to end up “a semi-government employee.”

So he went back to Cambridge, Mass. “If we could turn back the clock and there had been a vibrant private-sector funding mechanism [in Canada], I think the odds would have been for me to be in Montreal, not Boston. My family was there, my comfort was there, the science was there. But a team of us were going to invent no matter where we were.”

Of the Canadians who went south for a career in biotech, Afeyan’s departure might have hurt Canada’s industry the most. Consider what he’s done since. After selling his first company, PerSeptive Biosystems, in 1998, he founded what is today called Flagship Pioneering. That firm has created, incubated and financed dozens of biotech companies, often based on nascent and way-out-there scientific ideas. Twenty-four have gone public, and several have achieved multibillion-dollar valuations, including a company you might have heard of: COVID-19 vaccine maker Moderna.

Moderna, whose messenger RNA treatment starts a chain reaction that results in the body producing virus-fighting antibodies, started at Flagship in 2009 and completed the largest biotech IPO in history in 2018. Its stock market value soared to more than US$60 billion after it produced its COVID-19 vaccine last year, which has been shown to be 94.5% effective in clinical trials and is now being distributed globally. In addition to the tens of millions of shares held by Flagship funds, Afeyan’s 2.1 million shares were worth more than US$320 million at the end of February.

Just imagine what the 58-year-old Afeyan might have contributed to the Canadian economy had he stayed and incubated companies here instead. “The legacy of Noubar Afeyan is that he’s not just challenging pharma and biotech; he has successfully challenged the entire model of company creation in the biopharmaceutical sector,” says Montreal biotech maven Lloyd Segal.

Afeyan stresses that the unfavourable conditions he spurned in Canada are “ancient history.” It has top universities and an “increasingly” favourable funding landscape. “I see no reason why Canada can’t have multiple active vibrant hubs of biotechnology innovation, soon and for a long time,” he says.

His advice to governments here is to provide not just support to the sector but also “figure out how to be catalytic” by taking steps that can have a significant impact in stimulating Canadian biotech. And there’s no time like the present to get started. After the pandemic, he believes biotech “will undergo a massive increase in impact, in investment and in global notoriety as a provider of health solutions, and Canada should be a big beneficiary of that.”
Josh Schimmer
Senior managing director, biotech team, Evercore ISI

Last November, shares of Bellus Health Inc. jumped nearly 30% to close at US$3.08 on the Nasdaq stock market. The reason? Evercore ISI analyst Josh Schimmer had just initiated coverage on the Montreal developer of cough medication, issuing an outperform rating and a price target of US$12. That prompted investors to take a second look at a company whose stock had crashed four months earlier, after some disappointing trial results.

Schimmer’s calls carry more clout than those of the average analyst: He’s been Institutional Investor’s top-rated analyst for small and mid-size biotech stocks for the past three years. “He stands out uniquely in terms of his almost philosophical approach to how he looks at biotechnology,” says his boss and Evercore’s head of research, Marc Harris. “He believes his work is helping the world.” Harris adds Schimmer is fuelled by an intense work ethic.

Not bad for a kid from the Greater Toronto Area who realized early on he wasn’t cut out for the family business: medicine. His father was a molecular genetics and pharmacology research professor at the University of Toronto, his uncle is a rheumatologist, and his older brother heads research at Toronto’s Princess Margaret Hospital. Schimmer was studying internal medicine and rheumatology at U of T, but after realizing he didn’t have the chops to be a researcher, he decided to try something else. “I thought the intersection of science and business could prove quite interesting,” he explains.

Schimmer earned an MBA from Harvard Business School in 2003, but found himself “frustrated and disappointed” with the lack of opportunities. “There were a lot of career paths where I was still way underqualified because I didn’t have any relevant business experience, and others for which I was overqualified.”

After a series of introductions, he landed an associate job at Deutsche Bank and became a full biotech analyst a year later at Cowen & Co., while biotech was a relatively fledgling industry. He did stints at Leerink Partners, Lazard Capital Markets and Piper Jaffray, and made a stop at a buy-side investment firm before joining Evercore in July 2017.

He was able to do the job while living in San Diego, where his family had moved for quality-of-life reasons. It turns out San Diego also has a teeming biotech sector—and serious Canadian representation. One of the area’s top biotechs, Mirati Therapeutics, started as a Montreal-based company called MethylGene, and Faheem Hasnain, CEO of Gossamer Bio, hails from Windsor, Ont.

