

REPORT ON BUSINESS



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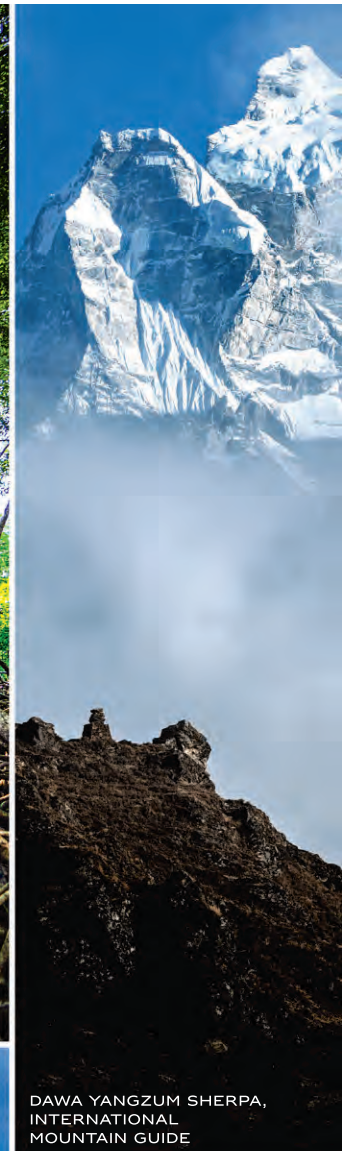
MEET THE MI'KMAQ CHIEF CHARTING A NEW COURSE FOR CANADA'S LARGEST SEAFOOD COMPANY

Chief Terry Paul, CEO of the Membertou First Nation

APRIL 2024



ROLEX AND NATIONAL GEOGRAPHIC
PERPETUAL PLANET AMAZON EXPEDITION



DAWA YANGZUM SHERPA,
INTERNATIONAL
MOUNTAIN GUIDE



FRANCESCO SAURO, EXPLORER



CRISTIAN DONOSO, EXPLORER



GHISLAIN BARDOUT,
EXPLORER



WHAT DO THEY SEEK?

Explorers, adventurers, scientists. Men and women who always broadened the horizons, for all humankind to share. Rolex was at their side when they reached the deepest point in the oceans, the highest summits of the Earth, the deepest jungles and both poles. But now that we know, more than ever, that our world has its limits, why do they continue to venture out there, again and again?

Certainly not for kudos, accolades, or an ephemeral record. What they truly seek is to understand more intimately how complex and delicate our planet is, to document its change and how together, we can affect it for the better. So as long as they need it, we will be at their side. Because today, the real discovery is not so much about finding new lands. It's about looking with new eyes at the marvels of our planet, rekindling our sense of wonder, and acting to preserve our pale blue dot in the universe...

Doing our very best for a Perpetual Planet.

#Perpetual



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¹Inception Date: April 19, 2022. ²Inception Date: September 30, 2021.

³Estimated portfolio net yield is as at January 31, 2024. Calculated by subtracting applicable fees and expenses (Series F) from the gross yield of the portfolio. Information regarding distributions paid from Fund (which are related to but different from the portfolio yield) is available on www.mackenzieinvestments.com

4 EDITOR'S NOTE

5 FEEDBACK

7 NEW RULES

When phones get too smart, they become an all-consuming addiction. Maybe they need to be dumbed down

8 THE EXCHANGE

The shift to clean power is making choices tougher for massive utilities like Fortis Inc. It could use more carrots and fewer sticks

12 BIG IDEA

Spotting and actually eliminating corporate BS isn't just a feel-good exercise. It can boost the bottom line

14 WHAT YOU CAN LEARN

There's way more to Seth Rogen than his stoner persona. But hey, dude—the schtick still works

16 DECODER

Profit per employee can be both revealing and confusing. Ask an oil company. Or Tims

17 FOR YOUR CONSIDERATION

Packaging and labelling giant CCL's stock popped by \$10 recently, and it may keep growing. Plus, if you invest in EVs, can you avoid Elon?

