THE GLOBE AND MAIL

INSIDE DAWN FARRELL'S AMBITIOUS PLAN TO TRANSFORM TRANSALTA

FROM FRONT LINE TO C-SUITE AT SIENNA SENIOR LIVING

AN ENTREPRENEUR, A PROF AND A COP TALK INCLUSIVITY AT WORK

HOW WOMEN ON BOARDS LEAD TO GREENER COMPANIES

REPORT ON BUSINESS

THE MAGAZINE FOR LEADERS

ROCK STEADY

EIRA THOMAS OF LUCARA HAS A KNACK FOR FINDING HUGE DIAMOND RESERVES. NOW SHE WANTS TO DISRUPT THE INDUSTRY.

PLUS

WOMEN LEAD HERE

OUR FIRST ANNUAL BENCHMARK REPORT ON FEMALE LEADERSHIP IN CORPORATE CANADA

APRIL 2020

Contents

COVER PHOTOGRAPHED EXCLUSIVELY FOR REPORT ON BUSINESS MAGAZINE BY STEPH MARTYNIUK; (THIS PAGE) STEPHANIE FODEN

Carinne Chambers-Saini, CEO of Diva International
Page 48

What does "good" look like?

That was our question at the outset of our work on Women Lead Here, a new report on the extent of female leadership at Canadian corporations. Our goal was to find organizations at the forefront of appointing women into executive roles. But we weren't sure whether even the front-runners on this issue would look particularly impressive.

All available evidence suggests Canada's C-suite is a long way from achieving gender parity. Women held just 8% of the senior executive roles in large companies last year, according to a report by Rosenzweig & Co. That was a drop from nearly 10% in 2018 and a meagre three-percentage-point improvement since the consulting firm began tracking the data in 2006.

Regardless of our results, we wanted to set a benchmark for all companies to assess themselves against. The research started with Canada's largest 500 publicly traded companies, as we evaluated the top three tiers of executive leadership, from the CEO to senior vice-presidents (or their equivalents). Ultimately, we identified 73 companies in which women held an average of 44% of the executive roles. Some firms have achieved gender parity; a handful have more women than men in their highest echelons. These firms—which span the country and multiple industries—are what "good" looks like in Canada today.

In this case, good isn't good enough. Our team worried about celebrating results that still, on average, fall short of gender parity. Throughout this project, an advisory panel of experts guided our decisions. On this point, they offered clear advice. Advocates often focus on naming and shaming corporations that fall short of societal expectations. Our advisers suggested there is also a need to "name and fame" companies leading the way. The goal is to highlight strategies, cultures and mindsets that lead to tangible improvement.

Our survey reflects the current state of corporations. We intend to make this an annual initiative, tracking progress and noting the reasons it improved.

I'd be remiss if I didn't thank our advisory board for their invaluable guidance. They were: Lynn Beauregard of Governance Professionals of Canada, Caroline Codsi of Women in Governance, Rola Dagher from Cisco Systems Canada, Maureen Jensen of the Ontario Securities Commission, Jodi Kovitz of #MoveTheDial, Justina Omokhua from Endeavor, Paulette Senior of the Canadian Women's Foundation and Louise Taylor Green of the Human Resources Professionals Association.

As I said, we started this project with a question. We have an answer—but only for now. We can only hope that the good of today will look completely unacceptable in the years to come.

/James Cowan

Send feedback to robmagletters@globeandmail.com

REPORT ON BUSINESS
THE GLOBE AND MAIL

April 2020, Volume 36, No. 8

Editorial
Editor **JAMES COWAN**
Assistant Editor DAWN CALLEJA
Senior Editor JOHN DALY
Copy Editor LISA FIELDING
Research CATHERINE DOWLING, ANNA-KAISA WALKER

Art
Art Director **DOMENIC MACRI**
Associate Art Director BRENNAN HIGGINBOTHAM
Director of Photography CLARE VANDER MEERSCH

Contributors
MICHAEL BARCLAY, STEVE BREARTON, JOE CASTALDO, TREVOR COLE, TIM KILADZE, JASON KIRBY, JOANNA PACHNER, JUDITH PEREIRA

Advertising
Chief Revenue Officer **ANDREW SAUNDERS**
Managing Director, Creative Studios and Ad Innovation **TRACY DAY**
Senior Manager, Special Products **ANDREA D'ANDRADE**
Product Manager **RYAN HYSTEAD**

Production
Managing Director, Print Production **SALLY PIRRI**
Production Co-ordinator ISABELLE CABRAL

Publisher **PHILLIP CRAWLEY**
Editor-in-Chief, *The Globe and Mail* **DAVID WALMSLEY**
Managing Director, Business and Financial Products **GARTH THOMAS**
Editor, Report on Business **DEREK DECLOET**

Report on Business magazine is published 10 times a year by The Globe and Mail Inc., 351 King Street E., Toronto M5A 0N1. Telephone 416-585-5000. Letters to the Editor: robmagletters@globeandmail.com. The next issue will be on April 24.

Indexed in the Canadian Periodical Index.

Advertising Offices
Head Office, The Globe and Mail, 351 King Street E., Toronto M5A 0N1
Telephone 416-585-5111 or toll-free 1-866-999-9237
Branch Offices
Montreal 514-982-3050
Vancouver 604-685-0308
Calgary 403-245-4987
Email: advertising@globeandmail.com

United States and countries outside of North America: AJR Media Group, 212-426-5932, ajrmediagroup@globeandmail.com

Publications mail registration No. 7418. The publisher accepts no responsibility for unsolicited manuscripts, transparencies or other material. Printed in Canada by Transcontinental Printing Inc. Prepress by DMDigital+1.
Report on Business magazine is electronically available through subscription to Factiva.com from Factiva, at factiva.com/factiva or 416-306-2003.

tgam.ca/r

PHOTOGRAPH KOUROSH KESHIRI


WOMEN
LEAD
HERE
46% of our MBA students are women*
Get there with an MBA from DeGroote.
*as of 2018/19

Secrets of scale

In our last issue, we profiled four companies that have gone from buzzy startups to sustainable enterprises. Then we invited executives from the Report on Business list of Canada's Top Growing Companies to offer their own advice on making sure a business remains sound as it scales.

KRISTEN GALE
CEO, THE TEN SPOT

Operates and franchises a chain of beauty bars

› As we grow, we want every franchise partner who joins our system to have the same level of care and attention as our first-ever partners. One of our core values is "love the details," and this philosophy has enabled us to create a robust and systematic framework. As we award more beauty bars, we first ensure to hire enough support personnel at our head office to be proportional to the needs of our franchise partners.

ANIL ABROL
CEO, ECO GUARDIAN

Designs, makes and distributes compostable food and consumer packaging

› Growth should come with a "highly flammable" warning. It's easy to lose focus and undermine everything you've achieved. Beware the magpie syndrome of chasing after so many bright, shiny objects. Learn to say no. Trust in the process that got you here. Redouble your efforts around targeting the right customers, and build on that momentum of success.

"To put it simply, happy people do good work, and good work pays off

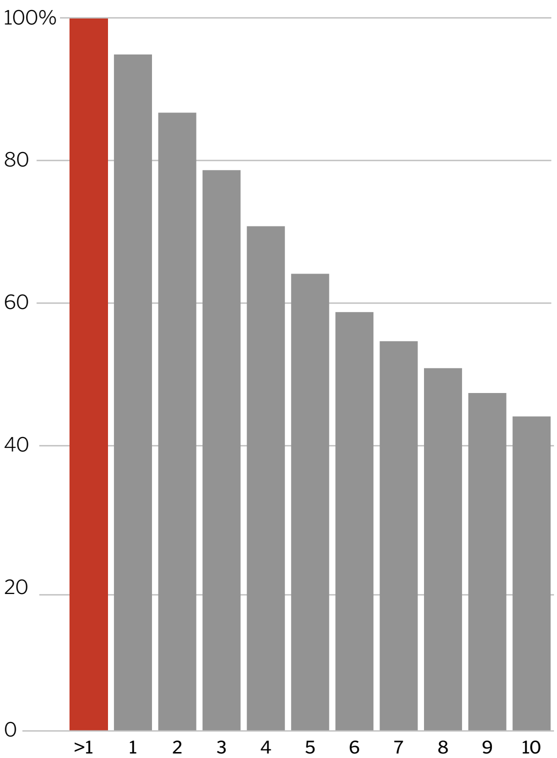
TIM MCGUIRE
CEO, MOBILE KLINIK PROFESSIONAL SMARTPHONE REPAIR

Runs a network of smartphone and tablet repair storefronts

Mobile Klinik grew from 40 to 80 stores in 2019. We plan to grow just as quickly in 2020 and beyond. There are three key things to ensure we remain sound as we scale. First, communication: We focus on sharing information, staying focused and engaging our teams in the mission and vision, while ensuring all channels of feedback are open to keep a pulse on the organization's health. Second, HR: We put the right people in the right roles to ensure we remain true to our strategy as we rapidly scale the organization. The growth of our store count is planned six or more months ahead with signed leases and committed opening dates, so we know what roles we will need to fill. Finally, capital: It's the lifeblood of explosive growth. Being better than anyone in our sector at raising the capital we need has been key to winning the race.

Send us your thoughts at robmagletters@globeandmail.com, tweet us @robmagca

SURVIVAL RATE OF BUSINESSES OVER TIME
(NUMBER OF YEARS SINCE COMPANY'S FOUNDING)



JUDY KAYE
CO-FOUNDER, OASIS AQUALOUNGE

Operates a private, female-focused sex club in Toronto

› Oasis Aqualounge continues to experience year-over-year growth. To ensure the business can consistently provide a high level of customer service, we focus on two things: employee training and development, and software automation. We continue to develop formal processes of all different kinds. We document these in training manuals and videos, as we recognize that individuals learn best in different ways. In terms of software automation, we provide staff with better tools to track information, from checklists to inventory to scheduling. We also look for ways to automate how we communicate with and reward our valued customers.

ANDREW MONKHOUSE
MANAGING PARTNER, MONKHOUSE LAW EMPLOYMENT LAWYERS

Practises labour and employment law

› To put it simply, happy people do good work, and good work pays off. We have grown from a one-person shop to a team of 25 in seven years. Law is a conservative business, and each time we expanded, we had to challenge our professionals' mindsets. Our guiding principle has always been improving client experience while enhancing internal experience.

The only way to succeed as an entrepreneur is to ensure the team shares your core values and is open to change. Three quick tips: Be open about upcoming changes, involve non-management team members in preparing for those changes, and assess whether the changes do what you expected them to do.

“Beware the magpie syndrome of chasing after so many bright, shiny objects

RICHARD BEAUMONT
CEO, GREEN STANDARDS
Helps firms redistribute used office furniture, equipment and supplies

For us, it's people: having the right people in place at the right time, working together and adapting to challenges as we position ourselves for ambitious growth targets. Being more selective with the projects we accept and having the right systems and processes in place to expedite the onboarding has been key to achieving this growth.

04/20

SEVEN IDEAS YOU NEED TO HEAR

1

Working from home won't kill your career

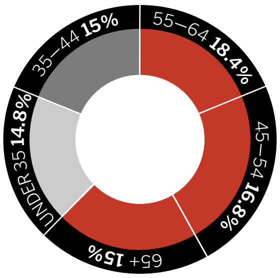
"We examined the relationship between the extent of telecommuting and career success.… Results indicated telecommuters and non-telecommuters did not differ in number of promotions, but telecommuters experienced lower salary growth. Additionally, the extent of telecommuting was negatively related to promotions and salary growth, indicating it is not simply telecommuting per se that affects career success, but rather the extent of telecommuting."
—Timothy D. Golden and Kimberly A. Eddleston, Journal of Vocational Behaviour

2

In-house counsel are too cautious

$17 million
Amount the average organization is losing each year because in-house lawyers offer advice that is too conservative, according to Gartner research. This translates to $672,000 per lawyer in an average-sized legal department.

3



Older consumers have embraced varying their shopping

"Omnichannel" consumers are those who make purchases both on- and off-line. The majority of these shoppers are over the age of 45, according to Nielsen.

4

EMPLOYEES EXPECT THEIR CEOS TO SPEAK OUT

Fully **92%** of workers want their executives to be vocal about one or more societal issues, according to a survey by Edelman.

5

There's a connection between leadership and locks

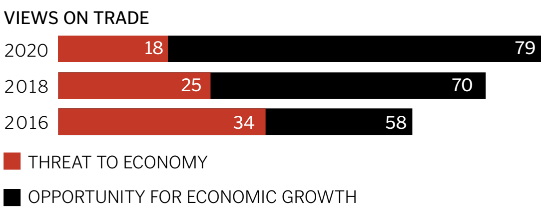
Researchers at the University of Otago in New Zealand digitally altered photographs to show men with varying levels of hair loss. The results revealed respondents preferred a leader with a full head of hair. Meanwhile, men with shaved heads were viewed as most dominant.

ESTIMATED AGE OF A MAN WITH:	FULL HEAD OF HAIR	SHAVED HEAD	BALDNESS
	40.7 YEARS	**41.3 YEARS**	**42.9 YEARS**

6

Americans are increasingly supportive of trade

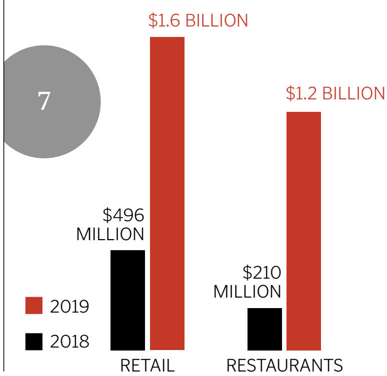
The majority of Americans now see international trade as a chance for economic growth, according to Gallup.



7

DRINKERS LOVE HARD SELTZERS

Products like White Claw have seen exponential growth. ($US)



FIRST CAPITAL WOMEN LEAD

FIRST CAPITAL

63%
of our executive leadership team is female

53%
of our senior leadership team is female

54%
of people managers are women

61%
of our staff are women

Michele Walkau
Senior Vice President, Brand & Culture

Alison Harnick
Senior Vice President, General Counsel & Corporate Secretary

Kay Brekken
Executive Vice President & Chief Financial Officer

Jodi Shpigel
Senior Vice President, Development

Maryanne McDougald
Senior Vice President, Operations

ILLUSTRATION RYAN GARCIA

A big thing or a small?

The winner takes all is the best approach for spurring innovation, according to new research

Imagine you put a group of artists in a room and tell them, “We need you to be creative! Right now!” says Joshua Graff Zivin, economics professor at the University of California at San Diego. It probably wouldn’t yield great art, but it’s exactly how employers expect innovation to happen every single day. For years, Graff Zivin and his colleague Elizabeth Lyons, an assistant professor of management at UC San Diego, have been preoccupied by what drives innovation. "Why do people become innovators? What makes innovators better at innovating? Can anyone innovate, or are you either an innovator or not?" asks Lyons. Perhaps most interesting is the question of whether—or how—the process might be hacked. Asks Graff Zivin: "How do we create incentives to encourage innovation when it's a wild uncertainty by its very nature?"

Looking for answers, the researchers paired with biotechnology company Thermo Fisher Scientific, which needed help with a real-world problem: creating software to help small health care clinics share medical equipment. The researchers invited non-management employees from the company and nearby tech firms to tackle the challenge. (Participants weren't told the exact problem until go time.) They could choose to work alone or in small teams; $15,000 would be up for grabs as a prize.