Having dual citizenship (his parents are American) made going to school and working in the U.S. “a lot easier,” Schimmer says. Though he has considered returning to Canada, “there was little place else to go for biotech than the U.S.,” he says. “For what interested me, which was cutting-edge innovation and its intersection with finance, it was clear it would be hard to find that path in Canada.”

Schimmer probably made the right call not moving back home. After the credit crisis, Canadian banks retreated from the biotech sector, and the number of Bay Street analysts covering the field declined sharply. “My sense was that if I wanted to build a skill set that would give me longevity in the industry,” he says, “then the best place and lowest-risk way to find it would be in the States.”

John Hamer
Managing director, DCVC Bio

John Hamer had decided it was time to come home. After earning degrees at the University of Windsor in the early 1980s, the Torontoian went to the University of California, Davis, near Sacramento for his PhD in microbiology, then took a research job with E.L. du Pont de Nemours and Co. in Delaware.

But when he interviewed Canadian universities for post-doctoral assignments, he was unimpressed. There was scant startup money. One school offered him a lab that needed to be renovated—out of his own pocket. As he pondered the meh circumstances in his home country, he got a call from Purdue University in Indiana. In contrast to indifferent Canadian schools, Purdue rolled out the red carpet. “They actually told me I didn’t have a startup budget—I should just keep spending until I got a grant. It was almost a blank cheque,” Hamer says. He took the Purdue post in 1988 and was soon promoted to full professor, becoming a David and Lucille Packard Fellow, winning national awards, meeting U.S. President Bill Clinton, and editing a genetics and biology journal.

Hamer could have carved out a successful career in academia. But one night in his late thirties, he was reading Anne of Green Gables to his daughter. He came upon the passage where Anne describes her future as a straight road that has come to a bend: “I don’t know what lies around the bend, but I’m going to believe that the best does.” Hamer realized he needed a bend in his own road. At the time, the genomics boom was starting, and he wanted in.

He left Purdue in 1998 to join an agriculture biotech startup in North Carolina called Paradigm Genetics as chief science officer. Paradigm went public in 2000 and sold three years later to Monsanto. Paradigm board member and prominent venture capitalist Steve Burrill (who years later would be jailed for fraud and tax evasion) persuaded Hamer to join his firm in San Francisco. Hamer didn’t know much about early-stage investment. “I had to
go to Amazon to order books on venture capital,” he says. But he did well at Burrill & Co. for eight years, before decamping to co-lead Monsanto’s venture capital arm.

After Bayer bought Monsanto, Hamer and partner Kiersten Stead, another Canadian, left to set up their own biotech fund, joining San Francisco’s Data Collective Venture Capital (DCVC), a data science-oriented technology fund they’d backed. The first investment from DCVC Bio’s inaugural, US$210-million fund was a Vancouver company called AbCellera Biologics.

This was not a case of one Canadian scratching another Canadian’s back: “The fact he was Canadian was a coincidence,” says AbCellera CEO Carl Hansen, who had started the company while running the bio-engineering group at the University of British Columbia’s Michael Smith Laboratories. Hansen had previously worked with California Institute of Technology professor Steve Quake. When Hansen needed funding, Quake connected him with DCVC, where he was an adviser.

Hansen was wary of venture capitalists, but he appreciated Hamer for his shrewdness and depth of experience. Hamer, for his part, admits he was “underwhelmed” when he heard AbCellera was an antibody company.

But the two hit it off, and Hamer got excited as he learned more about AbCellera’s unique technology. Using artificial intelligence and a credit card-size device filled with hundreds of thousands of tiny chambers, AbCellera could simultaneously test many antibodies from blood samples. It could then determine which had the potential to be disease-fighting treatments, dramatically speeding up drug discovery. AbCellera had participated in one project funded by the U.S. Defense Department’s Defense Advanced Research Projects Agency (DARPA) to rapidly find medical responses to future pandemics and was embarking on a second. It also partnered with drug makers on dozens of drug discovery programs. “You could see the technology could really, really scale,” says Hamer.

He invested US$7.7 million in August 2018. DCVC provided another US$10.5 million in the next two years as other investors, including Silicon Valley billionaire Peter Thiel, signed on.

The onset of COVID-19 was showtime for AbCellera. Three days after receiving a blood sample from a recovered patient on Feb. 28, 2020, its researchers isolated hundreds of antibody candidates. Within months, they found their antibody, which could provide temporary immunity to some patients; it partnered with drug giant Eli Lilly & Co. and put the treatment into clinical trials. By year’s end it was authorized for emergency use by regulators in the U.S. and Canada. That set up AbCellera for the biggest IPO ever by a Canadian biotech this past December, giving it a market capitalization north of US$10 billion—and DCVC a stake valued at more than US$1.1 billion.