18 SMART MONEY

Small caps are back, but Mackenzie Investments' Dongwei Ye still looks for additional catalysts to generate fat returns

56 TURNING POINT

Nova Scotia's Cabot Links now anchors Ben Cowan-Dewar's global golf and leisure operation—one he says is environmentally sound

20

KEEP CLAM AND CARRY ON

In 2020, Cape Breton's Membertou First Nation was part of a group that acquired giant Clearwater Seafood. Indigenous leaders no longer have to feud with corporate Canada; they can start buying it. /By Jason Kirby

30

I'M WITH THE BRAND

Toronto's Jamie Salter now runs New York-based Authentic Brands, which has recharged dozens of brands like Juicy Couture and Reebok, and the careers of Shaq, David Beckham and more. When the strategy works, wow. But then there's *Sports Illustrated*. /By John Daly



Wesdome's
Anthea Bath
Page 49

39

WOMEN LEAD HERE

Our annual benchmark study of women in corporate leadership

WHY WOMEN LEAVE

Despite the you-go-girl platitudes, the percentage of Canadian companies with women CEOs has declined. If the trend holds, there will be more CEOs named Mike than there will be women. (We counted.) /By Deborah Aarts

Meet the 97 companies that made our list, and read about four women CEOs on what needs to be done to help more women follow them up the corporate ladder.

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PHOTOGRAPH STEPH MARTYNIUK



Leaving so soon?

The story of Jennifer Wong's rise through the ranks at women's clothing retailer Aritzia is an inspirational one. She started as a sales associate at a store in Vancouver in 1987, while studying economics at UBC. The teenager quickly impressed exacting founder Brian Hill, who'd opened the first Aritzia location three years earlier. "She had an ability to cut out the noise and eloquently share an opinion," Hill told *ROB* magazine for a 2020 cover story on Wong. The chain now has more than 100 stores across North America, with revenue of \$2.2 billion—and Wong's been there for all of it. She was named COO in 2007 and president in 2015, a year before Aritzia went public in the biggest IPO of that year. In mid-2022, Hill announced she'd succeed him as CEO. Aritzia has appeared on our Women Lead Here benchmark since we launched it five years ago, and 69% of its executive team are women—making it the top company on this year's list (which you can see on page 52).

It's the stuff of corporate fairytales. But like most such stories, this one has a dark side. This past July, *Business Insider*

published a story alleging that Hill—now Aritzia's executive chair and controlling shareholder—has fostered a toxic work environment in which he "prioritized aesthetics above all else...and at times became so enraged that he yelled and threw things in front of his employees." The allegations include associates being fired for not being cute enough, racism against Black employees and deteriorating mental health due to high-pressure sales targets.

Wong wasn't keen to tackle the allegations against Hill head on—and as yet another woman stuck facing the fallout from a man's poor behaviour, who can blame her? "We pride ourselves on our inclusive culture, incredible diversity and opportunities for growth," Wong said in a statement to *ROB*. "Having worked my way up through various roles, I count myself among the many success stories at Aritzia. We celebrate our expansive and diverse community, and strive to reflect it through our brands, people and the self-expression we encourage through fashion."

It might be hard to square the *Insider* allegations with Aritzia's strong performance on our Women Lead Here benchmark. But it drives home an important point, one that the vast majority of women—particularly women of colour—understand intuitively: One woman succeeding at an organization does not automatically mean it is welcoming to and respectful of *all* women.

And that's the problem with today's diversity discourse. Sometimes we can get lost in the data and forget the most important part: making sure women and people of colour stick around, and are given the chance to participate fully in and contribute to the corporate culture. Hiring, in other words, is just the start of the journey. And judging by the number of high-profile women who've decamped from top jobs over the past few years, it's clear companies aren't doing a great job on that score. For more, read Deborah Aarts's essay, "Why women leave," on page 40. We hope it helps companies create better work environments for everyone—until we can finally stop talking about it. /Dawn Calleja

Send feedback to
 robmagletters@globeandmail.com

Flat tire?