Here's the catch: The 132 participants were split into two groups. One was vying for a $15,000 winner-takes-all top prize. The other group was offered more modest prizes for the top 10 ideas. Once they knew the prize, they could determine what level of effort to put into the submission. Would innovators try harder for a juicier but less likely payday? Or would the longer odds discourage people from completing a submission? "This is what we were really observing," says Lyons.

The results surprised both researchers. "We expected fewer submissions from the winner-takes-all groups, because the chances of winning were so much lower," says Lyons. But the number of submissions was roughly equal (20 and 22). Knowing they were less likely to win made participants less intimidated, Graff Zivin speculates. "Since there'd only be one winner, we actually destigmatized failure," he says.

Entries were judged by a panel of six (three from the industry and three from academia) and evaluated on a scale of one (idea not novel; already on the market; do better next time) to five (a brand new, very impressive idea). Groups actually outperformed individuals in both categories, likely because they were able to draw on diverse skill sets. But teams in the winner-takes-all model performed the best. Furthermore, participants were surveyed on their risk tolerance, with those most willing to take chances performing best in the winner-takes-all contest.

The moral of this story? Getting more innovation happening at your workplace might be as easy as throwing some money at the problem. When searching for an outside-the-box solution, a winner-takes-all competition could be the best way to get latent risk-takers to make the needed leaps. While you're at it, giving closer and careful consideration to human psychology can help companies overcome barriers to innovation.

"Talent and ability are extremely important," notes Graff Zivin, "but put the most talented person in the world in an environment where the incentives run counter to creativity, and they're not going to be creative." If you put a group of artists in a room, you cannot just demand creativity. You can, however, provide all the necessary tools, remove unwanted distractions and offer incentives for those who deliver results. "In a world where you want innovation, you not only want to remove unnecessary roadblocks, but you want to think deeply and thoughtfully about incentives." In short, a fat cheque won't hurt one bit. **/Rosemary Counter**

WE DON'T FOLLOW THE RULES

› Almost every company has a code of conduct for its employees. The language used to express those rules might affect whether workers obey them, according to new research by Maryam Kouchaki, a professor at Northwestern University. Working with two colleagues, Kouchaki conducted a series of experiments in which participants were asked to complete a task after reading an ethical guide. Half were given an impersonal set of rules (using words like "employees" and "members"), while the others received one with "communal" phrases (such as, "We value integrity in all aspects of our work"). Surprisingly, individuals who read the communal codes were more likely to cheat on subsequent tasks. It doesn't pay to be touchy-feely. **/James Cowan**

Rain it in

› It's common knowledge that people shop more when the weather's nice, but is it that simple? "We had our suspicions that it wasn't," says professor JoAndrea Hoegg from UBC's Sauder School of Business. To learn more, Hoegg's team partnered with an eBay-esque European company to cross-reference a year's worth of shopping and weather data. Some findings were obvious: "When it's sunny, people are more likely to buy sunglasses," says Hoegg. There was a big caveat: "Only if they're appealing." Consumers will pay for quality shades because of "mental simulation"—you imagine yourself enjoying the sunshine thanks to fab new glasses. A cheaper pair invokes opposite feelings; there's a fear that the glasses won't fit or will fall off, and you won't enjoy the sun. But just when the co-ordination between weather and supplies seemed perfectly logical, there's a wrinkle. "We found this standard effect just doesn't work for rain," says Hoegg. She thought consumers would be investing in umbrellas and raincoats when it poured, but they did not. "We speculate rain tends to be seen as preventing behaviours rather than enabling them. Snow makes you think of skiing; rain makes you want to stay in and wait it out." Stores could use this insight to sell their gear, she notes. Consumers might want to remember this tip: "Look out the window before you buy," she says. **/RC**

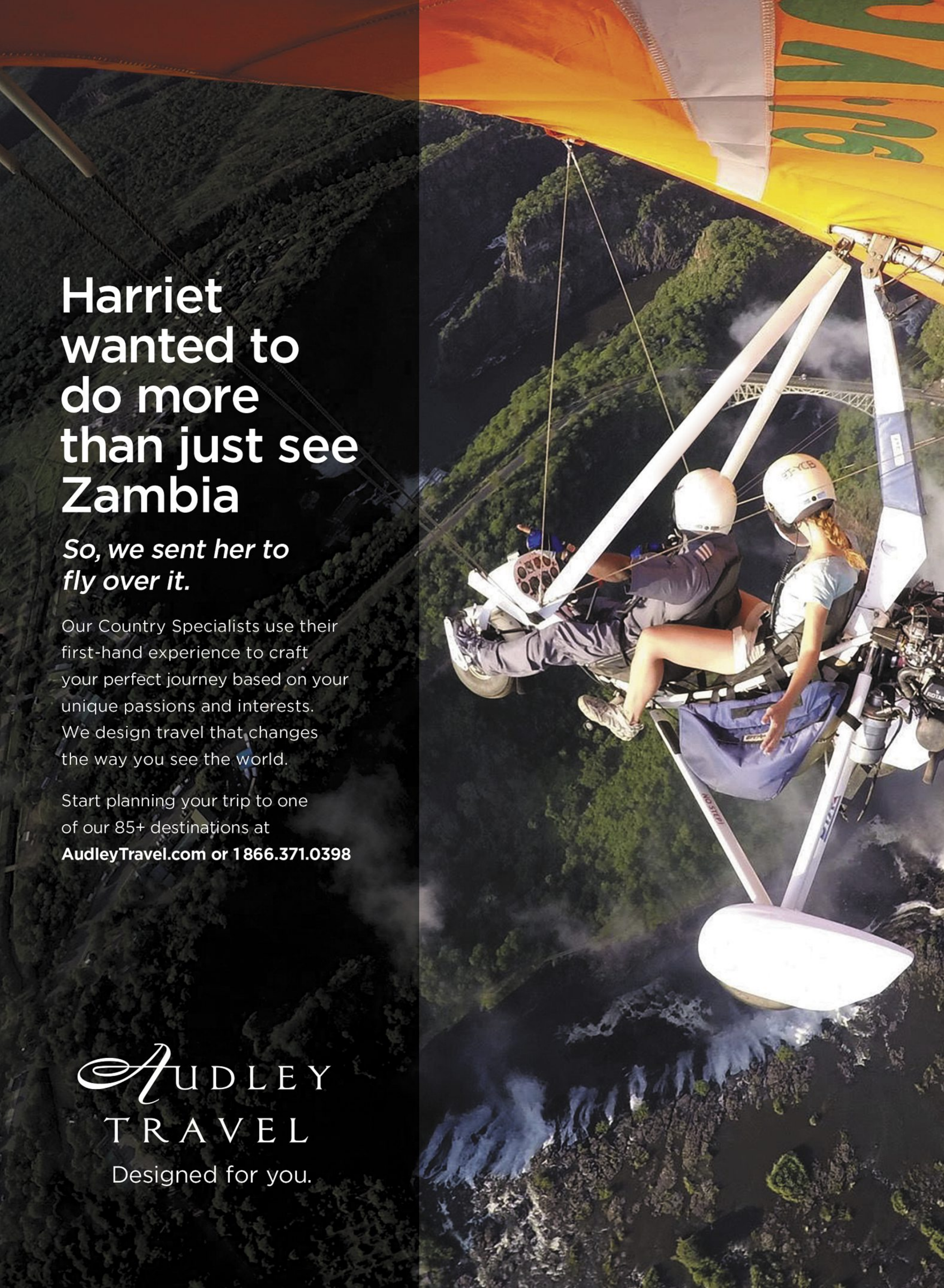

Harriet wanted to do more than just see Zambia
So, we sent her to fly over it.
Our Country Specialists use their first-hand experience to craft your perfect journey based on your unique passions and interests. We design travel that changes the way you see the world.
Start planning your trip to one of our 85+ destinations at
AudleyTravel.com or 1866.371.0398
AUDLEY TRAVEL
Designed for you.

ILLUSTRATION HANNA BARCZYK

BIG IDEA

Greener pastures

New research shows adding women to a board isn't just an issue of gender equity. It's environmentally friendly, too

There were still three companies on the S&P 500 with all-male boards at the start of 2019. By the end of the year, there were none. The holdouts—Skechers, the footwear maker; travel website TripAdvisor; and Copart, an online vehicle auctioneer—all added women within the span of a few months.

It's a bit surprising that companies have been slow to diversify their boards, given the hundreds of studies demonstrating the benefits that come from better representation of women and people of colour in positions of authority. To wit, a recent study from the University of Calgary's Haskayne School of Business shows companies with women on their boards perform better on environmental issues than those without female representation. Using data from Sustainalytics, a firm that rates companies' sustainability, researchers found boards with women directors were more likely to have formal environmental policies, protecting biodiversity and reducing air emissions.

"Diversity, put simply, is good," says Irene Herremans, a Haskayne professor who co-authored the study with her former PhD student Jing Lu. As the pair writes: "Diversity allows for a healthy mix of knowledge and experience to improve the decision-making process of the board."

Moreover, the researchers found the beneficial impact of having women as directors is more pronounced in environmentally sensitive industries, such as mining, forestry and energy, compared with other sectors, such as finance. "Women think a little bit differently than men. So they bring a different point of view to a board," says Herremans. They also offer unique skills. By comparing directors' biographies, the study found 18.6% of women have expertise in sustainability, compared with 5.1% of men. Women more often have backgrounds in government or academics, or working for NGOs; those varied experiences lead them to value different corporate objectives.

Men are inclined to focus on the economics of business and to be more skeptical about the environmental effects of their industries. "Women tend to be a bit more practical and risk-averse," says Herremans.

The researchers do worry their study's implications might be misconstrued. "We don't want companies to interpret our results as saying, 'Okay, if I just put more women on our board, we are going to have better environmental performance.' That's not what our intention is. We want them to put qualified women with environmental experience on their boards," says Lu, now an assistant professor of accounting at the University of Guelph's Gordon S. Lang School of Business and Economics.

The researchers observed companies appointing one or two women to their boards for the sake of optics, in a practice dubbed "twokenism." But in Canada, even symbolic progress is slow. Statistics Canada released a study in January of 10,108 public, private and Crown corporations that revealed the majority of them—61.7% in 2016 and 61.2% in 2017—had boards completely devoid of women. Women held just 17.8% of the board seats covered by the Statistics Canada study. A year later, there was a paper-thin increase to 18.1%.

And while the benefits of adding women to boards is well-documented, the exact reasons are unclear, says Claude Francoeur, a professor at HEC Montréal and a leading expert on the subject. "One thing that's been assumed," he says, "is that a more gender-diverse group at the board table tends to discuss issues more in-depth than a board that is just men alone. It helps break down the groupthink that often happens in more homogeneous groups."

If reams of evidence show diversity improves corporate governance and performance in such increasingly important areas as environmental and social sustainability, why are North American companies slow to appoint women to boards or the C-suite? "It's not easy to explain," says Francoeur. "[Men] have subconscious biases. It's human nature. You tend to want to hire people that are similar to you."

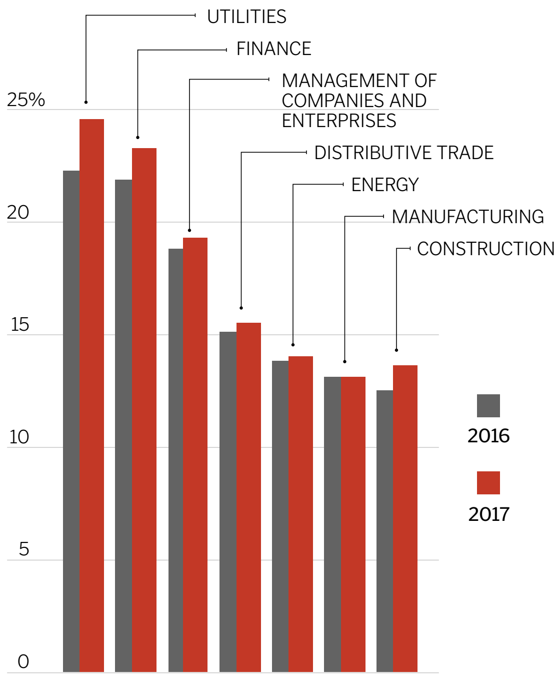
To overcome that phenomenon, corporations in European countries such as Germany, Spain and France have been legally required to have women holding at least 40% of their board seats. (Skechers and the other holdouts made their changes in the face of new diversity regulations in California.) No such quotas exist in Canada, though there's mounting pressure for governments and other bodies to push harder for diversity in corporate governance.

As of Jan. 1, companies governed by the Canada Business Corporations Act must provide information to shareholders about what efforts they are making to nominate women and members of minority groups to their boards and senior management. If they have no such policies, they must also explain why.

That might eventually help women and break corporations' bad habit of choosing board members from a mostly male pool of current or former CEOs. "It's a vicious circle," says Francoeur. "It's really hard to get out of that."

/Anthony A. Davis

SHARE OF WOMEN ON CORPORATE BOARDS, BY SELECTED INDUSTRIES



SOURCE STATISTICS CANADA

Big Idea is produced with the support of our advisory panel

UNIVERSITY OF CALGARY
HASKAYNE SCHOOL OF BUSINESS

Yrjo Koskinen, *Associate Dean, Research; Haskayne School of Business*

Stephane Massinon, *Director, Public Relations; Haskayne School of Business*

Smith SCHOOL OF BUSINESS Queen's University

Yolande Chan, *Associate Dean, Research at Smith School of Business*

Nancy Evans, *Executive Director, Marketing and Communications, Smith School of Business.*


Women
key actors in our transformation.
Cominar

TL;DR

Chew on this

On Oct. 17, 2019, a full year after cannabis was legalized in Canada, licensed producers were officially allowed to submit their edible and topical products for government approval. Cannabis-infused gummies, cookies and teas have now begun appearing on store shelves in a rollout that was both slower and less profitable than expected. Here's how this leg of legalization will affect your business

The background

On the campaign trail in 2015, Justin Trudeau promised to legalize recreational cannabis use. The following year the Prime Minister's government released a plan for legalization. As of Oct. 17, 2018, Canadians could legally buy, use, possess and grow recreational pot. But while they were allowed to cook with cannabis, the sale of edibles and topicals was not yet legal. That didn't happen until a year later, when the government officially allowed licensed producers to submit their edible and topical products for approval.

Why did they opt for a gradual rollout?

In a word: caution. According to Rebecca Haines-Saah, an assistant professor at the University of Calgary's Cumming School of Medicine, Canadian regulators travelled to U.S. jurisdictions where edibles had been legalized at the same time as other cannabis products. The officials heard "about adverse experiences and health consequences," explains Haines-Saah. To avoid those pitfalls, the government opted for a gradual approach to legalization, starting with the modes of consumption Canadians had the most experience with.

What's actually available now?

Not as much as consumers would like. The first of the so-called cannabis 2.0 products hit shelves on Jan. 16, but that stock quickly sold out. It's a consequence of the government's approval process, which includes a mandatory 60-day review, so the earliest a product could have been approved was Dec. 17. Few companies wanted to start production without knowing whether they'd be allowed to actually sell their products.

What's changed for employers?

Very little, according to Kristi Searle, a certified human resources business strategist and owner of Peoplebiz Consulting Inc. "It falls under health and safety," she says. "It's not just about cannabis—it's the same for prescription drugs. You can't be in the workplace and operating machinery or doing your work if you're impaired."

EDIBLES 101

Edibles are cannabis-infused drinks and foods, such as chocolates, candies, mints, baked goods and dissolvable strips.