Having struck gold in his home and native land, Hamer thinks Canada has “a huge role to play” in producing more success stories. “If one thing has been proven, it’s that this entire sector could turn on a dime and deliver things for the health of the planet,” he says. “Canada can take advantage of all that, whether it’s to generate returns or generate employment, and attract firms to Canada rather than Boston.”
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REBEL INVESTORS HAVE DRIVEN THE PRICE OF BITCOIN SO HIGH THAT THE FINANCIAL ESTABLISHMENT HAS BEEN FORCED TO JUMP ON FOR THE RIDE

BY JASON KIRBY

ILLUSTRATIONS BY KLAWE RZECZY

Like every CEO when the pandemic hit, Christopher Gimmer wondered how the crisis would affect his Ottawa-based startup, Snappa. He had reason to be hopeful, on the business front at least. Snappa is a small company with only a handful of employees, its simple-to-use online graphic design tools were already popular with entrepreneurs, and within weeks Snappa's growth rate accelerated as more businesses rushed online. Yet Gimmer was troubled by what he saw around him—governments battling the rapidly spreading COVID-19 virus by raising debt to levels not seen since the Second World War, while central banks slashed interest rates to near zero.
Which is when Gimmer did something very few other CEOs had ever dreamed of. After Snappa’s bank cut the interest rate on its “high-interest savings account” to 0.45%, Gimmer began to shift a portion of Snappa’s cash holdings into Bitcoin (BTC), the radical cryptocurrency that promises a way to conduct transactions online while sidestepping the established world of finance. It’s also an asset JPMorgan Chase & Co.’s chief executive officer, Jamie Dimon, once derided as a “fraud … worse than tulip bulbs.”

“Central banks and nation states have reached a point of no return, and they’ll never be able to raise rates again,” says Gimmer, who fears the value of currencies will be driven down even further after the pandemic ends. Bitcoin, on the other hand, has a hard cap of 21 million units, and the last bitcoin won’t be electronically mined until the year 2140, something fervent adherents, including Gimmer, insist protects its value against erosion. “We worked really hard on this business over the course of five years and developed a really nice cash balance. We realized bitcoin could be the ultimate reserve asset for us to protect our purchasing power,” he says.

For most of Bitcoin’s history since its conception in 2008, when someone named Satoshi Nakamoto uploaded plans for a decentralized and highly secure online currency, it had largely been the domain of digital utopians and speculators. To the extent that banks and other corporations considered it at all, it was mostly as a black hole rife with fraud, money laundering and prone to extreme volatility. In short, something that could easily be dismissed as a peculiar but passing fad. That changed somewhat after bitcoin prices first went parabolic in 2017. The bitcoin boom minted thousands of crypto millionaires, and Wall Street banks found themselves suddenly able to look past bitcoin’s scandals to muse about opening potentially lucrative bitcoin trading operations. But with the 85% collapse in bitcoin’s value the following year, many of those endeavours fizzled.

The past few months, however, have seen the barriers between the worlds of fringe and traditional finance crumble in far more practical and potentially lasting ways. Against the backdrop of a renewed surge in bitcoin that saw its price rise tenfold since March 2020 to around US$50,000 per coin (as of early March), a spate of new bitcoin-based exchange-traded funds began trading on the Toronto Stock Exchange, touting themselves as crypto investment vehicles for the masses. Big global banks are once again embracing cryptocurrencies. At the same time, central banks around the world are actively working on digital currencies of their own, with the Bank of Canada at the forefront of that effort.

Then there’s the matter of that technology multibillionaire who thought some bitcoin on the balance sheet was a good idea. In early February, Tesla founder and CEO Elon Musk revealed the electric carmaker had bought US$1.5 billion in bitcoin and would start to accept it as payment for its vehicles. The part-time rocket builder’s decision added rocket fuel to bitcoin’s already stratospheric price. But Musk also ignited a wider debate about whether cryptocurrencies have a place in corporate treasuries.

“Everyone is crazy not to have a 1% to 2% position in bitcoin—if it goes to where some of us think it’s going,” says Gimmer.

And where’s that? If bitcoin
displaces gold as the inflation-anxious investor’s alternative of choice, then the price could hit US$500,000, Gimmer says without any hesitation. If it devours the bond market, as he thinks it will, US$1 million each. “But I won’t give you the really bullish case because then people just think you’re crazy,” he adds.