Our cover story on Canadian Tire's innovation efforts to launch 12,000 new products prompted plenty of wholesome comments—and more than a few scathing ones.

I actually like Canadian Tire and shop there often. I agree with others who question manufacturing in China. For many reasons, I would prefer they do so somewhere else. As for quality, you get what you pay for. As in the article, there are different price points for a reason.

—Dmacmillanhai

Wherever it's sourced, selling poor-quality products that fail early doesn't seem to be a good strategy for an iconic retailer like Canadian Tire. I hope they can find the right balance between quality and price. Their efforts at innovation should be applauded—innovation is something that seems to be in short supply in Canada, where “good enough” is acceptable more often than it should be. —kayak27

The Tire has been running on a flat for some time. Boosting product quality would be a good start. Then maybe find an expert in online buying. —Top Level2

The CT store is our only vibrant church, attracting huge crowds on Sunday morning. —Ancient Mariner

I go out of my way to buy at CT rather than at Amazon or Walmart. Gotta support one of the

few actual Canadian retailers of any size left. —AceMcFool

I watched Beaver Lumber—which had a big head start, loyal customers and good products—get blown out of the water by Home Depot and Rona. Smarten up or say goodbye to Canadian Tire. It can be run into the dirt, just like Beaver Lumber. —pppp

Over-compensating

Jason Kirby's Decoder chart singled out CEOs whose comp far outweighed net income.

Dismally, “short-termism” has become the norm. Prop up your business with debt that still allows it to run and thus its executives to extract bonuses and shareholders financial rewards. Once they're done extracting the value of the company, the executives retire having made huge amounts of money, and the investors move on to the next victim—sometimes bringing the previous execs with them. —MRVelichi

Whatever happened to pay for performance? KPIs? Business needs more Lee Iacocca and less John Chen. —Jim Kenny

Hot topic

Jeffrey Jones laid out where Canada is falling down on the clean-energy transition. (Hint: financing.)

Just look at one graph—fossil fuel financing by Canadian banks. World-beating. It's short-term profit over planet. Also, carbon capture, utilization and storage (CCUS) uses a huge amount of energy and only works to collect CO2 used to get more fossil fuel from fracking. Don't waste my tax dollars on this scheme. —Gb121

I want the banks I own shares in to do their job—maximize their

profits, and the value of my shares and dividends. The activists are welcome to do whatever they wish (within legal limits) to deal with climate change. If the activists think they need to invest in green things, go ahead. Or gather up a bunch of like-minded people to fund the projects, and then do it. If they do not wish to invest in non-green things, that's fine, too. But do not tell me what I should invest or not invest in.

—Peter Kosacky

Lord Stern pointed out many years ago that it was far cheaper to change our habits and develop new technologies than to pay the price of dealing with the aftermath of extreme weather events. The longer the fossil fuel industry delays things, the more we spend and the further behind we get in green technologies, where big money is to be made. Those “activist” companies you pooh-pooh are where big share gains are to be made. —Chris in Ottawa

If we want to be climate leaders, we need to get our economy moving first. We simply cannot transition from a position of economic weakness which, thanks to the current government, we are knee-deep in. —Rovenbird

When the 70,000 partiers who flew to their luxury-resort rooms at COP23 in Dubai finally learn how to videoconference, perhaps people will take climate activists more seriously. —Nelson100

Our household decided to play the “reduce our emissions” game, just to see how easy it might be to halve our footprint. Got a smaller car, some new windows, shopped for clothes less, cut out one annual flight. Done. And it cost us “negative dollars” each month in the form of reduced expenses. Anyway, if it turns out there never was a crisis, we'll just be...richer, I guess. —app_71259796

More energy masochism from Jeffrey Jones. —ChuckT

Images of Muppet Labs, with Dr. Bunsen Honeydew and his ever-explodable assistant Beaker come to mind. —Ted Baker1



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IT'S THE END OF THE WORLD AS WE KNOW IT

"The short-term, dopamine-driven feedback loops that we have created are destroying how society works"