Major players

Beer companies have been exploring the edibles space since 2018, when Molson Coors Beverage partnered with Hexo, Constellation Brands invested $5 billion into Canopy Growth Corp. and Anheuser-Busch InBev teamed with Tilray. Independents are getting into the game, too—in 2019, Moosehead, the oldest and largest independently owned brewery in Canada, announced plans to work with Sproutly Canada to develop a line of cannabis-infused drinks.

Munchies

Neal Brothers, a healthy snack business based in Richmond Hill, Ont., teamed with Newstrike Brands Inc. in 2018, becoming the first specialty food company to ink a deal with a cannabis firm in Canada. And Canopy and Namaste Technologies are both betting on sweets: Canopy is working with Hummingbird Chocolate, a family-run chocolatier from Almonte, Ont., while Namaste acquired a 49% stake in Choklat, a Calgary chocolate company, early last year.

Market outlook

In a 2019 University of Guelph survey, more than half of respondents were interested in trying edibles, including many who had never smoked cannabis. But despite strong interest, investment dealer Cowen & Co. significantly reduced its sales forecast. The firm had originally predicted $7.2 billion in sales for 2020 but has revised its expectations several times, most recently in February, when it downgraded Aurora Cannabis, Sundial Growers, and Tilray to "market perform" from "outperform" and made a new projection of only $3.5 billion in legal market sales for the year. Cowen's report places part of the blame on "the slower than expected rollout of cannabis 2.0 products."

/Stacy Lee Kong

ASK AN EXPERT

The meat of the matter

I've been a vegetarian for years. Would it be wrong to turn our office cafeteria into a no-meat zone?

This meaty question has lots to dig into, starting with what you mean by "wrong." Legally, explains Laura Williams, a human resources lawyer, employers can serve whatever they want (or nothing) at the office commissary. "Certain things are required in employment relationships, and other things are perks. A cafeteria is a perk," she says. You can provide whatever you see fit—from a vegan salad bar to a roast carving station—but remember a perk, by nature, is supposed to be positive. "You want it to be as inclusive as possible so that many employees partake," says Williams. If burgers are a hit and you're the only vegetarian around, going meatless might be a selfish move that leaves a bad taste in everyone's mouths. But wait! We're not done: If your "no-meat" zone involves banning animal products from the workplace, now you're just wrong. "While you're not legally required to provide anything, you can't prohibit certain foods from being brought from home," says Williams. Admittedly, discrimination against carnivores isn't rampant, but anything that touches on a person's religion or creed is a human rights case waiting to happen. Even someone on a doctor-ordered keto diet could claim discrimination. If you really want employees to leave their cold cuts at home, stock the cafeteria with delectable vegetarian cuisine that will entice even hard-core meat lovers.

Our employees frequently complain about a lack of communication, but we have newsletters, town halls, regular email updates, etc. What am I doing wrong?

The first problem, says Ellen R. Auster, a professor of strategic management at the Schulich School of Business, is characterizing this legitimate feedback (itself a great sign you're blessed with employees who care) as "complaints." Doing so is negative and dismissive. It's also a bad sign that you've ignored this type of feedback so often that it's frequent. Communication is essential, and you need to do better—starting now. "If online surveys aren't working, I'd do some one-on-one coffee connects with key influencers. Acknowledge that you hear the rumblings, and ask them to help you understand," says Auster. Newsletters, town halls and email are a good start, notes Auster, but "I don't really hear any notion of two-way communication in this question." What's wrong is you're not listening.

I have 5,000 unread emails. How do I get my inbox under control?

Do it the same way you would to get 50 emails under control, but on a larger scale (this is now going to take a few hours). Linda Chu, founder of Out of Chaos professional organizing solutions, recommends employing the 4-D management principle, but she's added another D: delete, delegate, do, document—and defer. "Start simple, with junk mail. Newsletters and flyers can be gone in seconds," says Chu. Hopefully that will motivate you to delegate. "Those are emails you don't necessarily have to deal with. Forward them." "Do" might seem daunting until you know this: "Half of your emails can be done in two minutes or less," Chu says. So rather than adding a simple task to the pile, take the two minutes and get it done. Next, Chu recommends stowing the emails that don't require you to do anything but need filing away. You can use whatever storage system works for you. Everything else lands in defer, a.k.a. your "to-do" pile, which hopefully is a mere fraction of your massive inbox. And then schedule a half-hour every day for some 5-D action so you don't find yourself in this mess all over again. **/Rosemary Counter**

ILLUSTRATION JOE MCKENDRY










THE EXCHANGE

Line in the sand

MEG Energy CEO Derek Evans knows we need to reduce greenhouse gas emissions, but he has a lot of ideas on how to do that without shutting down the oil sands. /By Trevor Cole

When long-time oilsands exec Derek Evans left Pengrowth Energy a couple of years ago, his plan was to become an industry advocate. Then came the offer to run a company again. Since taking over as CEO of Calgary's MEG Energy in August 2018, Evans has found a way to combine both interests, thrusting himself and his company into the headlines. When Rachel Notley's Alberta government curtailed heavy oil production in late 2018 to help reduce a supply glut and boost prices, Evans put MEG on record as supporting that decision when a number of much larger producers opposed it. In the lead-up to the 2019 federal election, he nosed MEG into the political debate, teaming with two other producers to run full-page national ads to push back against proposed regulations and tout his industry's efforts to reduce greenhouse gas emissions. Between those events, he dealt with the news-making disruption of an imminent, then suddenly aborted, takeover by Husky Oil. With pipeline turmoil and climate politics now a constant in the oil patch, Evans still has plenty to talk about. In the aftermath of the rail blockades in support of the Wet'suwet'en chiefs, we began on the difficulty of moving oil.

PHOTOGRAPH SHAUN ROBINSON

How much of your oil is shipped by rail now?
We ship about 26,000 barrels a day of product by rail, half to the U.S. Gulf Coast and half to the U.S. West Coast. We think about rail as a short-term measure while we're waiting for these pipelines to be built.

How do you think the federal government has handled the bottleneck in pipeline construction?
I think what industry would like to see is greater clarity on not only pipelines, but on new oil and gas developments. I think Bill C-48 and C-69 **(1)** were not particularly helpful in providing the clarity the energy industry needs to proceed with new projects.

What do you want the Trudeau government to do?
I'm not going to say just the Trudeau government. If you go back to the election and the federal leaders' debate, I was devastated. The climate was pitched back and forth as something you could have different opinions on and different approaches to. There's only one thing we need to do about the climate, and that is to get after solving these problems.

Tell me what concrete action you want to see.
The challenge is that when you have big problems, we think we have to drive to absolute decisions—shut down the hydrocarbon industry, expand the renewables industry. We don't think about taking the smaller steps that can be impactful. You know, if we're going to have cars for a while, why don't we increase miles per gallon from 30 miles to 70 miles? That would be a concrete action

1. Bill C-48 bars oil tankers from loading at northern B.C. ports, while Bill C-69 places greater demands on oil companies to consult Indigenous communities, engage the public, and consider the environmental effects around major extraction and transportation projects.

that would reduce greenhouse gas emissions. Why don't we take all the electrical energy in Ontario that is effectively given away between 11 at night and 5 in the morning, and turn that into hydrogen and run it through fuel cells for transit or for trucking companies? We've got our feet stuck in the mud. We've had this debate for 30 to 35 years, and we've done very little. Inside the hydrocarbon business, we need to drive down our emissions to net zero as quickly as possible.

Do you support the 100-megatonne cap on annual emissions from the oil sands? (2)
Absolutely.

Jason Kenney insists the industry is actually producing about 68 megatonnes of greenhouse gases. Is that a legitimate figure?
I think that's probably in the ballpark.

So that leaves a lot of room for increased emissions. Is that a good thing?
No. Part of the reason I support the 100-megatonne cap is I don't think we're ever going to get there. With the work MEG is doing, we're actually reducing our intensity, and we're reducing our emissions.

Then maybe it should be a 50-megatone cap.
Let's think about this a little bit differently. The gold standard for low emissions is probably the Equinor platform in the North Sea that has less than a kilogram of CO_2 per barrel equivalent. That's an exceptional target. If you want to build a new mine or oil sands facility, should we be proactively setting the target that we expect people to meet, as opposed to setting targets in terms of emissions on the back end? Carbon taxes are sort of defensive. Why don't we change how we think about regulation in this country? (3)

MEG makes a point of positioning its operations as "sustainable." What makes them sustainable?
There's financial sustainability and environmental sustainability. From a financial sustainability perspective, we're living within our cash flow. We're not using increasing levels of debt or equity. So, that's one definition of sustainable. The environmental one is encompassed in that net-zero target, but also continuing to leave a smaller footprint as you drive forward in terms of greenhouse gas intensity.

Let's talk about the Husky takeover that didn't happen in January 2019. Why did Husky walk away?
I have no idea. Nobody's ever told me why they walked away. We were as surprised as everybody else was. (4)

Maybe you were putting a brave face on it, but at the time, you said MEG shareholders rejected the deal. Was that not right?
I think that's correct. I think Husky relied on the fact that they didn't get the 66-and-two-thirds of the shareholders to vote for the deal. Most merger-and-acquisition specialists would have told you they got enough that if they had extended the deal, they would have got the 66 and two thirds. We believe they had over 60.

What was the ripple effect for MEG?
I had over 500 employees that had all checked out. All thought they were either going to be working for Husky or not having a job. I didn't have a capital budget. We hadn't turned our attention to the future. So, on Jan. 17, when we came back to work, we had to develop a strategy and a budget. One of the things that makes me so proud to be the CEO of this company is the way those people responded. They didn't miss a step. (5)

Speaking of big transactions that didn't happen, were you surprised when Teck Resources pulled out of its Frontier oil sands mine?
I certainly didn't have any inkling. To me, one of the really frustrating things we have with these big projects of any sort, be it Teck or any other big industrial project in the oil and gas business, is we start these processes 10 or 12 years ago, and we walk through and work with Indigenous groups in the area. We get agreements, we work all of these things to the end, and then we find the goal posts are shifting on us, yet again.

You mean the political goal posts?
Well, yeah. Under Bill C-69, the minister of the environment had the right to cancel that project. But when that project started, there was no Bill C-69. That's a very challenging environment. Not only for the people who are developing oil and gas assets in Canada, but also for attracting investors.

Given that, what's the likelihood of any new major oil sands project in the near future?
It's low. I think you'll see companies continue to invest in small brownfield projects—small, incremental additions to existing projects. But a new greenfield project? I don't think you're going to see a lot of those.

Is that partly due not just to the regulatory environment but also the price point oil is hitting now?
Yes. You know, we all have different versions of what we think the long-term price is going to be, and these are all 40- to 50-year projects. They're not projects that depend on the oil price in the next year or two. So, I would say the regulatory environment is probably the bigger issue. But if you believed,

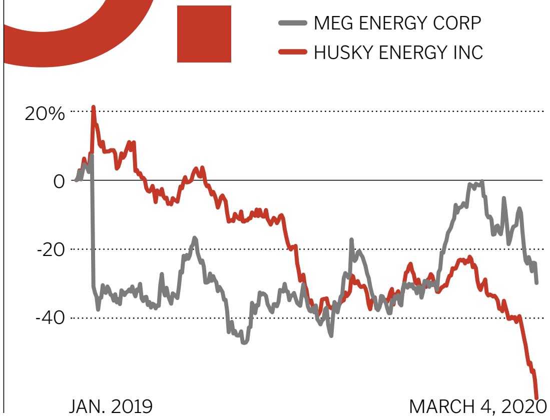
2. Rachel Notley's NDP government unveiled the cap in 2015 to show the province was serious about fighting climate change.

3. 28% of Canada's emissions comes from the transportation sector; the figure is 29% in the U.S.

4. Husky cited a lack of progress on pipeline expansion and Alberta's decision to cut production as reasons it couldn't muster sufficient investor support.

5.

On the day Husky called off its bid, MEG's stock price dipped roughly 40% and Husky's rose nearly 15% —but MEG continued to climb



as a company, that oil was going to be $40 or $45 for the next 40 years, that would create some challenges in terms of trying to redesign your project to make sure you could generate a return for your shareholders.

Do you have a price prediction?

My personal belief is that WTI is probably going to a range between $50 and $60. I'm not worried about a $45 price. That is obviously in direct reaction to what I believe will be temporary demand changes in China. Where I can see us getting into a very challenging situation, and much higher oil prices, is if we move forward with reducing the amount of capital available to the industry worldwide.

So you see this is pretty temporary.

Well, I hope it's temporary.

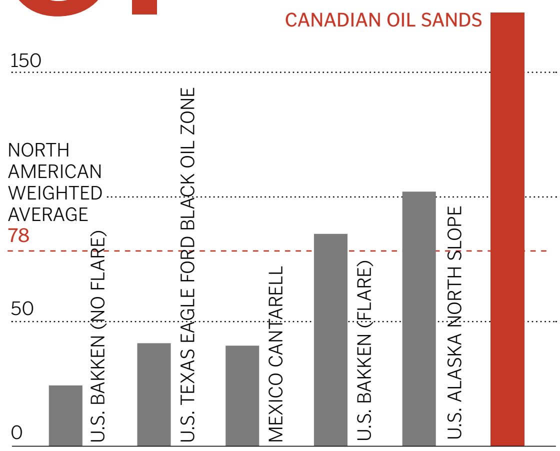
I was in Texas some months ago, learning about shale plays. The U.S. industry has pulled money out of the oil sands to exploit shale deposits in the Permian Basin and elsewhere. What impact has that had?

The people who have left Alberta are more the big European players. You've seen some capital move from our conventional producers to those shale plays in the U.S. From my experience, investors are quite skeptical about the sustainability of those business plans in the U.S.

There's also a divestment movement at work, trying to convince fund managers to take money out of the oil sands.

6.

EMISSION INTENSITY ASSOCIATED WITH EXTRACTION AND PROCESSING FOR CRUDES PRODUCED IN NORTH AMERICA
(KG CO_2e/BARREL OF CRUDE)



SOURCE PEMBINA INSTITUTE

Armando Senra, the head of BlackRock's iShares America funds, said that oil sands are "destructive" and "the worst offenders" from a climate perspective. How much of a threat is that to the industry?

First, let's go back and look at our U.S. competitors in the shale basins. Their greenhouse gas intensities tend to be higher, on average, than what we're doing in the oil sands. (6) So, I would take umbrage with the statement that we are the worst. We are not. When we talk to fund managers, especially inside of what we call the ESG (7) space, these fund managers are making decisions on what industries, and who inside of those industries, to invest in. People are going to invest in oil sands stocks; you just need to be the best. You need to demonstrate that you are worthy of their investment inside of that space.

What is the industry's obligation when it comes to fighting climate change? What should you be committed to?

The industry should be obligated to do what's in the best interest of the company at the end of the day. I think your question sort of hinges around, "Well, addressing climate change is not in the best interest of the company." It absolutely is. If your motivation is to produce the last barrel, then you need to do what needs to be done to ensure that you are that barrel. And you need to find a way to make sure it makes money for your shareholders at the end of the day.

Are you at all concerned about the Buffalo Declaration (8) and how it might impact investment?

I'm more concerned about it sucking oxygen out of the room in terms of trying to deal with some of the challenges we have as Canadians. I'm as frustrated as anybody else with some of the decisions that have been made. But I'm a Canadian, first and foremost, and I don't want to be debating the Buffalo Declaration when we could be dealing with how we pull this country together, sort out some of the long-term systemic issues, and figure out how to be a force for good in the future.

If you could pick any industry to be in right now, would you pick the oil industry?