Such talk makes Barry Schwartz, chief investment officer at Baskin Wealth Management in Toronto, roll his eyes. He counts himself among those fascinated by digital currencies and their promise to revolutionize the financial world’s antiquated and sluggish payment systems. Still, he questions not just bitcoin’s sky-high price, but also its appropriateness as an investment for both individuals and companies. “Maybe some companies will want to start putting bitcoin on their balance sheets, but the volatile nature of most cryptocurrencies means they’re not suitable for the majority of businesses,” he says. “There’s a reason we don’t price things in baseball cards and Beanie Babies.”

Whether bitcoin is “the mother of all bubbles,” as one Bank of America Securities analyst recently described it, or the future “currency of choice for international trade,” as another analyst at Citi put it, one thing is clear amid the mania: Bitcoin has reached a tipping point.

Signs that bitcoin is having a mainstream moment abound. Over the past year, a number of high-profile investors revealed themselves to be bitcoin converts. Billionaire hedge fund manager Paul Tudor Jones announced he’d put just over 1% of his assets into bitcoin, while fellow American billionaire investor Stanley Druckenmiller revealed his own stake. “It’s been around for 13 years, and with each passing day it picks up more of its stabilization as a brand,” he told CNBC last fall.

Bitcoin’s shedding of its crypto-anarchist roots can also be measured in the change in tone among several major banks. Dimon, who would be a suitable fit for its investors. Mastercard is set to begin supporting select cryptocurrencies on its payment network later this year. Meanwhile, BlackRock, the world’s largest asset manager, has “started to dabble” in bitcoin by letting two of its funds invest in bitcoin futures, according to managing director Rick Rieder.

Bitcoin appears more normal at a time when everything else about the financial world seems so abnormal. Unprecedented stimulus efforts by governments and central banks have begun to spark growing fears of inflation, even if official measures of consumer prices have remained weak. But whereas gold bugs would have fled to the shiny metal in economic turmoil past, today we’re seeing bitcoin bugs. “Bitcoin at this stage is best thought of as digital gold yet has many advantages over the yellow metal,” prominent value investor Bill Miller wrote to clients in January. Highlighting other companies that have moved some of their cash to bitcoin, including Square, MassMutual and MicroStrategy, he wrote, “If inflation picks up, or even if it doesn’t, and more companies decide to diversify some small portion of their cash balances into bitcoin instead of cash, then the current relative trickle into bitcoin would become a torrent.”

A lot of investors, economists and business leaders are worried about inflation. Yet it’s not been proven that bitcoin does any of the things crypto-enthusiasts insist it does—serve as a store of value or a medium of exchange. “Bitcoin is supposed to be digital money, but it’s not really good at that,” says Andreas Park, associate professor of finance at the University of Toronto’s Rotman School of Management. If you believe a bitcoin could be worth $500,000 or $1 million in the decades to come, you would be foolish to ever spend it.

The first documented commercial transaction paid for with bitcoin was when Laszlo Hanyecz bought a Domino’s pizza in 2010 for 10,000 bitcoin when the cryptocurrency was worth a fraction of a cent. The $100-million, then $200-million and now $500-million pizza has become a thing of crypto lore. “It has no purpose. It’s worse than...
fear that’s luring some from the traditional corporate and finance world to cryptocurrencies—the fear of missing out. While bitcoin “used to be something only your crazy uncle talked about at Christmas,” the dramatic run-up in prices over the past year has forced professional money managers to take a closer look, says Kevin Muir. He’s a former bank trader who writes the MacroTourist newsletter and has been a long-standing bitcoin skeptic. “People don’t understand how big FOMO is for professional investors,” he says. “Unlike retail investors, you can’t afford to miss out.” To that end he has increasingly heard senior pension plan managers ponder the future of the cryptocurrency, though he isn’t aware of any who are ready to pull the trigger. “It would be completely irresponsible for institutions to be getting into this,” he says.

As for other traditional companies that have become bitcoin hoarders, the list is not long. A website called Bitcoin Treasuries posts a running tally of two dozen publicly traded companies holding bitcoin, but most are cryptocurrency businesses, like bitcoin miners or Toronto Stock Exchange-traded Galaxy Digital Holdings. It holds a position in a U.S. cryptocurrency asset management firm with the same name that is the sub-adviser on the upcoming CI Galaxy Bitcoin and CI Galaxy Ethereum ETFs.