—Social Capital founder (and Ottawa native) Chamath Palihapitiya, then a VP at Facebook



04/24

ADVERSE EFFECTS OF TOO MUCH SCREEN TIME



Sedentary behaviour



Eye strain



Musculoskeletal problems



Increased risk of depression, anxiety and social isolation

ALL APP-OLOGIES

"Match's business model ensures that addiction increases earnings." That's according to a class action lawsuit—filed in San Francisco on Valentine's Day—alleging the Dallas-based company's dating apps, which include Hinge and Tinder, actively prevent users from finding love

\$3.4 BILLION

Match.com's revenue in 2023—up 62% since 2019 (in US\$)

HOW TO REDUCE THE TIME YOU SPEND ON YOUR SMARTPHONE

MILD

Switch to grayscale mode—it dulls the visual stimulus that keeps you picking it up



MEDIUM

Set time limits on the apps you use most



NUCLEAR MODE

Invest in a dumb phone that only allows talk and text—something that's a growing trend among Gen Zers



NEW RULES

Constant craving

We're addicted to our phones. Every notification, match, like and comment gives us a delicious hit of dopamine—a.k.a. the feel-good hormone. With most of us spending more time staring at our screens than doing pretty much anything other than sleeping, it's no wonder old-school "dumb" phones are making a modest comeback.

AVERAGE TIME WE SPEND ON PHONES PER DAY



That's

1,679

hours a year

WHICH IS MORE TIME THAN...



...it take to become a certified airline pilot (1,500 hours)

AVERAGE HOURS SPENT ANNUALLY ON...

985 Housework

176 Exercise

456 Eating

144

Number of times we check our phones on average each day

58%

Decrease in number of times we check our phones since January 2022, when the pandemic was raging

THE EXCHANGE

Power player

From its base in St. John's, Fortis controls 10 gas and electrical utilities across North America with \$12 billion in annual revenue. For CEO David Hutchens, running a nuclear power plant on a submarine might've been an easier gig than managing utilities in a time of energy upheaval

BY TREVOR COLE

> About 30 years ago, you'd have needed sonar to find David Hutchens. He was somewhere in the deep, running the nuclear power plant on a ballistic-missile submarine. When he was done with the U.S. Navy, he took his love of power to dry land, working his way up the ranks of an Arizona electric utility that became UNS Energy. Hutchens rose to CEO, and in 2014, Canada's Fortis Inc.—looking to bulk up its holdings—acquired the company and Hutchens with it. These days, with Hutchens at the helm of the St. John's-based utility conglomerate, Fortis is happy to grow incrementally. There are big changes coming to the world of energy and electricity. Infrastructure companies like Fortis have to navigate the cross-currents and prepare to meet a level of demand that no one can truly foresee.

The utility sector has had a rough time the past couple of years.

What's the investment case for Fortis?

The reason valuations in our entire sector are off so much is because of the rise in interest rates. Obviously that will moderate sooner or later. But our underlying investment thesis is absolutely solid. One, we're diverse. We've got a broad set of utilities across North America (1) that provide a good balance, and a low-risk growth trajectory. When you look at the overall investment thesis for a regulated utility, it's all about the rate-base growth, (2) and we have had a tremendous track record of setting out big capital plans, like our five-year, \$25-billion capital plan, and executing it year after year after year. That turns into rate-base growth, which gives us the ability to have earnings growth, which supports one of the other key things that our investors are always looking for, which is dividend growth. And then on the risk side, our business is 93% transmission

and distribution. So only 7% is energy generation, which is generally seen as a more risky part of the portfolio.

You had a setback last November when S&P moved Fortis's credit rating outlook to negative.

Apparently you were surprised by that. What happened?