I love the industry, and it's on the leading edge of the climate change debate. I can't think of a better place to be, where I can hopefully be part of the solution and be impactful. So, categorically, yes.

7. Environmental, social and governance investing takes into account a company's environmental policies, approach to diversity and governance, and more.

8. The Buffalo Declaration, which is picking up signatures, promotes the idea of a referendum on Alberta separation.

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.*

WOMEN LEAD HERE 2020

→ | WITH THIS SURVEY, REPORT ON BUSINESS INTENDS TO SET A BENCHMARK FOR GENDER DIVERSITY IN CORPORATE CANADA. AFTER EVALUATING HUNDREDS OF COMPANIES, WE IDENTIFIED 73 AT THE FOREFRONT OF WOMEN IN LEADERSHIP POSITIONS. ON AVERAGE, 44% OF THE EXECUTIVE ROLES FOR COMPANIES ON THE LIST ARE HELD BY WOMEN. IT'S NOT PARITY—BUT IT'S NOT FAR OFF. THIS IS WHAT "GOOD" LOOKS LIKE TODAY. CONSIDER IT A STARTING POINT TO TRACK PROGRESS IN THE FUTURE.

METHODOLOGY

To create the inaugural Women Lead Here list, Report on Business magazine evaluated the 500 largest publicly traded companies in Canada, as determined by our annual Top 1000 list. Assessments were done during November and December of 2019, 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 data. We then applied a weighted methodology. We also took into account the company's profitability, revenue growth and three-year return using 2019 financial data. The diversity of an executive team was also considered. 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.

RESEARCHERS DEBORAH AARTS, LIZA AGRBA, STEFANIE MAROTTA AND ALLEN TONG

LUCARA

DIAMOND

EIRA THOMAS HAS PROVEN SHE HAS A GENIUS FOR FINDING LUCRATIVE DEPOSITS—FIRST IN THE NORTHWEST TERRITORIES, WHERE THE DIAVIK MINE NOW PRODUCES MILLIONS OF CARATS A YEAR, AND THEN IN BOTSWANA. BUT THE GEOLOGIST IS ALSO DETERMINED TO DISRUPT HOW GEMS ARE TRACKED AND SOLD, AND PUT A NEW FACE ON A MALE-DOMINATED BUSINESS

BY **ALANNA MITCHELL** | PHOTOGRAPH BY **STEPH MARTYNIUK**

WOMEN IN EXECUTIVE ROLES

75%

➜ | Eira Thomas is on the run.

The annual results for her company, Vancouver-based Lucara Diamond Corp., are coming out in 11 days, and as its co-founder and chief executive, she is prepping for a round of board meetings and earnings presentations, including dashes to both Florida and Toronto for mining conferences. Before that, she's heading from her home in England to Morocco on a half-term school break with her two daughters. Plus, she's experiencing such wretched technical glitches that she missed a Skype interview yesterday and had to rebook. Today, she apologetically comes on 24 minutes late, something so uncharacteristic that her personal assistant, who is in Zurich, has begun to worry. Life is a little frenetic, Thomas confesses.

Yet, when I ask her why diamonds hold such an allure, all of a sudden, the busy executive life seems to vanish. She savours her answer—and when it comes, it's unexpected. Yes, there's the thrill of the hunt. But she is a geologist, and so within the diamond she also reads the violent secrets of the inner Earth that created it billions of years ago, when the planet was much younger. She sees the torrid pressures under the planet's crust that long ago bound carbon atom to carbon atom and the convulsions that later flung them upward in a volcanic rush of magma, carrying them near enough to the surface for a tenacious miner to find. Thomas sees, in effect, time and story and mystery.

"The fact that we even get a chance to experience a diamond because it's been unearthed in these ancient volcanoes is pretty unusual in itself," she says. "The world we know and understand is all these geological processes that have formed us. Yes, it's science, but it's also history."

Thomas has surprising takes on other facets of the industry. For one thing, she's not interested in diamond mining unless it brings widespread benefits to society. That's a sharp knock to the reality of earlier eras, when the stones leeched wealth from local communities, sometimes to support bloody wars and corruption.

But she's also revolutionizing the processing of raw ore and reimagining how rough diamonds are tracked and sold. Not only that, but Thomas is redrawing the face of the famously macho industry itself: To wit, the vast majority of her company's senior leadership team is female. That includes the managing director of Lucara's pride and joy, the Karowe mine in Botswana.

In short, Thomas has a genius for disruption. Not just for the sake of it but, as Lucara's co-founder Catherine McLeod-Seltzer puts it, because Thomas views the world through a wider lens. "If you can use technology and your people to create more value," says McLeod-Seltzer, "why wouldn't you do it?"

THOMAS AND MCLEOD-SELTZER USED THE SPECIAL DIVIDEND LUCARA ISSUED AFTER THE KAROWE FIND TO BUY FIVE-CARAT GEMS FROM THE MINE; THOMAS TOOK HERS TO CANADIAN JEWELLER ANDREW COSTON, WHO DESIGNED THIS RING.

Thomas's knack for bringing a distinctive view to the job started three decades ago, when she was only 21.

She was on a post-undergrad travel jaunt, looking at doing a PhD in geology at the University of Cape Town with the godfather of diamond exploration, the late John Gurney. Her father, Grenville Thomas, an inductee to the Canadian Mining Hall of Fame, summoned her back home.

A diamond-staking rush was on in the Northwest Territories. Her dad had acquired a long shot under deep water and wanted her geology skills to figure out whether anything was there. "I thought he was a bit crazy," she says. "Diamonds had never been discovered in Canada in an economic concentration."

Fast-forward a couple of years. The staking rush has moved south. Thomas's exploration budget is down to its final pennies. The project is days away from being shelved. But she is still sampling the remnants of old volcanic eruptions, called kimberlites, under that lake, reading the chemistry that tells her they must contain diamonds, determined not to give up.

Then, at the last possible moment, she finds something that looks like it could be a rough diamond. Her first reaction is skepticism. Diamonds big enough to be visible rarely show up in early excavations, even in the richest ores.

Her second reaction is to pull out a little diamond detector she'd picked up at a jewellery shop down south. She says her buddies at De Beers, the company that ruled the diamond world for much of the past century, would have laughed at such a gadget. But she plugs in the device and watches it glow green. Eureka. What she is holding really is a diamond, the first from what would become Diavik, one of the world's richest diamond mines. It produces six to seven million carats a year and put Canada on the map as a major diamond source.

So not just a viable mine, but—far less common—a viable diamond mine. Found in a region not known for diamonds by a newbie geologist interpreting the numbers the way no one else was. "There's a bit of relief, a little bit of vindication, and then just pure thrill, because you realize that the science worked," Thomas says.

Had she been a more traditional miner, she might have given up. And, having bagged such a rare and lucrative find, she might have rested on her laurels.

"My father said, 'You should just retire now, because you're never going to achieve this ever again,'" she deadpans.

➜ | You could draw a straight line between Diavik and what's going on now at Karowe in Botswana. There were, however, a few detours in between. Stornoway Diamond, which Thomas set up with McLeod-Seltzer, sought diamonds in the Arctic and helped develop Quebec's first diamond mine, in Renard. (Stornoway fell on hard times last year, long after Thomas had exited; it sought bankruptcy protection and was eventually picked up by Osisko Gold Royalties and creditors.)

And then there was a heady stint in Yukon gold with Kaminak Gold Corp. Thomas took the helm in 2013, in the teeth of a bear market for the precious metal. Three years later, Goldcorp Inc. took it over for $520 million, making Thomas the toast of the investment community.

But she had a yearning for African diamonds. She'd tried to take Stornoway into Africa during her tenure as CEO, but shareholders had balked mightily. So, in parallel with her other ventures, she'd set up Lucara with Lukas Lundin (the Swedish-Canadian mining phenomenon) and McLeod-Seltzer to search for African kimberlites. The company has been trading under that name—a combination of Lukas, Catherine and Eira—since 2007. She became its CEO two years ago, after the Kaminak deal.

Lucara particularly wanted to focus on Botswana. Not only is it the world's top diamond-producing region, along with Russia, but it has had a stable democracy whose leaders are determined to use diamond profits for the common good. One of the world's poorest nations when it declared independence from the United Kingdom in 1966, Botswana has used those diamond profits to become an upper-middle-income country. To a mining company, that spells an enthusiastic, educated local workforce, plus good roads.

“I call it the Switzerland of Africa,” Thomas says.

Lucara's big break arrived in 2010, when its management team came across the site that became Karowe. Then owned by De Beers, it features three intersecting lobes of kimberlites, with the potential for lots of diamonds. But De Beers's long experience in southern Africa told it the site's kimberlite pipes were too tiny to yield enough diamonds for them. So it said yes when Lucara wanted to buy the whole thing.

It turns out that tiny pipes can end up being 10 times as rich, per tonne, as bigger ones. And once the Lucara team started looking closely, they thought they saw something De Beers may have missed: fragments of not just big diamonds, but of vanishingly rare gigantic ones.

The problem with such huge diamonds—a wonderful problem to have, Thomas quips—is that you need them unbroken. But the traditional recovery system involves serial crushing and milling, a process unkind to big stones.

It was a gamble and an industry first, but Lucara invested in X-ray transmission (XRT) technology. Long used in recycling and food processes, XRT can also pick out unbroken diamonds of any size from lightly crushed ore by reading the signature of their atomic density, even if they're wet or encased in other material. “It's really paid off for us,” McLeod-Seltzer says.

Karowe has produced a stream of diamonds so large that several of them have their own names. They include last year's find of the world's second heaviest rock: the mighty black-coated Sewelô, weighing in at 1,758 carats. (The only bigger rough diamond ever discovered was the fabled Cullinan, in 1905—its two largest polished gems now grace the sceptre and crown of Queen Elizabeth II.)

Other Lucara prizes include the Lesedi La Rona at 1,109 carats, the Constellation at 813 carats and the most recent, an unnamed, ice-white 549-carat stone discovered in February.

Lucara has plans to find even more. Last year it finished a feasibility study that concluded digging underground in addition to the current open-pit operation would double the mine's life to 2040 and potentially add billions in revenues. To build underground, the company is embarking on an engineering and design phase. That takes capital, so in November, it suspended dividends in order to redirect the money, as well as other cash flow. (It will also have to take on debt.)

The markets are waiting to see how that will play out. The uncertainty, plus an overall weak market for diamond equities, has pushed Lucara's share price down to around $0.65 as of early March, down from a 52-week high of $1.76.

Geordie Mark, an analyst at Haywood Securities in Vancouver (which owns Lucara stock), says he thinks the share price is discounted right now. “Given what we've seen come out of the diamond deposits so far,” he says, “it's quite unique in terms of its capacity to deliver unique, large-scale, large-quality diamonds of value.”

FROM OUR ADVISORY BOARD

“Commitment to gender diversity can only be truly impactful if it starts at the top with the CEO. As the individual ultimately responsible for what the company achieves, the CEO shapes the culture. An authentic demonstration of his or her commitment will cascade through the organization and inspire employees, customers and suppliers.”

Lynn Beauregard *President, Governance Professionals of Canada, and* **Ekta Mendhi** *Co-Chair, Canadian Gender and Good Governance Alliance*

Size is a constant, easily measured. But what of price? In diamonds, as in great works of art, it comes down to desire. You wouldn't look at a painting by Leonardo da Vinci and expect to pay by the square inch. Instead, you would assess its beauty, rarity, provenance, cachet, emotional resonance. All these also come into play in the ineffable cost of a diamond, whether it's a rough stone waiting to be cut and polished or the rock flashing in an engagement ring.

And in Thomas's view, diamonds are not fetching as much money as they should. That is partly the fallout from reports beginning a couple of decades ago that the trade in rough diamonds from conflict zones supported wars. A United Nations resolution improved the situation, leading to the Kimberley Process Certification Scheme, which took effect in 2003 and started to keep most of the so-called “blood diamonds” out of the markets. But the residue of uncertainty remains.

So while demand for luxury products of other sorts has risen, particularly among millennials and in China, desire for diamonds has limped along. Last year, for example, the market took a hit in the wake of the trade conflict between the United

FROM OUR ADVISORY BOARD

In sales, we talk a lot about the pipeline—those future deals and opportunities that help us forecast our numbers, deliver new initiatives and products to our customers, and grow the business. But the notion of a pipeline has applications that extend far beyond sales.

Building a talent pipeline to achieve more executive diversity should be no different. Organizations need to formalize programs that nurture and support diverse talent. At Cisco, we've done this through a number of programs, including Women of Cisco—a program that attracts, develops, retains and celebrates women. By weaving these programs into the fabric of our culture, we help achieve diversity of thought today, while building toward a more inclusive future for tomorrow.

Rola Dagher
President & CEO, Cisco Canada, and President, Women of Cisco Americas

States and China, Thomas notes. This year, there's the coronavirus outbreak. At the same time, supply has risen as polishers reduce their stockpiles. The combination has had an unpleasant effect on prices.

Selling practices within the hide-bound industry haven't helped. The established way to get rough diamonds to the people who will transform them into shiny jewels is to hold a tender, which happens several times a year, depending on the producer. Stakeholders in the tender must buy a whole batch of diamonds, whether they want them all or not. And they usually don't, so a secondary market emerges for unloading the surplus. A diamond can change hands as many as 10 times from mine to ring finger, destabilizing prices and siphoning off profits.

Enter two millennials (both of whom work in the industry) with a gasp-inducing idea: establishing a digital sales platform, now called Clara Diamond Solutions, that would allow buyers to purchase exactly what they want, stone by stone, rather than in batches.

Clara's system cuts out the middleman and some of the secondary market, securing better prices for producers and higher margins for manufacturers, says Thomas. As well, the platform permanently tracks the stones' path of ownership through blockchain, adding to the transparency around a diamond's origins. "For the first time ever, we're saying to our buyers, 'Tell us what you want and we'll find you the perfect rough stone you can polish into your perfect polished diamond for your business,'" Thomas says.

Lucara wholly owns Clara and says the platform may end up being as profitable over time as digging up diamonds. Lucara's plan has been to start selling its own rocks and then invite in other suppliers. As of February, it was still a relatively small player, with a customer base of 32 and a total of 19 sales since December 2018, worth roughly $11 million. (By contrast, revenue from tenders of Karowe diamonds in the fourth quarter of 2019 alone were $56 million.)

But what of those freaks of nature, the massive rough stones? The risks in determining what they're worth are greater, for both miner and manufacturer. How many polished diamonds will emerge? How special will they be?

Lucara is beginning to tackle that in an innovative way, too. Rather than auctioning off or tendering the rare black-coated Sewelô diamond and forgoing future profits from whatever exceptional gems emerge from it, the company sold a 25% stake in the stone to Louis Vuitton and another 25% to HB Co., which will cleave and polish it into gems. Lucara will keep a 50% interest in the polished stones that result. As well, 5% of all retail sales from the Sewelô collection will go back into community-building projects in Botswana. "We are trying to modernize this whole industry," Thomas says. "One of my biggest criticisms over the past 20 years is that we have been too insular. It's opaque."

And self-consciously male-dominated. In Canada, just 15% of those employed in mining and quarrying in 2018 were women, according to the 2020 Canadian mining labour outlook from the Mining Industry Human Resources Council. Many of those women are in administrative positions and few in technical ones. The only Canadian sector with fewer women is construction.

McLeod-Seltzer's experience is illustrative. In 2005, after years in the brokerage industry and as CEO of a junior gold miner, she was recruited (kicking and screaming, she says) to her first big board: Kinross Gold. "I was not only the only woman—talk about diversity!—I was one of only a few people not named John," she says.