Bitcoin enthusiasts dare to dream, though. RBC Capital Markets analyst Mitch Steves wrote a report in February laying out the case for Apple to enter the crypto-exchange business. In it, he suggested the world’s most valuable company could buy bitcoin for its own balance sheet (a US$5-billion purchase would consume just 20 to 25 days of free cash flow, he noted). The bitcoin community cheered the prospect. Because bitcoin is still an asset class that remains highly volatile and subject to sentiment,” says Robert Colangelo, the senior vice-president of the global financial institutions group at DBRS Morningstar wrote a report in February explaining why the big banks are likely to keep their balance sheets bitcoin-free. “There’s still this stigma attached to bitcoin and crypto that it’s used for illicit activity, and until that wears off I don’t think you’re going to see a lot of movement on cryptocurrencies from the big banks.”

He sees Canadian banks eventually holding small amounts of crypto to support trading activity by customers of their wholesale banking businesses. But under International Financial Reporting Standards, cryptocurrency holdings are not considered cash, which makes them a risky asset. Banks must test intangible assets on their balance sheets at least annually to ensure their value is not being overstated, and the wild swings in bitcoin prices could result in write-offs and charges against earnings.

There are other practical hurdles to bitcoin’s wider acceptance as an actual private and secure medium of exchange, and not just something to be hoarded. While the number of merchants accepting bitcoin is growing, the tax treatment can be maddeningly complex. Tax authorities view cryptocurrencies as a commodity and not a currency, meaning that their use in paying for goods or services is considered a barter transaction, says Laura Gheorghiu, a partner in tax law at Gowling WLG in Montreal. A business that accepts bitcoin as payment has the usual business income to consider at tax time, but also what happens to the price of bitcoin by the time the cryptocurrency is sold or used to buy other goods—there could be a sizeable capital gain or loss that also must be considered.

“It’s impractical to hold crypto long term because of the value fluctuation,” Gheorghiu says. “That volatility is holding a lot of companies back, and the ability to convert it back into something that is both more stable and matches with the tax treatment is a big impediment.”

Then there are the pitfalls that have always accompanied bitcoin, like its reputation as a haven for money launderers, the spectacular and all-too-frequent collapse of bitcoin exchanges, and the grotesque environmental impact of cryptocurrency mining operations that consume as much energy as whole countries. A company that is considering buying or trading in bitcoin might do well to read the risk factors section of the prospectuses filed with regulators for the flurry of new bitcoin ETFs: “attacks on the Bitcoin Network risk,” “increased regulation of bitcoin risk,” “loss of private keys risk,” “energy consumption risk,” “hacking of bitcoin trading platforms risk” and “control of the bitcoin network risk,” to name just a few.

Even with those risks, the mainstreaming of bitcoin is well under...
way. But that itself could pose a threat to the cryptocurrency, says Kevin Muir. “I think bitcoin has reached a critical mass where enough people view it as acceptable, and that’s a danger in and of itself,” he says, pointing to recent scrutiny from the European Central Bank and U.S. Treasury Secretary Janet Yellen. “The more it becomes accepted, the more of a threat it poses to the government, and there’s no way they will allow that.” If governments shut down bitcoin exchanges, its price could fall dramatically. “My plan is to short the shit out of it on the way down,” Muir says.

Today, there are more than 5,000 different cryptocurrencies and other types of digital coins on the market besides bitcoin. There could soon be one more if the head of one of Canada’s smallest banks gets his way. In February, London, Ont.-based Versabank announced plans to launch the “world’s first bank-issued, deposit-based digital currency,” to be known as VCAD. David Taylor, the CEO of Versabank (2020 net income: $19.4 million, or 0.5 per cent of what CIBC, the smallest of the Big Five, earned that year), is no stranger to being a first mover. He launched Canada’s first branchless bank in the early 1990s. And in a cryptocurrency world dominated by volatile giants like bitcoin and Ethereum, many investors are “hodling”—holding on for dear life. He sees a niche for a stablecoin that doesn’t fluctuate wildly, is tethered to a fiat currency (in this case, the loonie) and can be deposited at a bank.

“There’s a subset of cryptocurrency people who don’t want the volatility and nefarious characters running exchanges and finding out their money is gone—they want the safety and comfort that a bank presents,” he says. While VCAD still needs approval from regulators, Taylor knows it will take work to distance his bank’s coin from bitcoin’s tarnished reputation. “It’s a huge obstacle I’ve got to overcome,” he says, “because when people hear what we’re doing they instantly think I’ve taken leave of my senses.”

Whether VCAD becomes a reality or not, other cryptocurrencies are on their way. Arguably the most pressing of the new entrants, as far as businesses and central bankers are concerned, will be the Facebook-backed stablecoin Diem. Originally named Libra, it’s gone through policy changes in an attempt to win regulatory approval, and Andreas Park sees it as a potential “game changer.” Among the partners that have signed on is e-commerce giant Shopify, based in Ottawa. Park believes it could catch on, especially among small businesses fed up with the 2% to 3% transaction fees they pay on electronic payments, most of which go to the banks. “It’s like a tax, and it’s a huge drag on the Canadian economy,” he says.