Yeah, we were surprised by it. Before that, we gave them our five-year capital plan as we always do before we release it to the market, and there were a lot of new conversations around wildfire risk. That's on the heels of Hawaii, and before that California and some in Oregon, as well. The biggest issue that folks are worried about is not just mitigating the impacts on your ability to deliver electricity, but to make darn sure that your infrastructure doesn't cause a fire. And even though we do have some western jurisdictions that have seen some pretty drastic wildfires in the past couple of years, including Alberta and B.C., we thought we'd explained to S&P why our situation is different. You

1. A majority—67%—of Fortis's holdings lie outside of Canada.

2. For a utility company, the "rate base" is all of the infrastructure, from the power plant to the wires on the poles, needed to serve its customers.

PHOTOGRAPH BY CASSIDY ARAIZA



know, the liability is different in Canada and Alberta and B.C. The processes and the procedures that we have are very up-to-date. And so we didn't see that this was a big change in risk profile. We're doing our best to get S&P in front of our folks out in Alberta, which is one of their main concerns, because we've got more electric infrastructure out there. In B.C., most of our infrastructure is on the gas side, and underground assets aren't nearly as susceptible as our electric assets. And if there's things that they want us to do that we can do, then we'll do that. (3)

How are climate concerns changing the way Fortis operates and the way you perceive the future?

In the U.S., with the Infrastructure Investment and Jobs Act, or IIJA, and the Inflation Reduction Act, (4) a lot of tax credits are being pushed out into our sector. They're being pushed out to encourage the production of clean energy, R&D of clean energy, things like figuring out technology related to carbon capture, small modular nuclear, hydrogen—you name it. There's a whole group of different carrots that are being tossed out into the U.S. market, which is really driving the clean energy transition. Down in Arizona, we've got a timeline to shut down our coal plants. We've got our greenhouse gas reduction goals that we're executing on. (5) So those things will all get accelerated and become a little more cost-effective from a utility perspective for our customers. **Is it fair to say that if the U.S. is taking a carrot approach to the transition, the Canadian government is taking a stick approach?**

Yeah, I guess that's fair. Look, I'm an American. I don't like to say anything bad about the Canadian policy, but it is. The U.S. has been through this, right? Back in the Obama administration, trying to pass federally mandated



3. In addition to putting Fortis on negative credit watch last November, S&P raised its downgrade threshold for FFO/debt to 12% (from 10.5%). It gave the company 24 months to improve its finances and meet the threshold.

4. The combined value of the Infrastructure Investment and Jobs Act and Inflation Reduction Act is US\$1.7 trillion.

5. Fortis has retired roughly 500MW of coal assets, with about 900MW to go. Its goal is to reduce emissions by 75% by 2035, with a waypoint of 50% by 2030.

6. According to the Pembina Institute, FortisBC's gas utility (the biggest in B.C.) will have to "reduce emissions from their customers by about half" to hit the province's 2030 emissions reduction targets.

renewable energy standards and greenhouse gas reduction to go beyond that, they just realized, "Oh my gosh, this is just too tough to do from a federal perspective. These are really things that are regulated by the states." I think they figured this is a lot easier if we try to encourage it. Giving these tax credits, these benefits to companies and utilities to help meet policy goals is a heck of a lot better than trying to find something from a policy standpoint that fits for everybody.

Earlier you mentioned your gas infrastructure in B.C. Some people may not know that Fortis is in the gas pipeline business.

So, 20% of our business is natural gas distribution companies. Almost all of that is in B.C. Our company, FortisBC, serves about 1.1 million natural gas customers. It's actually the largest energy provider in all of B.C. We provide more energy than BC Hydro. People don't realize how much the gas system and its infrastructure supplies. We did a study to show how much it would cost to replace all that natural gas infrastructure and the energy it delivers with electricity, and no matter where you are in Canada, it's anywhere from two, three to four-plus times the amount of electricity infrastructure that would be needed to displace the natural gas.

Are you looking to increase the

amount of gas capacity and infrastructure you have overall?

Yes. We are well aware of the push in B.C. to reduce the amount of natural gas in its methane state, which is obviously a greenhouse-gas-emitting fuel. But we are trying to get folks to understand the need for that infrastructure, and it's not for the need of additional gas energy *per se*, but for the additional gas capacity. Because when we have a peak cold day—back in January, BC Hydro set a peak of about 11,000 MW. The same hour they set that peak, we delivered twice the amount of energy through the gas system. This is the important part, understanding the value of that natural gas for those peak periods.