Now, she is Kinross's independent chair (and co-chair of Bear Creek Mining Corp.). "I do think things are changing—maybe not at the pace people want to see, but they are changing," McLeod-Seltzer says.

Again, Lucara has done things differently. Three of its seven board members are women. The majority of its senior leadership team is female. It wasn't an explicit goal, Thomas says. Her goal was to hire talent. But she did want to create an environment that was welcoming to women: collaborative, respectful, passionate, fun.

"I think there are lots of high-potential women who turn down jobs because, quite frankly, they just don't want to work in jerk environments," she says.

Thomas points to Naseem Lahri, managing director of Lucara Botswana, the first woman to oversee a diamond mine in the country. Lahri had been the company's CFO in Botswana for five years, but no one asked what else she wanted in her career. Until Thomas. "We realized, this woman's a dynamo—she should be our managing director!" she says. "And that could have happened earlier. We had a vacancy in that role in Botswana for a number of years."

As our interview winds down, again the unexpected. Thomas becomes reflective. Now in her early 50s, she's matured, she says. Of course she's eager to keep the flow of profits going at Karowe. But there's more to it now.

"You do start to get a little more philosophical. What's it all about? What's the most important piece?" she says. "What started out as a treasure hunt is now much more about how we make a lasting contribution to the communities we are working with. And that becomes a much bigger priority."

PHOTOGRAPH ANNIE SAKKAB


Bold
Woman Award
by Veuve Clicquot
Veuve Clicquot is proud to celebrate Canadian women entrepreneurs.
Register* for the 2020 Bold Woman Award and Bold Future Award on our website.
www.veuveclicquot.com
From April 1^{st} to June 30^{th} 2020
*All rules and regulations are available on our website.
Please drink responsibly.


RITZ
CARLTON
TransAlta

TRANSALTA

WHEN THE GOVERNMENT ORDERED TRANSALTA TO SHUTTER ITS COAL PLANTS, IT SEEMED LIKE AN UNIMAGINABLE TASK. HOW **DAWN FARRELL**'S TRUST IN HER TEAM HAS MADE IT POSSIBLE

BY **MARCY NICHOLSON** | PHOTOGRAPH BY **ELYSE BOUVIER**

WOMEN IN EXECUTIVE ROLES

40%

← LEFT TO RIGHT: JOHN KOUSINIORIS, KERRY O'REILLY WILKS, ARON WILLIS AND JANE FEDORETZ, CHIEF TALENT AND TRANSFORMATION OFFICER

→ | Back in 2015, Alberta's recently elected New Democratic government announced its climate plan. As part of the ambitious agenda, the NDP ordered power utility companies to phase out coal-fired electricity by 2030 and transition to a greener grid.

The edict hit the century-old TransAlta Corp. with a thud.

Nearly half of the province's electrical generation capacity came from nine coal-fired generating units operated by the firm. Share values dropped, and CEO Dawn Farrell huddled with her management team to find a solution. The new rules caught them "like deer in the headlights," Farrell says in an interview at TransAlta's Calgary headquarters. "We had to pull the company out of the ditch because we were flattened by that policy framework."

At the time, Farrell couldn't imagine—not "in a million years"—a shutdown of the coal plants. Yet her team is now making it happen. "If you've got a group of people that are willing to put themselves out there on the line, talk straight with one another, and if you use the collective strengths of everybody's brains, I think you can get there," Farrell says. "You can get to places nobody thought they could get to."

TransAlta is among the largest publicly traded independent power producers and renewable power generation companies in Canada.

"Where we're taking the company now is really to provide low-cost electricity that also has a really low environmental footprint," says Farrell, who speaks authoritatively about a sector in which she has been active for 35 years. Their plan calls for investments in technologies and assets that will lower its greenhouse gas footprint. This could include techniques such as blending hydrogen into TransAlta's natural gas stream or projects like a pump storage initiative to hold wind-derived electricity in a hydro reservoir for later use. This year TransAlta will construct Alberta's first utility-scale lithium-ion battery storage facility at its Summerview Wind Farm. These innovations—along with shifting up to seven of its coal generation units to natural gas—appears to be paying off. In 2019, TransAlta reported revenue of $2.3 billion, up 4.4% from 2018, and net earnings of $52 million, following two straight years of net losses. Share prices have recovered modestly. The battle plan has been bolstered by last year's $750-million investment from Brookfield Renewable Partners LP and ongoing "off coal" payments from the Alberta government to ease the transition. "I would not wish this on any company in Canada, which is why I'm passionate about Canadians being smart about how they bring together the environment and economy," she says, reflecting now on the coal surprise.

DAWN FARRELL BECAME CEO OF TRANSALTA IN 2012, BUT FIRST JOINED THE COMPANY MORE THAN THREE DECADES AGO

As they continue to work toward sustainability in many forms, the CEO also strives to ensure that collective contains more voices—and more women.

Calgary-born Farrell is the daughter of a beekeeper. The first in her family to attend university, she holds a bachelor of commerce degree and master's in economics from the University of Calgary and attended the advanced management program at Harvard University.

She started with TransAlta after graduation in 1985, when she oversaw the company's economic models for Alberta. Farrell left for a position at BC Hydro in 2003 but returned to TransAlta as executive vice-president of commercial operations and development in 2007. She became the firm's first female CEO in 2012.

A mother of two, grandmother of four and wife of 38 years (her husband is a carpenter), the 60-year-old is described by others as passionate, smart, analytical, straightforward, fair and supportive.

Not long after returning, she called her colleague Aron Willis in Australia, where he was managing director of a business she had set up years prior. She wanted to know what was happening there. "That conversation was the starting point that led to the development of a strategy, getting some support from the board and then eventually an investment during my last four years in Australia of almost a billion dollars in three different projects," says Willis, now senior vice-president of growth for TransAlta. Farrell has high expectations but gives her teams space to deliver on their goals, he says. "You get really clear feedback from her on what she's thinking, whether she agrees or disagrees with how you're approaching it, and then at the same time, she lets you go and run the business," Willis says, adding, "She's not there looking over your shoulder at every turn."

Farrell began working on the company's greenhouse gas file in 1989. By the early 1990s, it had acquired its first wind farm and in 2013 launched majority-owned subsidiary TransAlta Renewables Inc. When the Alberta government

PHOTOGRAPH (LEFT) TODD KOROL; (BOTTOM RIGHT) NATALIA DOLAN announced its climate change plan, that side of the business was forced to exponentially speed up. In addition to giving the electricity producer roughly 15 years to wind down its coal operations, the policy included a carbon tax on greenhouse gas emissions and required 30% of the province's electricity to come from renewable sources. "It actually created the impetus for the company to accelerate its push to being clean," says John Kousinioris, TransAlta's chief operating officer. He says elements of the plan range from implementing the coal-to-gas strategy to building out a renewables business in the United States.

TransAlta Renewables now has 44 renewable energy generation facilities, such as hydro, wind, gas and solar assets, in Canada, the U.S. and Australia. The company is also focused on developing on-site cogeneration plants, which allow companies ranging from industrial sites to food-processing plants to oil sands operations to have their own mini power plants.

There's also the battery storage facility at the Summerview Wind Farm, which will have a capacity of 10 megawatts and a total storage of 20 megawatt hours. It's small by commercial standards but a significant step in the sector. Electricity is notoriously difficult to store: Facilities powered by wind need to tap into established power grids when there is no wind to spin the turbines, while those that generate power from solar panels need another energy source when darkness sets in. The Summerview project will be Alberta's first battery storage facility built at a scale that makes it useful to a utility.

Farrell says one lesson from her company's transition is that the creation of a green economy will take time. And it's better to let companies adjust gradually to new rules. "You don't need to slam people into the wall," she says. "It's better to create the policy framework and let us transition."

Creating a low-carbon economy will require access to capital markets for the companies making such significant shifts, she adds. "That was a tough thing for us, but I think we can be instrumental in shaping future policies."

Analysts are mixed on TransAlta overall. RBC Capital Markets recently raised its rating to outperform. In a February note, the bank cited a growth in investor interest as TransAlta converts coal generation to natural gas.

"We do think there is potential upside value in TransAlta," says Mark Jarvi, equity research analyst for CIBC, which has it at a neutral rating. "Of the things they can control, I think they're making good decisions. On the renewables side, I would say it's going to be slow and steady."

The transition to renewable energy could be viewed favourably by the markets. Setting environmental, social and governance (ESG) standards has been increasingly important as many investors view them not just as an ethical business practice but also a driver of value.

A growing number of investors look for companies that are sustainable on multiple levels, meaning that companies with strong ESGs are increasingly attractive for investment money. And TransAlta has been compiling its own ESG standards since the early 1990s.

BlackRock, the world's biggest asset manager, showed the investment world just how significant ESG targets have become. In a 2018 statement, BlackRock said it is committed to integrating the standards into its investment processes for all of its assets under management and advisory.

Gender diversity is a component of ESG, alongside environmental considerations. For its part, TransAlta's board of directors has an impressive roster of women holding four out of 12 seats. Five of the company's 13 corporate officers and senior managers are women. The company has deemed gender balance so important that it plans to raise the number of women on its board to 50% by 2030. By that point, it also aims to have women account for 40% of its entire workforce, up from 20% today. Last year, TransAlta became a signatory of the Electricity Human Resource Canada's Leadership Accord on Gender Diversity, and in early 2020 it was added to the Bloomberg Gender Equality Index.

FROM OUR ADVISORY BOARD

While all organizations aspire to progress to gender parity, we've observed through our work that many companies don't have clear data on the diversity of their workforce. This makes it difficult to identify the gaps—or the strategies to close them. Organizations need to do a serious assessment of the hidden barriers that are hindering women's progress to senior leadership and declare a commitment by setting targets that will allow them to build a robust and sustainable pipeline of female talent.

Caroline Codsi
Founder & Chief Equality Officer, Women in Governance

Companies must adopt a bold mindset—and commit to doing whatever it takes to not only increase the diversity of leadership teams, but also to build organizations that all people can contribute to and thrive in. To me, this starts with treating diversity and inclusion as a top strategic business priority. It means funding, resourcing and executing a highly intentional and intersectional multi-year plan that focuses not only on recruiting and development, but engagement and novel retention strategies. Then measuring its impact, as with any other business initiative.

Jodi Kovitz
Founder and CEO, Move The Dial

FROM OUR ADVISORY BOARD

When recruiting, leaders should ensure that for every senior role, the shortlist of candidates must be gender diverse. This just makes sense—why would you limit your talent pool? It also sends the message that you are giving real consideration to different types of leadership. As diversity increases, more people can see a pathway to the top for someone just like them. When they see themselves represented in leadership, it lets them know, "That's an option for me—I can do that." At the OSC, I believe that greater gender diversity has helped us in our consideration of risk. It has enriched our discussions beyond policy and financial issues to encompass a broader range of risks.

Maureen Jensen
Chair, Ontario Securities Commission

"Where men and women really lead together, you create strong families. You create strong communities. You create strong businesses, strong governments. It's not one or the other—it's both," Farrell says. "Kind of like environment and economy. It's not one or the other—it's both."

Farrell feels like it's important to have women and men lead side by side, rather than have one dominant gender. "I think we have all the requisite skills to bring out the best in one another and find the way forward... My vision is, 'They lead here,' and it's the combination of the two, because I think that's where our strength is, and you see that in so many walks of life," she says.

A balanced mix can be beneficial, given men and women are often socialized to communicate, collaborate and make decisions in different ways. "I think the listening is better. I think the conversations are better. I think the respect that emerges out of the group creates a better condition for decision-making," Farrell says. "It's more what I've experienced than what I can prove. Some scientist can go away and prove it. I've just experienced it."

Kousinioris was hired by Farrell in 2012 and has seen her evolve as a leader who focuses on the collective and empowering individuals to make decisions within their roles. She's also capable of giving teams space to work together when required, he says. "We probably do better collectively than if we were a homogeneous group of individuals that had a singular view."

For Kerry O'Reilly Wilks, TransAlta's chief officer of legal, regulatory and external affairs, it was Farrell's reputation as a leader that spurred her to move from Toronto to join the company in Calgary. "Although I love TransAlta and everything it has to offer, the reason I moved my family across the country was to work for Dawn Farrell, because she's one of the most amazing—legendary, in my view—female leaders," she says.

O'Reilly Wilks praises the CEO's ability to nurture up-and-coming female executives. "In terms of the investment she makes to grow women, everything with Dawn is about how she can help raise you up to the next level, help you think in a different way, that you'll almost become so much better without even trying or without even knowing."

Some women struggle with how best to present themselves as leaders, sometimes adopting stereotypically male behaviours as a result. "That is just the antithesis of Dawn. One of the first things you'll hear is about her grandkids and about how extremely active she is in their lives," O'Reilly Wilks says. "When it comes to female empowerment or encouragement at all levels, she will be right there."

During O'Reilly Wilks's first year at TransAlta, Farrell's quick response to a situation provided her with a valuable lesson. O'Reilly Wilks had invited groups of service providers into the office to discuss gender diversity. One of the firms arrived with a delegation solely comprised of men. Given the topic, O'Reilly Wilks had hoped the company would send at least one woman. She kept the meeting and didn't mention the elephant in the room. Then, she told her boss about the experience. Farrell said her response would have been: "This meeting is over. You can come back and try again," O'Reilly Wilks recalls. "It went a long way for me to go, 'That's right, I should have done that. If I'm just silent and passive, things don't change."

TransAlta's ambitious goal to have 40% of its workforce comprised of women in 10 years will be no small feat. Given the nature of the power industry, it will require changes in many occupations that are male-dominated, such as electricians and welders, which women tend to steer clear of. "Where you're going to have a little bit of trouble is when you try to achieve 40% at the front lines—at our processing plants, our hydro facilities, in our thermal facilities," O'Reilly Wilks says. "So that means we need to integrate ourselves with educational institutions that teach the trades, that we become involved with how they're recruiting and attracting young women into their programs, because that's the base we need to hire from."

For now, TransAlta is ahead of schedule on its coal reduction strategy and on track to eliminate coal from its electrical resources by 2025—five years early. The company's electricity production from Canadian coal was cut nearly in half in 2019 compared with 2015 levels, while generation from wind, solar and hydro have inched higher.

Its annual greenhouse gas emissions have been halved from 2005 levels to 21 million tonnes, and the company aims to slash them again to 10 million tonnes by the end of 2025, Farrell says. "We're just thinking about the investment strategy that could get us to net zero by 2050."

Farrell says she will often ask what her team knows and what it doesn't know, what individuals on her team see and do not see. "The job of leadership is to show people how they're leading and just kind of add energy when people get tired," she says, adding, "I never get tired."

Then she offers a caveat: "Sometimes I do, but I don't tell anybody. To me, it's, How do I add energy to the system so that everybody brings their best?"

PHOTOGRAPH FRED LUM/GLOBE AND MAIL

Left to right: **Lisa Trudell**, VP National Sales, **Mary-Jo Hewat**, SVP Human Resources and Facilities, **Debbie McPherson**, SVP Sales and Marketing, **Susan Carter**, VP Marketing & Communications, **Georgina Acosta**, VP Enterprise Risk Management, **Natalie Ferguson**, VP Loss Mitigation Operations, **Zoe Todorovic**, SVP and Chief Information Officer (seated)

SIENNA
SENIOR LIVING

LOIS CORMACK WENT FROM A FRONTLINE WORKER TO CEO. HER COMPANY'S FUTURE RESTS ON MAKING SURE OTHER WOMEN GET THE SAME OPPORTUNITY

BY **STEFANIE MAROTTA** | PHOTOGRAPH BY **LUCY LU**

WOMEN IN EXECUTIVE ROLES

83%

➜ | Lois Cormack, then 15 years old, pedalled her bicycle down a dirt road from her family's farm near Cannington, Ont., to begin her first job at a local retirement home. She didn't realize it at the time, but that day would launch a lifelong career in senior care.