But cryptocurrencies like Diem also pose a direct challenge to the Bank of Canada’s ability to influence the economy through monetary policy if their popularity among businesses and consumers ever led to the loonie becoming obsolete. “There are all sorts of reasons people might find they have their hands on Diem, and it can become a real threat if people find it more convenient,” says Park, who recently took part in a Bank of Canada competition to design a central bank digital currency.

In February, in a speech titled “Changing how we pay,” Bank of Canada Deputy Governor Timothy Lane described the surge in cryptocurrency prices as a “speculative mania—an atmosphere in which one high-profile tweet is enough to trigger a sudden jump in price.” He said the bank has sped up its own efforts to launch a digital currency. The pandemic has accelerated the pace of Canada’s digital transformation. “Our work to prepare for the day when Canada might want to launch a digital loonie—backed by the Bank—has also accelerated.” Likewise, in testimony on Capitol Hill in February, outgoing U.S. Federal Reserve Chairman Jerome Powell said developing a digital dollar is a “very high priority project for us.”

And that could eventually put central bank–controlled digital currencies on a collision course with decentralized cryptocurrencies like bitcoin. Does such a prospect concern Christopher Gimmer? Not really, he says. It doesn’t alter his fundamental reason for Snappa to own bitcoin, which is to preserve the company’s cash. After all, central banks will be just as likely to inflate the supply of digital loonies and greenbacks as the physical kind. Nor does Gimmer—who added laser eyes to his Twitter image in February along with thousands of others as a rallying cry for bitcoin to hit US$100,000—put much stock in other risks dwelled on by bitcoin doubters. “With everything that’s happened, bitcoin has just de-risked so much over the last year,” he says. “My conviction in bitcoin is high.”

In other words, Gimmer and his company are hodling.

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Congratulations to these recent appointees

Phillip Crawley, Publisher & CEO of The Globe and Mail, extends best wishes to the following individuals who were recently featured in the Report on Business Section of The Globe and Mail newspaper. Congratulations on your new appointments.

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Scott Pennock to Senior VP, Office Cadillac Fairview
Barry Perry to Board of Directors Capital Power
Karen Sheriff to Board of Directors Emera Inc.
Manjit Sharma to EDC’s Board Export Development Canada
Andrew Aziz to Board of Governors Huron University College
Leigh Allen to Board of Governors Huron University College
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Yola Ventresca to Board of Governors Huron University College

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Dr. Richard Reznick to President The Royal College of Physicians and Surgeons of Canada

Peter F. Cohen to Chair of the Board of Directors Sinai Health

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Andrew Simpson has to contend with restrictions, but that hasn’t hurt his returns. He oversees a total of $870 million in the IA Clarington Inhance Global Equity and IA Clarington Inhance Canadian Equity SRI funds. The funds only own stocks that meet environmental, social and governance (ESG) criteria. Although that means 550 firms in the MSCI World Index are off limits, Simpson’s global fund has beaten that benchmark over a decade. We asked the growth manager why he likes the FAANG stocks—Facebook, Amazon, Apple, Netflix and Alphabet (formerly Google)—except for Facebook, and why TPI Composites is an attractive clean-energy play.

How do you screen stocks?
We have always excluded companies generating revenues from tobacco, nuclear power, military weapons, adult entertainment and gambling. In 2015, the global fund became fossil-fuel free, and since then it also omits oil and gas companies; the Canadian fund did the same in 2019. We do an ESG analysis to help identify best-in-class names in a sector and do fundamental analysis. We look for firms that can grow earnings per share faster than the benchmark over three to five years.

How do you try to beat your benchmarks?
Outperforming is never easy. In December, we had 63 names in the global fund versus about 1,600 in the benchmark. We were overweighted in mid-cap and mega-cap companies, but underweighted in large-caps. For instance, we own Evoqua Water Technologies, a U.S. water-purification services company that is a mid-cap but not in the index. Outperformance has also come from mega-caps within FAANG.

You once owned all the FAANG stocks. Why did you ditch Facebook?
The FAANG stocks are profitable, high-growth companies taking a leadership role in digital transformation. We divested Facebook in 2019 after a 73% gain. There are positives to Facebook in connecting people across the world, but it was revealed that it fed data without people’s consent to British political consulting firm Cambridge Analytica. That’s different from targeted advertising. Facebook hasn’t done enough to address this issue and to regulate hate speech.