Why did the B.C. Utilities

Commission deny your application for a capital project to increase gas pipeline capacity in the Okanagan?

They denied it based on their view that the CleanBC regulations will reduce natural gas demand growth in the future. (6) Typically when we do a planning process, we plan for multiple decades. What do we need for the next 30 years? So on a long-term basis, we said, "Here's where we see the demand growing, and this is what we see from a capacity-need perspective." And they said, "We see that demand and think it's actually a pretty near-term need for additional capacity. But we don't think you should assume that it continues to grow over those longer timeframes. So come back with a different solution that solves that near-term need, without looking at that longer-term view." This is the first time we've seen a regulator look at our demand forecast and say, "No, you're not taking into account what we think is going to be the impact of these CleanBC policies." We would say that we did take that into account.

As an observer, it seems to me that a utility company's world is all about regulators. You're

either applying to regulators to do something or waiting for approvals or working to overcome denials.

Does your success depend on making regulators see the world the way you do?

To a large extent, it does. You know, we have 10 different regulated utilities in our portfolio. (7) There's different policy bents in each of those jurisdictions, so we have to make sure when we're talking to our regulators, especially around things like the clean energy transition, the pace, the things we need to do as a utility, we have to spend a lot of time talking to our regulators, giving them the view from that local utility's perspective. It's imperative for us to make sure we're in line with our regulators, because the things we need to do for our customers have to be approved by the regulators.

How often do you find politics getting mixed up with regulator policy and decision making?

Well, I've found that to be the case for a long time in Arizona because our regulators in Arizona are elected, so they are politicians. There's maybe a third or so of the jurisdictions in the U.S. that have elected versus appointed. When you have regulators like in B.C., Alberta, New York—where they're appointed—they're typically what we would call economic regulators. They make sure you're following the policies the government sets, but in the end they're just really looking at the economic impact: What's the right return, what's the right capital structure, what are some of the right programs that you need to do, and then what is the rate design on which you would recover all of this cost that you have?

As you model electricity usage in the future, do you think the grid is ready for the demand?

It will be. It's not ready today for the level of electric vehicle adoption, and this is before you get to displacing home heating

Fortis's 10 utilities, with 3.5 million direct customers (1.4 million gas and 2.1 million electric), plus millions more that it serves indirectly

and some of the industrial processes. (8) There's a lot of investment that needs to be done to meet the growth in electricity demand. I mean, a lot. And it's the whole value chain—generation, transmission and distribution. All of those things need to be really accelerated. (9) Probably the most difficult thing that any utility in our sector is now facing is trying to understand that future demand. And you can't be short. If you're short, that's a big problem.

What's going to be the hardest part of meeting that need?

The biggest issue we're going to have is customer affordability. We want to get as clean as we can, as fast as we can. We can't mess up reliability. We can't let the grid crumble. I mean, that's loss of life, loss of economic value. So that part has to be maintained. But maintaining that causes affordability issues. Every policymaker, every government official knows that as soon as you lose the public's confidence in this direction, it's going to be stalled for a long time. Right now, public support for the clean energy transition is extremely strong. We have to make sure we don't lose that. So we want to do this in the right fashion, at the right pace. That is going to take a lot of technology to flatten that demand curve so that we can manage it at the same time as we're building out the infrastructure. Can we get folks to reduce load exactly when we need them to reduce

ELECTRICITY

ITC Holdings

The largest independent transmission company in the U.S., whose three utilities serve millions of customers

FortisAlberta

592,000 customers

Newfoundland Power

275,000 customers

FortisOntario

69,000 customers

Maritime Electric

89,000 customers (PEI)

Caribbean Utilities

34,000 customers (Cayman Islands)

FortisTCI

17,000 customers (Turks and Caicos)

GAS AND ELECTRICITY

UNS Energy

719,000 customers (Arizona)

Central Hudson

405,000 customers (New York)

FortisBC

1.3 million customers

8. The 2023 federal budget said that demand for electricity is expected to more than double by 2050, while actual supply capacity will need to grow by 2.2 to 3.4 times today's volume.