Over those initial few weeks working with seniors, she observed that the owner—a woman in her 70s—called the shots not only for the team of nurses, chefs and program co-ordinators, but for the business as well. She tackled problems for staff and seniors while also considering the needs of a capital-intensive, resource-squeezed enterprise. She wielded the power to make big, impactful changes. Cormack admired her for it.

"I thought, *That's what I want to do—I want to be her*," Cormack says. "I realized very early on that you have to have a position of influence to make really significant change—you can't really do it at the front line. You might make a difference in the lives of residents and team members, but you won't have a significant impact on the business. So that's what I set my sights on."

More than four decades later, the 58-year-old president and CEO of Sienna Senior Living Inc. is the head of an organization with more female leaders than almost any other publicly traded company in Canada. Across the enterprise, women compose 83% of its senior executive team and 79% of executive directors in charge of its retirement residences and long-term care (LTC) homes. At the Markham, Ont., firm, gender diversity is reflected across the enterprise, from the C-suite to the managers of its local residences.

Women have led the company through a period of rapid growth driven by a growing retirement population. Cormack, who joined as CEO in 2013, has steered Sienna through an enterprise-wide rebranding as well as a cavalcade of acquisitions. She expanded the company from 30 properties to 83 long-term care and retirement residences in British Columbia and Ontario, making it the largest owner and operator of LTC facilities in the latter province. A central tenet of her strategy has been drawing on the expertise of her front-line staff—and then empowering them to become management. After all, Cormack started on the front lines herself.

Cormack spent years as a personal care worker and nurse before finally climbing into the leadership role she aspired to as a teenager. Eager to be part of her industry's business operations, Cormack pursued a part-time business degree and then launched a consulting firm focused on senior care that did work for the Ontario Ministry of Health. From there, Specialty Care, a private, family-owned senior living management business, recruited her into its ranks.

CORMACK JOKES WITH STAFF AND CLIENTS AT SIENNA'S KENSINGTON PLACE RETIREMENT RESIDENCE IN TORONTO

In 2013, Leisureworld Senior Care Corp., as Sienna was formerly known, acquired Specialty Care, where she was then president. Leisureworld began as an operator of LTC homes. After going public in 2010, it began diversifying into retirement residences, where pricing is more flexible compared with the world of government-regulated long-term care. The $254-million acquisition of Specialty Care added 10 new properties to its portfolio, increasing its retirement suites by 44%. Cormack became CEO of the expanded firm.

She inherited a company that was a collection of sub-brands, the result of recent acquisitions. After a six-month tour, visiting properties and hosting town halls with staff and seniors, she decided big changes were required.

"I realized there wasn't a common vision, mission or values across the company," she says. "The company had just entered into retirement housing, which was considered high-end luxury, but we also had long-term care that had a compliance-oriented culture. There was also the home-care business that thought it was completely distinct and didn't see itself as part of the company."

To streamline the company's disparate operations under one brand, Leisureworld became Sienna. Individual facilities, which previously bore the Leisureworld name plus the city it was located in, were rebranded with locally inspired monikers that reflect the surrounding community (for example, Kawartha Lakes in Bobcaygeon, Ont.; and Kensington Place in Toronto).

Cormack also overhauled the corporate culture's top-down approach to give greater authority to the people who spend their days interacting with residents. One of the earliest changes involved transferring responsibility for program scheduling from head office to the executive directors at local facilities. Through this approach, company processes became more efficient for personal-care workers, nurses and administrators over an 18-month period. Having experience in one of those on-the-ground positions started to carry greater weight when the company was recruiting for leadership positions. "We tried to grow from within," Cormack says. "We would rather take a personal support worker and help her become a nurse or a director of care."

Of Sienna's 12,000 employees, 8,000 are front-line workers. They care for seniors, tend to complex medical needs, build meal plans and schedule activities for residents. But if workers don't have a business education, climbing from the front line to the C-suite is a difficult journey—one that Cormack understands well. With that in mind, she set about recalibrating how Sienna approached recruitment and development.

Changing the company's culture required someone who understood the complicated, demanding world of senior care. So she brought on Joanne Dykeman, a registered nurse with executive experience, to oversee the LTC homes and residences scattered across Ontario and B.C. The pair began implementing education programs to teach business skills to frontline staff.

For example, Dykeman points to a certificate her team developed with York University. Sponsored by Sienna, nurses attend the year-long Director of Care Certificate in Clinical Leadership program to learn how to run parts of a senior-care facility. At the executive level, local residence managers can move into senior leadership roles while completing business degrees part time. "I'm very comfortable bringing people in if the fit is right and then helping them complement their experience with formal academic preparations," Dykeman says. "It's not just about getting an MBA. If you have the experience and are a good fit, we'll work with you."

Sienna's focus on supporting its employees has caused the number of internal promotions to increase each year. Today, internal promotions make up 55% of leadership roles, up from 33% in 2015. And women hold 77% of leadership positions.

Competition for talent will only intensify in the senior-care industry. Companies like Chartwell Seniors Housing Real Estate Investment Trust and Extendicare are ramping up construction to capture a share of a growing market. This increased pressure has meant a drop in occupancy rates in some of Sienna's retirement residences, even as it undertakes a slew of renovations to add beds at many of its properties.

Despite these pressures facing Sienna, analysts remain upbeat about its prospects. "There has recently been an increase in seniors' housing development in certain markets, which has led to temporarily elevated competition for seniors' housing operators and lower occupancy rates," says Brendon Abrams, an analyst at Canaccord Genuity Corp. "However, given the anticipated demand from Canada's growing senior population, we expect the new supply to be absorbed by the market over the next few years."

Cultivating internal talent will become increasingly important as the company confronts these long-term trends, according to Cormack. Retirement residence demand will outpace supply by 2023 in Sienna's key markets. Between an aging population, a shortage of health care workers and competitors eager to poach employees, Sienna remains focused on finding new ways to train its people.

Women on the front line of senior care will have greater opportunities to grow and develop—but only if executives support them, Cormack says. "It's about really helping them get there and leaders looking out for them, even if it's in going back to get a degree," she says. "You can do this. Our CEO was a personal support worker, so if that's what you want to do, you can do it. There's a path to get there."


FORTIS

FORTIS

WITH INVESTORS INCREASINGLY WORRIED ABOUT SOCIAL CONCERNS LIKE GENDER EQUITY AND CLIMATE CHANGE, FORTIS IS WELL-POSITIONED TO BE AN INDUSTRY LEADER. BUT HOW WILL IT ADDRESS ITS FOSSIL FUEL OPERATIONS?

BY **JOE CASTALDO** | PHOTOGRAPH BY **KARA O'KEEFE**

WOMEN IN EXECUTIVE ROLES

38%

← NORA DUKE, FORTIS EXECUTIVE VICE-PRESIDENT OF SUSTAINABILITY AND CHIEF HUMAN RESOURCES OFFICER, ON THE DOCK IN ST. JOHN'S

→ | On Jan. 17, snow was falling in Newfoundland. That, in itself, is not surprising. What is unusual is the flakes didn't stop. In St. John's, the city declared a state of emergency—within 24 hours, more than 76 centimetres of snow had fallen—businesses were closed, and people were advised not to leave their homes.

Barry Perry was among the snowbound—like everyone, he spent time shovelling. But he had a particular reason to be concerned about the record-setting storm. As CEO of Fortis Inc., he oversees Newfoundland Power, a subsidiary that provides electricity to 270,000 customers in the province. The storm knocked out power to about 10% of those consumers, mostly due to snapped electrical wires and salt spray from the Atlantic Ocean gunking up equipment. Crews toiled away to restore emergency power, even as the storm raged. Within 72 hours, electricity was flowing to all of Newfoundland Power's customers once again.

Perry saw it as a sign of strength. "We had about 15 hours of winds over 100 kilometres an hour and three feet of snow, and the power system held," he says.

An accomplishment for Fortis, sure, but it's not hard to find something a little unsettling about that storm. Extreme weather events are expected to become more common as the Earth gets warmer, putting electrical infrastructure under increasing strain. That's partly why climate change is top of mind these days for Fortis, which is a major power supplier in five Canadian provinces, nine U.S. states and three Caribbean countries. The St. John's–based company, which has more than $50 billion in assets, is also positioning itself as a leader on environmental initiatives, striving to reduce its own greenhouse gas emissions.

Some analysts think Fortis could earn a premium in the stock market for the progress it has made on environmental, social and governance (ESG) fronts. ESG investing, as it's known, is becoming increasingly popular as pension funds and other institutional investors reward firms that make a priority of, say, addressing gender diversity or climate change. Four of the company's 11 board members are women, as are 60% of the employees at head office. On the environmental front, Fortis started from a strong position: About 93% of its assets are dedicated to electricity transmission and distribution, while only a small portion involves power generation. "We are fortunate that we've been buying assets that have a lighter environmental footprint than most utilities," Perry says. "But that doesn't get us off the hook."

Indeed, Fortis still has two challenges to confront: coal and natural gas. The company is a producer of coal power in Arizona and a large supplier of natural gas in British Columbia. It also wants to become an even bigger player in the liquid natural gas (LNG) industry by expanding an existing facility in that province and building a pipeline for a proposed processing and export terminal operated by another firm. The question facing Fortis: How can it truly be an environmental leader while expanding its reliance on a fossil fuel?

Perry, 55, talks with an almost boyish enthusiasm about the utilities industry, which he realizes might sound strange. "Maybe people look at the utilities business and go, 'Oh my god, that's a boring business,'" he says. "I can tell you it's the most exciting damn business going right now." The industry's focus on cleaner energy, he says, is part of the reason.

Perry gave a speech at the Empire Club in Toronto last October about that topic and highlighted some of Fortis's initiatives, which included reducing emissions intensity by 63% between 2015 and 2018. Annette Verschuren, the former president of Home Depot Canada and current head of energy storage firm NRStor Inc., stood up at the end to congratulate him. "What you're doing," she said, "is so bloody impressive. This is one of the best speeches I've heard since I've been involved in the electricity market." Perry looked a little flushed.

He comes across as a humble guy, which could stem from his upbringing. Perry is one of nine kids and was raised in Pound Cove, a small town on the east coast of Newfoundland. At 16, Perry headed to St. John's to study commerce at Memorial University, the only one of his siblings to complete university. He worked for a local oil refinery and at Abitibi-Consolidated before joining Newfoundland Power as chief financial officer in 2000.

Fortis, which had been set up as a holding company for Newfoundland Power more than a decade earlier, was undergoing a rapid expansion. Led by Stan Marshall, Fortis snapped up assets across Canada, Belize and the Cayman Islands. Perry eventually found himself working alongside Marshall as Fortis tried to break into the U.S. regulated utilities business. Eventually, in 2012, the firm got there with the US$1.5-billion purchase of an electric utility in New York. After taking the helm in 2014 when Marshall retired, Perry didn't waste time making his own landmark acquisition, executing the US$11.3-billion purchase of ITC Holdings Corp., an electricity transmission company with a presence in seven U.S. states.

The focus these days is less on hunting for acquisitions and more on investing in what the company already owns. Fortis plans to spend $18.8 billion in the next five years to upgrade its equipment and infrastructure. Investors have bought into the plan—the share price is up 40% since Perry became CEO—and analysts are generally positive about the company. Even Andrew Bischof, a senior equity analyst at Morningstar who has a sell rating on Fortis, says that's only because the stocks in the sector as a whole are expensive. (Investors flock to utilities during times of uncertainty, due to their stable and predictable nature.) "The management team has done a really nice job there," Bischof says.

The ESG investing trend could help the stock fare better, however. The company's efforts toward gender parity are noteworthy. Not only do women compose about one-third of the executives throughout the Fortis group of companies, but women make up around 40% of its executive talent pipeline. "You can have many programs and many different initiatives, but unless you're really committed to [gender parity] in the long term, I don't think it really moves the needle," says Nora Duke, the company's executive vice-president of sustainability and chief human resource officer. Like many other companies, Fortis hosts professional development programs and events for women, but Duke is a little hard pressed to isolate any one factor to explain the company's results, other than executives making it a priority. “When we, as leaders, commit to it, things start to happen,” she says.

Fortis will try to use that same focus to get rid of coal.

➜ | Perry is the first to admit Fortis has more work to do. It is, after all, the operator of a coal-fired power plant in Arizona through a subsidiary called Tucson Electric Power. Those coal assets make up less than 5% of Fortis’s rate base, he points out, adding that the Arizona utility is nine years ahead of schedule in reaching its goal of having 30% of its retail sales consist of renewable energy. The utility will hit that target next year, owing to the construction of a 247-megawatt wind farm in New Mexico.

Coal may be a small part of the Fortis business, but emissions are a different story. In 2018, the company produced more than 11,000 kilotonnes of direct greenhouse gas emissions, according to its sustainability report. Coal power made up 67% of the total, owing to the Springerville Generating Station in Arizona. But Fortis doesn’t have any plans to shut it down any time soon. “That plant will continue to operate for some time,” Perry says.

Why not phase the plant out? There are cost considerations and the question of what could replace it, Perry says. “The battery storage technology is nowhere near where it needs to be,” he says of renewable energy.

Natural gas presents another issue. Fortis is a large supplier of the fossil fuel in British Columbia and wants to play an even bigger role in the nascent LNG market. The firm already produces about 53,000 tonnes of LNG for export to China at its facility on the Fraser River, the only Canadian company to do so today. It has plans to boost capacity at the facility, from 250,000 tonnes of LNG to 4.5 million tonnes annually.

The company is also slated to build a natural gas pipeline on the coast of British Columbia for a proposed facility operated by Woodfibre LNG Ltd., a subsidiary of Pacific Oil & Gas Ltd. in Singapore. Stretching 47 kilometres, the Fortis pipeline will be a fraction of the size of the Coastal GasLink pipeline, which will wind across 670 kilometres of land to the LNG Canada facility near Kitimat, B.C.

While the Fortis pipeline may not generate headlines like its much larger peer, it hasn’t escaped controversy. Tracey Saxby co-founded the environmental group My Sea to Sky in 2014 in opposition to the proposal. “LNG has been framed as clean energy, but it’s not,” she says.

The project is not a done deal: Woodfibre LNG has yet to make a decision on whether to go ahead. And even projects already under construction can get derailed. Protests have delayed the construction of the Coastal GasLink pipeline. Perry declines to say what ran through his head as the outcry spread across the country. He’d much rather talk about the role Fortis can play in driving cleaner energy consumption. “To be part of that massive transition away from carbon fuel?” He pauses. “Yeah. Wow.”

WHAT'S THE BEST WAY TO CREATE AN INCLUSIVE COMPANY?

Three leaders recently appeared on stage at a CEO Global Network event to weigh in on the question. They were Lenna Bradburn, Canada's first female police chief, who led the service in Guelph, Ont.; Sonia Kang, a University of Toronto associate professor of organizational behaviour and human resource management; and Carinne Chambers-Saini, co-founder and CEO of Diva International, which makes the Diva Cup. In a conversation moderated by The Globe and Mail's Deborah Aarts, the experts discussed building —and maintaining—an inclusive workplace. Here are some edited highlights.