What else have you divested?
Wells Fargo was a great U.S. retail bank that wasn’t caught up in the 2008 financial crisis, so we were happy with that. But we divested it in 2016 after our ESG monitoring caught signs of customer complaints about unauthorized savings accounts and credit cards that led to a huge scandal. We would not own it again.

**Wind-blade manufacturer TPI Composites is a top holding in your global fund. What’s the attraction?**
The big secular theme is decarbonization of the power grid. To reduce dependence on fossil fuels, we need more wind and solar installations. Today’s wind turbines require blades about 75 metres long, roughly the height of the Statue of Liberty. TPI is a composite blade maker with this expertise. It has about 18% of the onshore market worldwide and can grow that. It sells to wind-turbine manufacturers, such as Vesta Wind Systems and Siemens Gamesa Renewable Energy, whose shares we also own.

**What other stocks may benefit from U.S. President Joe Biden’s US$2-trillion climate action plan?**
We own Hannon Armstrong Sustainable Infrastructure Capital, a U.S. financier focused on green energy projects. In Canada, we own renewable power producers Boralex and Brookfield Renewable Partners, while Xebec Adsorption gives exposure to renewable natural gas and hydrogen. We don’t own electric-vehicle stocks now because we find them to be expensive. We play this sector indirectly through SQM (Sociedad Química y Minera), a Chilean miner of lithium [used in EV batteries], and NFI Group, a Canadian bus maker that is producing environmentally friendly vehicles.

**Shareholder advocacy is part of your mandate. What issues have you pursued?**
We have engaged with Canadian banks—specifically Toronto Dominion Bank and Bank of Nova Scotia, which we own—for a moratorium on Arctic oil and gas financing, and they agreed. We have also engaged with Gilead Sciences, a leader in HIV drugs, about providing free or low-cost drugs to low-income individuals, and it continues to do so in the U.S. and developing countries.

**Shirley Won**
The household savings glut has received a lot of attention during the pandemic. By some estimates, Canadian households socked away $150 billion in the first three quarters of last year, a result of people hunkering down while governments furiously pumped money into their bank accounts to counter the effects of lockdowns. But that’s not the only savings bubble in Canada. Businesses have amassed a mountain of cash over the past year, and what they do with it will help determine how the economy recovers after COVID-19.

Canadian non-financial corporations added $145 billion in currency and deposits over the first nine months of the year, bringing their total cash stash to $700 billion. This is not a solely Canadian phenomenon, as the chart from RBC Economics shows. Companies everywhere have hunkered down, laid off workers and built up their cash reserves, in part by selling bonds to investors who are hungry for anything that pays even a modest yield.

The question is, what companies do with that money after the crisis passes?

For one, they could put it into research, equipment and new jobs. Business investment was languishing before the pandemic, but the crisis has been a wake-up call to many about the technological changes sweeping the economy. To survive and thrive, many companies will have to reinvigorate themselves, and that could speed up Canada’s recovery. The Bank of Canada’s latest business outlook survey, released in January, found a robust improvement in hiring intentions and companies planning to invest in machinery and equipment, at least for those businesses outside hard-hit sectors like tourism and live entertainment. On the other hand, if they funnel the money to shareholders through dividend payments and share buybacks, we could see share prices soar without much in the way of economic benefit.

There’s also the possibility that companies just sit on it. The shock of the past year may leave businesses feeling they need a buffer. It’s also true that Canada’s corporate sector, like its households, was deep in hock even before the crisis forced it to take on more debt. When the pandemic is over, some business leaders might simply decide that cash pile would be best spent lightening their debt loads. /Jason Kirby

History is still a huge influence at North West, which was founded in 1789 to challenge Hudson’s Bay Co.’s dominance of the fur trade. Just 32 years later, the upstart merged with its rival. In 1987, however, it was reborn when HBC spun off its 178-outlet northern stores division. Chief executive Edward S. Kennedy says North West still carries much of “the baggage attached to the old trading posts—good and bad,” but the past also provides useful lessons for future growth.

North West grew organically and through acquisitions after the spin-off, with revenue roughly doubling to $1 billion by 2008. Among its purchases were 20 AC Value Center Stores outlets in Alaska, the first Giant Tiger discount stores in the four Western provinces (eventually totalling 46), and Cost-U-Less, a chain of 12 warehouse club-style stores in the U.S. South Pacific and the Caribbean. That may seem odd, but Kennedy says North West is fundamentally “a frontier merchant, a community merchant.”