9. According to the Conference Board of Canada, the cost of shifting to clean electricity will be \$1.7 trillion—or roughly the size of Canada's entire economy in 2023.

load? Because if we can't, a whole bunch of EVs are coming, and they're all going to charge at seven o'clock at night, when everybody gets home from work. And the sun just went down, so there's no solar. So we're going to have to build a whole bunch of additional battery storage or gas generation or something to meet that peak, and that could be expensive.

If you look forward 10 or 15 years, how will Fortis be different as a company?

Boy, that's a good question. The clean energy rules that are being pushed out are all about cleaning up the electricity sector. But the energy transition means cleaning up everybody else's sectors, as well—transportation, industry—which is going to provide a big growth opportunity for electricity. So I see us as much larger, from an electric perspective. I think we'll have a lot more clean energy investments within our regulated utilities to support that. And I also think we'll see a lot of new technologies and a lot more cleaner molecule investments in our gas business.

I appreciate you walking me through some of these issues.

It's a lot of fun. This is a great sector to be in. When I came to work in this sector 28 years ago now, one of my brothers said, "Why are you going to a utility? That sounds really boring." And it wasn't. It has been change after change. Before, you never talked about utilities, never paid attention to them, and now all of a sudden we're like the cool kids. The front page of every paper is an energy story. And frankly, it's the tip of the iceberg. We're only this far into the clean energy transition, and we've got a long, long road ahead.

This interview has been edited and condensed.

Trevor Cole is the author of five books, including the novel Practical Jean, which won the Stephen Leacock Medal for Humour.

Enshittification

This term—describing the way digital platforms like Facebook get worse and worse until they die—was named the 2023 Word of the Year by the American Dialect Society. It was coined in 2022 by Canadian writer Cory Doctorow, who recently suggested we may have entered the “*enshittocene*” era



BIG IDEA

Calling corporate bull

Is your workplace full of it? The organizational BS perception scale can sniff out the worst offenders

Even by marketing standards, the positioning seemed too rich by half. In mid-January, Manulife announced that its health insurance policyholders would henceforth be required to source about 260 specialized medicines for various chronic conditions exclusively through Loblaw-owned pharmacies, including Shoppers Drug Mart—a dubious tied-selling practice known as a “preferred pharmacy network arrangement.” This new deal, a Manulife spokesperson said, would provide its group benefits members with “more options.”

Many prescription holders, however, correctly saw the move as a way for their insurer to actually provide fewer options, by limiting their ability to choose pharmacies. Some even called bull on Manulife, as did the federal minister who oversees competition policy. The insurance giant quickly retreated, while a Loblaw spokesperson eagerly attempted to edit out the company’s own role in the short-lived imbroglio.

glio. “As we’ve said all along, our goal is to ensure patients have convenient access to care,” she said. “We believe strongly in choice.”

In a world beset by social media misinformation, bloviating politicians and misleading advertising, such incidents, though aggravating, are not exactly shocking. But they do underscore the existence of corporate bullshit as an acceptable form of communication between companies and their various audiences—consumers, investors and employees.

Yet off in a corner of the world of organizational behaviour, a small but growing number of experts have begun to ask whether an overabundance of corporate BS can pose a material risk, either in the form of a botched marketing ploy or mounting cynicism and morale problems among employees who toil in organizations that produce heaps of the stuff.

One team of these self-styled “bullshitologists,” based at Simon Fraser University’s Beedie School of Business in Vancouver, devised an “organizational bullshit perception scale” in 2022 (see sidebar). It’s a tool HR managers can use to gauge whether a company is dabbling too freely in communicative practices like empty promises or a surfeit of incomprehensible jargon.