→ | What's the goal?

Kang: When we're thinking about inclusion, oftentimes we can think really narrowly about inclusion. People think, *Okay, how can I accommodate women? How can I accommodate people from sexual minority groups? How can I accommodate people from racial minority groups?* rather than thinking about creating a holistic inclusive organization. The idea is basically creating an organization where every single person will feel included, without having to think about the individual needs of each person. In my work, I call this extreme inclusion. An example of this from city planning is curb cuts. If you have a stroller, it makes it really easy to get up on the curb. If you have any kind of mobility impairment or if you're walking with a small child, it helps you to get up on the curb. The reality is they're put in to accommodate wheelchairs, but so many other people are able to benefit from them. That's the idea of extreme inclusion, where small practices end up helping people who were not the original targets.

Bradburn: I think sometimes we forget organizations are just groups of people. We are mothers, fathers, children and parents. You need to consider the needs of everybody in the organization. A simple example: When I first went into the service, we were only ordering large latex gloves for officers to take in their cruisers. Most of the women—and a good number of the men—were going to the ER of our local hospital and asking the nurses for small and medium-size gloves.

Chambers-Saini: We recently put in a work-from-home policy—which took us over a year. We had an employee group, from all levels of the organization, that developed this program. I'm really excited to see how it actually improves productivity. If you don't have to fight traffic twice a week, and you can be home right at four o'clock when your kids get home, it doesn't really affect productivity.

Bradburn: I recall, back in the '80s, trying to get child-care policies in place in the Toronto Police Service, and we wanted to have job sharing as one of those strategies. It wasn't until we started talking about elder care that the head of labour relations, who had aging parents, started to think that was a great idea. The concept of elder care and child care just seemed to go together. In putting those ideas forward, we were able to get the power brokers to understand how it could relate to them.

→ | How do you change hiring practices?

Kang: The most important thing we can do at an organizational level is build structures that make it less likely that people are going to fall victim to their own biases. We think about stereotypes, and it's very, very difficult, if not impossible, to overcome those challenges. What we have to do instead is build structures and processes so that people can't apply those biases. A concrete example is anonymous resumé screening. There's really no need when you're looking at resumés to know the person's name. There just isn't. From my own research, I know that resumés that have Black or Asian names are 20% to 25% less likely to get a call back with the exact same resumé information. So invest in the resources to do anonymous screening of resumés. There is software out

PHOTOGRAPHS STEPHANIE FODEN

The Globe and Mail's Deborah Aarts (far left); three leaders (left to right) Lenna Bradburn, Sonia Kang, Carinne Chambers-Saini

there to help you do that.
Chambers-Saini: We're changing the way we evaluate how someone is going to fit into our organization, including having potential co-workers do actual interviews. Once we've screened them, they go to the next round with a peer-to-peer interview.
Kang: There's research showing that the most powerful way to increase diversity in hiring is by putting people in charge of those things. Have diversity managers and diversity task forces that are specifically responsible for ensuring diversity in recruitment and hiring. Then hold them accountable once people are hired to make sure they don't leave. Give people the power rather than a high-level ideal.

→ | How do you stay inclusive?

Bradburn: When I was in Guelph, the person who was closest to an issue would write the policies and procedures, unless there was a compelling reason to do otherwise. That was a really big mind shift in a policing context. We were used to going to somebody else to make the decision, rather than enabling the front-line member.
Chambers-Saini: I don't think we should look at diversity and inclusion in the workforce as a box and say, "Okay, we need to have so many women." That's why I don't like the idea of having it mandated or legislated. It has to come more organically as a benefit to the organization.
Kang: Most of the time when we see people talking about diversity and inclusion, it's in a very idealistic way. But get out of your head and get into your body. Think about connecting your ideals to the specific behaviours. Oftentimes you're in a meeting, a hiring meeting, and someone says something vaguely sexist, and then two days later, you're like, "Oh, I should've said this thing." Be prepared with the thing before you go to the meeting. Get out of your mind and into your body, your voice, and your actions.

2020 HONOUREES

WITH AN AVERAGE OF 44% WOMEN COMPRISING THEIR EXECUTIVE RANKS, THESE COMPANIES OFFER A BENCHMARK FOR OTHERS. COMPANIES WERE GROUPED BY MARKET CAP, THEN LISTED ALPHABETICALLY.
FOR OUR FULL METHODOLOGY, SEE PG. 27

$5 BILLION+

Rekha Ranganathan, president, CAE Healthcare

Roughly 5% of pilots around the world are women. To address this imbalance, flight simulator maker CAE launched its Women in Flight scholarship program last year, which awards five scholarships to aspiring women pilots and provides the candidates with their first jobs through partner airlines. Roughly a decade ago, the Quebec-based firm itself had no women among its executives, but it has made significant changes through an emphasis on cultivating talent. Last year, CAE launched Dare, a one-year training program aimed at addressing common issues women face at work, such as negotiating, networking and taking risks.

COMPANY	INDUSTRY	1-YEAR REVENUE GROWTH	WOMAN CEO OR EQUIVALENT	TIER 2 EXECUTIVES % WOMEN	TIER 3 EXECUTIVES % WOMEN
CAE Inc.	Industrial products	**16.1**	No	50	20
Dollarama Inc.	Retail	**6.6**	No	50	33
Fortis Inc.	Gas & electrical utilities	**0.48**	No	33	50
Genworth MI Canada	Insurance	**-8.03**	No	43	N/A
H&R REIT	Real estate developer	**-18.85**	No	33	40
Intact Financial	Insurance	**13.29**	No	40	32
Lundin Mining	Mining	**-15.75**	Yes	17	43
Parkland Fuel	Retail	**50.46**	No	38	N/A

Helena Gottschling, chief HR officer

This year, Royal Bank of Canada released "That Little Voice," a series of videos aimed at promoting inclusion in the workplace. "You know that little voice in your head? The one that tells you to ignore a tasteless joke?" asks a voice-over. "Instead of listening to that little voice, you need to find yours and make it heard." The initiative covers various forms of exclusionary behaviour, ranging from overt racism to interrupting a female colleague in a meeting. In addition to the videos, the bank released guidebooks to help employees confront unwelcome behaviour when they see it.

COMPANY	INDUSTRY	1-YEAR REVENUE GROWTH	WOMAN CEO OR EQUIVALENT	TIER 2 EXECUTIVES % WOMEN	TIER 3 EXECUTIVES % WOMEN
Royal Bank of Canada	Banks	**13.83**	No	22	41
Sun Life Financial	Insurance	**3.43**	No	27	53
TC Energy	Management	**-3.42**	No	38	N/A
Toromont Industries	Wholesaler	**49.19**	No	0	100

MARKET CAP DETERMINED AS OF FEB. 28, 2020

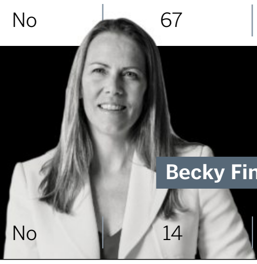
$2 BILLION to $5 BILLION

Jennifer Wong, president and COO

As a retailer catering to women, Aritzia has a workforce that is overwhelmingly female, including 98% of its retail management team. Half of its executive team is women, including president and chief operating officer Jennifer Wong, who joined the company in 1987 as a part-time sales associate. In her various roles, she oversaw both the company's U.S. expansion in 2007 and the successful launch of its e-commerce business in 2012.

COMPANY	INDUSTRY	1-YEAR REVENUE GROWTH	WOMAN CEO OR EQUIVALENT	TIER 2 EXECUTIVES % WOMEN	TIER 3 EXECUTIVES % WOMEN
Aritzia Inc.	Retail	**16.06**	No	50	100
Ballard Power Systems	Industrial products	**-20.15**	No	0	100
Boardwalk REIT	Real estate developer	**2.11**	No	40	50
Capital Power	Gas & electrical utilities	**28.05**	No	25	100
Chartwell Retirement Residence	Other services (retirement homes)	**9.92**	No	67	71

Real estate firm Colliers has operated a mentorship program since 2016, with the number of participants growing 32% year over year. Of the women who have participated in the program, 43% have been subsequently promoted. Further, the company has made efforts to increase the number of women it hires, reaching 48% in 2018, up seven percentage points from two years earlier.



Becky Finley, SVP

COMPANY	INDUSTRY	1-YEAR REVENUE GROWTH	WOMAN CEO OR EQUIVALENT	TIER 2 EXECUTIVES % WOMEN	TIER 3 EXECUTIVES % WOMEN
Colliers International	Other services (real estate)	**16.06**	No	14	77
Cominar REIT	Real estate developer	**-12.01**	No	67	27
Dream Unlimited	Real estate developer	**1.07**	Yes	50	N/A
First Capital REIT	Real estate developer	**-26**	No	50	67
First Majestic Silver	Precious metals	**14.81**	No	67	N/A
Green Thumb Industries	Biotech & pharmaceuticals	**586.46**	No	50	N/A
Hudson's Bay Co.	Retail	**-1.24**	Yes	22	N/A
Killam Apartment REIT	Real estate developer	**15.03**	No	60	67
Linamar Corp.	Industrial products	**16.62**	Yes	7	22
Lions Gate Entertainment	Entertainment	**-10.86**	No	38	33
PrairieSky Royalty	Oil & gas production	**-21.02**	No	50	100
Seven Generations Energy	Oil & gas production	**31.95**	No	33	38
TransAlta Corp.	Gas & electrical utilities	**2.11**	Yes	43	0

$500 MILLION to $2 BILLION

COMPANY	INDUSTRY	1-YEAR REVENUE GROWTH	WOMAN CEO OR EQUIVALENT	TIER 2 EXECUTIVES % WOMEN	TIER 3 EXECUTIVES % WOMEN
AltaGas Canada	Oil & gas production	**-0.41**	No	67	0
Aphria Inc.	Biotech & pharmaceuticals	**281.35**	No	57	25
Cogeco Inc.	Broadcasting	**8.35**	No	33	60
Corus Entertainment	Entertainment	**1.92**	Yes	14	49
Equitable Group	Financial services	**18.13**	No	38	N/A

According to Laurentian Bank's diversity policy, at least 30% of the bank's independent directors should be women. Currently, Laurentian has exceeded that target, with women representing half of its board.

Deborah Rose, EVP and COO

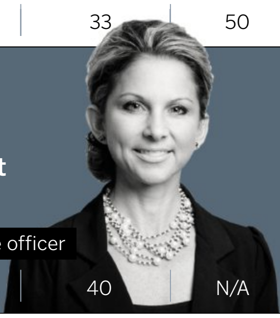
Laurentian Bank of Canada	Banks	**13.29**	No	17	58
Magellan Aerospace	Industrial products	**1.18**	No	100	29
Mainstreet Equity	Real estate developer	**-6.76**	No	0	100
MTY Food Group	Other services (restaurant)	**26.83**	No	40	45
New Look Vision Group	Other services (eye care)	**27.48**	No	50	50
Park Lawn	Other services (funeral homes)	**84.03**	No	0	75
Russel Metals	Wholesaler	**26.29**	No	100	57
Sienna Senior Living	Other services (retirement homes)	**14.89**	Yes	67	100
StorageVault Canada	Other services (storage)	**56.13**	No	50	50
Torex Gold Resources	Precious metals	**44.07**	No	50	33

UNDER $500 MILLION

COMPANY	INDUSTRY	1-YEAR REVENUE GROWTH	WOMAN CEO OR EQUIVALENT	TIER 2 EXECUTIVES % WOMEN	TIER 3 EXECUTIVES % WOMEN
Athabasca Oil	Oil & gas production	**-3.61**	No	0	100
BMTC Group	Retail	**-0.19**	Yes	50	0
Caldwell Partners Intl.	Other services (recruitment)	**15.73**	No	0	75
Calian Group	Other services (consulting)	**10.74**	No	25	100
Cervus Equipment	Consumer products	**10.65**	Yes	25	33
Chesswood Group	Retail	**15.36**	No	100	N/A
Clearwater Seafoods	Food production or distribution	**-10.45**	No	50	33
Conifex Timber	Forest products	**42.59**	No	100	25
Golden Star Resources	Precious metals	**-11.82**	No	25	67
Indigo Books & Music	Retail	**-3.02**	Yes	20	71
ISC	Other services (data management)	**8.67**	No	25	75
K-Bro Linen	Other services (uniforms)	**40.51**	Yes	50	N/A
Le Chateau	Retail	**-6.62**	Yes	50	50
Lucara Diamond	Mining	**-20.19**	Yes	100	50
MCAN Mortgage	Financial services	**-1.87**	Yes	38	N/A
Mediagrif Interactive Tech.	Technology	**3.03**	No	40	50
Mogo Inc.	Technology	**24.9**	No	50	N/A

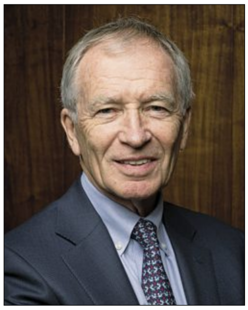
COMPANY	INDUSTRY	1-YEAR REVENUE GROWTH	WOMAN CEO OR EQUIVALENT	TIER 2 EXECUTIVES % WOMEN	TIER 3 EXECUTIVES % WOMEN
Perpetual Energy	Oil & gas production	**19.61**	Yes	25	N/A
Pine Cliff Energy	Oil & gas production	**-16.37**	No	50	50
Prairie Provident Resources	Oil & gas production	**-5.86**	No	100	33
Reitmans (Canada)	Retail	**-4.73**	No	50	63
Roots	Retail	**2.85**	No	50	50
Sherritt International	Mining	**-75.81**	No	17	100
Sportscene Group	Other services (restaurant)	**9.77**	No	33	50
Trevali Mining	Mining	**21.09**	No	40	N/A
TVA Group	Broadcasting	**-6.41**	Yes	30	N/A
WildBrain	Entertainment	**3.34**	No	50	50
Yellow Pages	Publishing & printing	**-20.71**	No	0	100

Just over a year ago, underground mining firm Trevali had no women on its executive team. In addition to appointing new female executives, the company has also increased the number of women on the senior management teams of its various operations. The chair of its board of directors is Jessica McDonald, a former CEO of BC Hydro.



Joanne Thomopolous, chief people officer

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.

Phillip Crawley

Elizabeth Boright
to Alberta Managing Director
Accenture

Liane Kelly
to Board of Directors
B2Gold Corp.

Gordon Johnson
to Vice-Chair
British Columbia Securities Commission (BCSC)

Jason Storah
to Chair of the Board
CANATICS

Bernard Lord
to Board of Directors
Cogeco Communications

Mike Gooley
to Managing Director
Ferguson Partners

Michelle Rutledge
to Senior Director
Ferguson Partners

Golnaz Yekrangian
to Senior Managing Director, Financial Services
Ferguson Partners

R. Jeffrey Orr
to President and CEO
Power Corporation of Canada

Julia McGillis
to Canadian Data and Analytics and Fintech Practices
Spencer Stuart

Nirvan Nuckchedee
to North American Industrial Practice
Spencer Stuart

Michelle Sharp
to North American Human Resources Practice
Spencer Stuart

Sheila Murray
to Board Chair
Teck Resources Limited

Caroline Riseboro
to President and CEO
Trillium Health Partners Foundation

THE GLOBE AND MAIL

APRIL 2020

ERICA LAU

CHIEF EXECUTIVE OFFICER AND LEAD PORTFOLIO MANAGER,
NORTH GROWTH MANAGEMENT LTD., VANCOUVER

Fossil-free investing is now gaining momentum, but Vancouver-based North Growth Management has long been far ahead of the curve. The firm oversees $642 million in assets, and its North Growth U.S. Equity Fund sold its last energy stock 15 years ago. Launched by Rudy North (a co-founder of the former Phillips, Hager & North Investment Management Ltd.), the company also shuns tobacco stocks. Managers say these strategies haven't hurt long-term returns. Since its inception in 1992, the U.S. stock fund has outpaced the S&P 500. We asked veteran portfolio manager Erica Lau, 45, why she still eschews oil and gas, and is bullish on electronics retailer Best Buy.