In Canada’s north, it operates under the Northern, NorthMart and Quickstop banners and sells almost everything: groceries, electronics, snowmobiles and more. Many stores also have pharmacies.

North West’s total revenue doubled again after the 2008-09 financial crisis, but Kennedy, who’s been CEO since 1997, says the COVID-19 pandemic has been tumultuous. Last year, the company sold all but five of its Giant Tiger outlets back to the parent company in Ottawa. Competition from other discount chains was simply getting too strong.

For Your Consideration

THE NORTH WEST CO.
WINNIPEG

REVENUE (2019) $2.1 BILLION

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THREE-YEAR SHARE PRICE GAIN 13.5%

P/E RATIO (TRAILING) 12.5

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As for lockdowns, North West was lucky: Very few of its stores were forced to close for long. But travel bans have been frustrating. Kennedy and his managers usually fly a lot. “We have a store 60 kilometres north of Winnipeg,” he says. “After that, [the distance] becomes hundreds and thousands of kilometres pretty fast.”

To cope, North West has bolstered online systems and, as with some other retailers, its e-commerce sales have grown. Revenue for the company’s second quarter in 2020 was its highest ever: $649 million. Yes, North West competes with online giants such as Amazon.com and Walmart, but many shoppers in remote communities still prefer to shop in stores. The 2017 purchase of North Star Air, a cargo airline, has also been a huge help. “And it’s not like it’s New York City, with Amazon boxes arriving every hour,” Kennedy says.

The goal now is to keep strengthening bonds with remote communities. North West already employs more than 100 pharmacists and doctors on contract, and it wants to expand its telehealth services. It also wants to add more financial services. “We can get 90% of the way there without a banking licence,” Kennedy says.

In short, North West serves niche markets, but it’s still possible to grow substantially in them. “We succeed through partnerships,” says Kennedy.  

/John Daly

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**Responsible Mining**

Lundin Mining believes in the promotion of gender diversity at the highest levels of our company. We embrace diversity, inclusion, open dialogue and collaboration as part of our core value of respect.
I’m still a big shareholder. I wanna make sure my shares continue to accrue value

I was always pretty sure I wouldn’t run Top Hat forever. Some people really have an ego about being a CEO. I don’t. For me, it’s just more responsibility and a lot of stress. As a business starts growing—if you’re fortunate enough to have some growth—the demands on the CEO rise exponentially, and it comes down to your ability to keep pace. At every stage, the stakes go up. At the very beginning, the question is, can you survive for a year and raise money and build the first version of the product and get your first customer? At the scale we’re at now, the question is, can you add another $30 million or $40 million to your revenue this year? Your reward for successfully navigating each level is to have an even gnarlier problem to tackle.

I was also never interested in running a public company, which means spending more time doing things I don’t really enjoy, like investor relations and being very external-facing, and less doing the things I enjoy, which is focusing on the product and operating the business. And your successes and failures are very public. You’re not just considering what the right thing to do is; you’re also considering what’s going to be the right thing optically.

So stepping down was just a question of timing. The pandemic probably delayed my decision by a year. Things were really crazy, and I couldn’t imagine trying to do a change of leadership, too. But six months in, things got a bit more stable. And in February, we raised another US$130 million with Georgian Partners. We also made a bunch of organizational changes to make the business more robust. I just sort of felt like, okay, if I do hand over the reins, Top Hat will continue to grow.

My successor, Joe Rohrliek, had led a software-as-a-service business that saw tremendous growth. It also grew through acquisition, which is really valuable experience for Top Hat, since that’s a big part of our growth strategy. Joe started in March, and I’m planning to stick around in the near term to support him and make sure the transition is smooth, and to do anything I can to make sure he’s successful. I mean, I’m staying on the board, and I’m still a big shareholder—I wanna make sure my shares continue to accrue value.

It will be hard to see a problem I would solve in a certain way, and not be able to jump in and make that final decision. But anything that’s sufficiently good or bad will end up on Joe’s desk. He’ll be the one in the hot seat.

This is a really personal decision. You’re balancing what’s good for the business and shareholders, and the personal interest of the founder. It’s rarely a clear-cut decision. Sometimes things are going amazingly, and the entrepreneur can see themselves running the company for the next 20 years. In other cases, it’s a dumpster fire, and the board has to step in. But most cases are in between. If things are going well generally and you want to stay on as CEO, you should. That’s one of the privileges of being an entrepreneur. Maybe there’s someone who’s slightly more perfect for the business, but the fact that you founded it gives you priority to take the opportunity to learn and develop, rather than being swapped out as soon as there’s someone 10% better. /Interview by Dawn Calleja
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