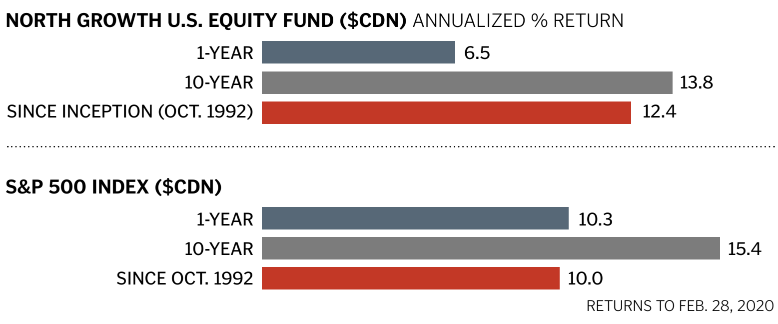
Investment giant BlackRock Inc. announced plans in January to shift out of fossil fuel stocks in its actively managed funds. Why did North Growth decide early on to avoid energy and tobacco?
We divested our last oil and gas stock, Chesapeake Energy, in 2005. At that time, oil and gas producers didn't meet our strategy to buy growth stocks at reasonable prices. Our fossil-free position has since evolved, and we now believe those investments don't offer compelling returns as the world shifts toward decarbonization to mitigate climate change. Oil and gas stocks are also pretty risky because they're a commodity play. We have never owned tobacco stocks, but that is a moral position of our founder, who believes other industries can offer equally attractive returns. E-cigarette, vaping and cannabis stocks are also prohibited.

How are you investing in energy now?
We have been investing in clean and renewable energy since 2010. We believe that non-carbon-based sources will capture the dominant share of global energy demand growth. We own First Solar, a manufacturer of solar panels. We also like SolarEdge Technologies, which makes power optimizers that attach to the back of solar panels and inverters, which harvest the power. It was the fund's top performer last year with a 163% gain. In our younger Canadian Equity Fund, we have long been shareholders of Ballard Power Systems, whose hydrogen fuel cells can power electric buses and trains. Fuel cells can be more effective than battery technology, which has limited range and use in heavy-duty vehicles. Ballard is not yet profitable, but we believe in the long-term story.

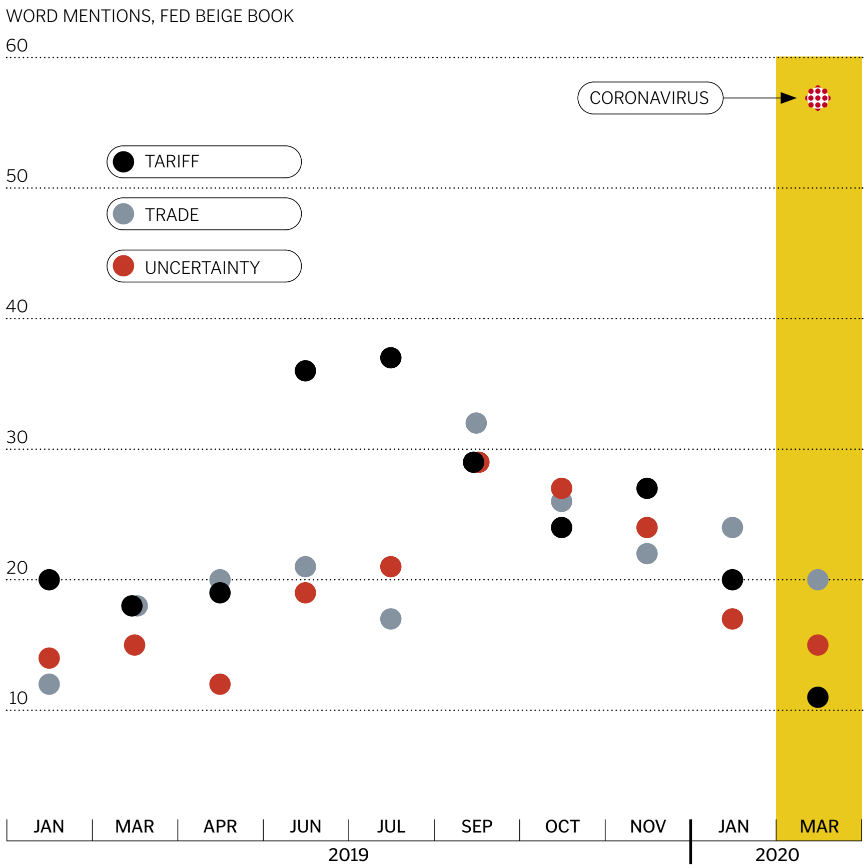
Where else do you see opportunities?
Our U.S. fund is invested 40% in technology and 20% in health care. As valuations rose, we reduced our weightings in Microsoft and Apple, which we have owned since the early 2000s. We've added smaller tech names, such as Motorola Solutions, a data communications and telecom equipment provider. In health care, we like Bristol-Myers Squibb after its purchase last year of Celgene, a biotech we owned. Bristol-Myers has a strong oncology franchise and can benefit from Celgene's drug pipeline. Medical device companies, such as Abbott Laboratories and Zimmer Biomet Holdings, have done well for us. We also own health insurer Anthem despite some U.S. Democratic presidential candidates calling for a publicly funded health care system. Political headwinds come and go. We just pay attention to the fundamentals.

Why do you own Best Buy when retailers are struggling?
We see value in this sector because some retailers have undergone a lot of changes. Best Buy shares gained 64% last year. It has grown earnings because of its online offerings and services. It owns Geek Squad tech support, and it bought Great Call and other companies to offer health care and technology services to seniors. We still like American Eagle Outfitters and Urban Outfitters, even though their stocks underperformed last year. Both retailers have strong balance sheets and omnichannel retail strategies. We believe those brands are still valuable to consumers.

What is your outlook for the U.S. stock market?
We have been cautious since 2017. We're in the longest U.S. economic expansion and bull market ever, with huge political uncertainty and geopolitical risks. The coronavirus will also have a negative impact globally. We expect slower economic growth and earnings this year. As a defensive move, we have diversified—we are holding more stocks that have smaller weightings. **/Shirley Won**



PHOTOGRAPH MARLEY HUTCHINSON; SOURCE FOR RETURNS: NORTH GROWTH MANAGEMENT



DECODER

WANT TO TRACK MARKET ANXIETY? LISTEN TO THEIR WORDS

In early March, the day after U.S. Federal Reserve chair Jerome Powell announced a surprise interest rate cut driven by fears the coronavirus could cripple the economy, the release of the Beige Book gave investors and economists further insight into what motivated the central bank to act. Named for its bland-coloured cover, the report is a collection of anecdotes and observations from local businesses, economists and market participants gathered by the 12 regional federal reserve banks. The latest edition showed clearly what was on their minds. Oxford Economics counted how often certain words appeared in the last year's worth of Beige Books. The tally showed fears over tariffs and President Donald Trump's trade war with China had dramatically given way to anxiety over the spread of COVID-19.

For instance, several representatives of the manufacturing sector told the Dallas Fed that the virus "was negatively impacting their supply chain, particularly in high-tech and chemical manufacturing." The Atlanta Federal Reserve heard from transportation executives who reported that "cancelled flights to China have reduced air cargo capacity significantly." Meanwhile, tourism officials told the Richmond Fed about groups calling off travel plans to the District of Columbia over coronavirus fears.

The Beige Book, released eight times a year before the Federal Open Market Committee meets to vote on rate decisions (the early March cut was unscheduled), has come to be closely watched by investors as a leading indicator for the health of the economy. However, its forecasting powers have long been disputed. One 2002 study, in the Journal of Money, Credit & Banking, determined the Beige Book has "significant predictive content for current and next quarter real GDP growth." On the other hand, an earlier study by the Minneapolis Federal Reserve deemed it "a better mirror than a crystal ball." As the full extent of coronavirus becomes more apparent over time, investors will likely watch the words in subsequent Beige Books even more closely. **/Jason Kirby**

FOR YOUR CONSIDERATION

ATS AUTOMATION TOOLING SYSTEMS INC.
CAMBRIDGE, ONT.

REVENUE (2019)
US$1.3 BILLION

PROFIT (2019)
US$71 MILLION

P/E RATIO (TRAILING)
31

Many star Canadian tech companies have suffered a painful reckoning after a visionary founder or CEO leaves (hello Ballard, Nortel, BlackBerry and plenty more), and solid recoveries are rare. It's very hard to come back.

ATS Automation Tooling Systems Inc., based in Ontario's Waterloo Region tech hub, was founded by German-born engineer Klaus Woerner in 1974, and it grew to be an international leader in making manufacturing equipment for autos, pharmaceuticals and other industries. But after Woerner died in 2005, ATS's share price sank by more than half as activist investors wrestled control of the board in a proxy fight in 2008.

The recovery in revenues and earnings was uneven at first. But current CEO Andrew Hider arrived in 2015, and he has steadied progress. An American-born engineer and MBA, Hider, 42, has been a senior executive at a half-dozen companies, including General Electric Co. and the Taylor Made Group.

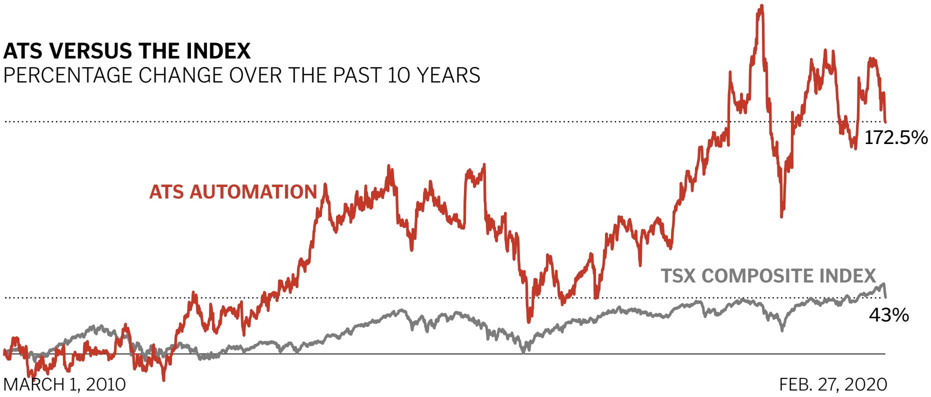
Based on his experience, Hider isn't betting on one product or world-beating technology; he's counting on process, precision and teamwork—plenty of all three. "One thing that's true across those companies, when I build a strong team, they deliver," he says.

ATS has customers in four broad market segments: life sciences, transportation, energy and consumer. But within them, it likes very specific industries and products, many with complex regulations, such as pharmaceuticals or nuclear, which pose high barriers to entry for upstart competing manufacturers.

Those barriers also keep profit margins healthy. Hider cites Insulet Corp, which makes the Omnipod, an intricate wearable device that administers insulin to diabetes patients. Insulet had been manufacturing in China. But ATS helped the company shift to Massachusetts—“not exactly a low-cost region,” he says—in 2018, which improved quality and Insulet’s margins.

ATS’s own structure is also very complex. The company operates in 22 countries, and its investor presentations are chock full of elaborate diagrams outlining its ATS Business Model (ABM). Whether investing internally or through mergers and acquisitions, the ABM provides a roadmap with yearly, quarterly and even daily performance targets.

ATS VERSUS THE INDEX
PERCENTAGE CHANGE OVER THE PAST 10 YEARS



“When we look at capital allocation, it’s what’s going to *drive* the highest return to our shareholders,” says Hider. (He rarely goes more than a few sentences without using the word “drive” emphatically).

The growth in ATS’s share price since the bottom of the financial crisis in 2009 has indeed been impressive. It has climbed by about 400%, roughly four times more than the S&P/TSX Composite Index. That’s put the stock at a relatively high price-earnings ratio lately, but it has swung widely on occasion, like a 40% decline in late 2018. Classic advice applies: Buy on the dips. **/John Daly**

TURNING POINT

Stream house

The dawn of the Netflix age sparked a content bonanza—and thanks to Jennifer Twiner McCarron, Thunderbird Entertainment is growing right along with demand

JENNIFER TWINER McCARRON
CEO of Thunderbird Entertainment since June 2018

2019 revenue $61.5 million

Frank Giustra, the billionaire founder of Lion's Gate Entertainment, is a director

Thunderbird's roster includes *Kim's Convenience* on CBC; *Highway Thru Hell* on Discovery; and *The Last Kids on Earth* on Netflix

I grew up in production. My first job, in the late '90s, was at Mainstream Entertainment, where they were doing the first computer-animated TV series, called *ReBoot*—that show is now in the Smithsonian. While I was on maternity leave for the second time—it turned out to be twins—I got a call from Atomic Cartoons, which only had about 20 people and wanted me to help build the studio. In 2015, we signed a deal with a guy in Sydney who had the rights to the Beatles' music, and we developed it into the show *Beat Bugs*. Thunderbird Entertainment acquired us, and it invested quite a bit of money in the show.

Back in the day, we were all vying for a Saturday morning cartoon spot between 8 a.m. and noon. But then Netflix changed the game, not just with streaming but by setting itself up as a studio. When it bet the house on *House of Cards*—and spent US$1 million per episode—things started to shift.

The reason everyone wants to get into streaming is because it's a great business model, and you have all these new players that aren't exactly startups: Apple and Disney and HBO and NBC. And it's a great time for us to be content creators, because there's such a luxury of places to sell to. Streamers are measured on subscribers, not ratings, so they constantly have to refresh their sites. There's a constant need for content. Plus, the old model meant you would have to get a Canadian sale, and then find U.S. and international sales. You'd have to piece the whole thing together. Now, it's much easier to put shows together. And when you deliver, they drop in 190 countries and 40 different languages.

So with *Beat Bugs*, we felt we should go to where more people's eyeballs were. We pitched it to Netflix in Los Angeles, and we sold it in the room. We went off and made 52 episodes and set up a toy line. We still have great relationships with the Canadian broadcasters—we do a ton with Discovery, like *Highway Thru Hell*, and with CBC on *Kim's Convenience*. And those places are having a renaissance as well, because they have to compete with streaming.

A year after *Beat Bugs*, Thunderbird asked me to run the entire company, and five months later, we went public. It's a steep learning curve—it's like the MBA I never got. Though I'm still more comfortable in a boardroom at Disney than I ever am on Bay Street.

We now have 1,000 employees. We've opened an animation studio in Ottawa and increased our footprint in L.A.—we have about 120 people there. That's where all the buyers are, so having boots on the ground was key to starting to grow the business through sales. It doesn't diminish us as a Canadian entity; it has just given us more places to sell that content.

Since we live in a day and age where you can watch any time, anywhere, on any device, only the best will stand out. So we're staying true to our mission: making content that makes the world a better place. If you boil down the value of our work in the kids space, we're helping parents cook dinner quietly. We're not saving the whales. **/Dawn Calleja**

ILLUSTRATION KYLE SCOTT


Looks smart.
Parks smart.
All-new SONATA.