“To what extent your boss is a champion of bullshit is one of the factors in the scale,” says Beedie’s W.J. VanDusen Professor Ian McCarthy, a self-effacing engineer from Sheffield, England, who has co-authored various studies on corporate BS, including a recently published paper on AI-related bull (dubbed “botshit”). “When you look at the flow of bullshit, when bullshit is happening, most people disengage and some people exit because there isn’t enough psychological safety to call it out. And if you’re not calling it out, that means that you’re likely to be making wrong decisions, which have adverse outcomes within the organization.”

The *pater familias* of this field is philosopher Harry Frankfurt, whose 2005 treatise *On Bullshit* is widely considered to be the discipline’s urtext. Frankfurt distinguished between lying and bullshit by noting that dissemblers were well aware of the truth and sought to disguise it, while bullshitters were utterly indifferent to the veracity of what they said. Though published prior to the advent of social media, Frankfurt’s analysis has ripened regrettably well, and anticipated the influence of world-class bullshitters like Donald

SFU's BS Detector

The "Organizational Bullshit Perception Scale" was first published in 2022 in a paper by Caitlin Ferreira, David Hannah, Ian McCarthy, Leyland Pitt and Sarah Lord Ferguson entitled, "This Place is Full of It." Intended to be shared through employee surveys, the test aims to measure three factors: regard for truth, the boss and bullshit language.

1. Evidence must be presented to support decisions made.
2. People often make assertions that they cannot support.
3. It is easy to get access to the data I need to make good decisions.
4. When making decisions, we place more emphasis on evidence than on personal opinions.
5. You can persuade people to do things even if the evidence doesn't support your arguments.
6. People take the time to gather and analyze data before making decisions.
7. If you want to get ahead, just keep insisting that everything is going great, even if the evidence says something different.
8. My boss will say whatever it takes to pursue their agenda.
9. When my boss speaks, they usually back up their opinions with logic.
10. My boss often says things that may or may not be true.
11. Even when people don't know what they are talking about, my boss will often go along with their suggestions.
12. My boss loves to use acronyms.
13. My boss loves to use jargon.
14. People use jargon far too often.
15. People use acronyms far too often.

Trump and Boris Johnson.

Frankfurt's bestseller has been followed by others, including *Bullshit Jobs*, by the late American anthropologist David Graeber, and a 2020 guide on navigating empirical BS entitled *Calling Bullshit: The Art of Skepticism in a Data-Driven World*, by Carl Bergstrom and Jevin West, a pair of scientists at the University of Washington (Seattle).

It's perhaps not surprising that academics who specialize in management and HR not only glommed on to Frankfurt's work but also sought to parse what passes for communication within companies. Lars Christensen, a communications scholar at the Copenhagen Business School and co-author of a study on organizations and bullshit, points out that executives are often expected to opine on topics about which they know little, engage in strategic ambiguity or simply project optimism. "People in certain leadership positions need to pretend they are not in doubt, or at least they cannot admit that they have no clue," he says. "None of what I'm saying here is to excuse bullshitters. I'm just trying to understand the conditions under which that type of communication is likely to fluctuate or to increase."

Although hard evidence may not be on offer, it's a safe bet that corporate BS levels have surged since the onset of the pandemic, what with the ubiquitous email well-wishing and the managerial check-ins, and then the sharp escalation in investor fascination with all things ESG. "I guess what's changed post-pandemic, which I haven't followed systematically, is the rise of 'wellness talk,'" says organizational behaviour scholar André Spicer, executive dean of the Bayes Business School at the City University of London. He points to the advent of bullshit-adjacent wellness practices such as corporate mindfulness retreats. "Most of the interventions are totally ineffective, and in some cases actually make matters worse."

Virtual or hybrid workplaces may also play a role in the post-pandemic expansion of corporate BS. "Once you are connecting in an online way, and in a distributed way, trust levels break down," says SFU's McCarthy. "Trust relies on proximity. Whatever mechanisms would work to ensure that I might produce less bullshit, and you might consume less bullshit, are weakened [online]. Whether that leads to greater attrition levels, I don't know."

He speculates that corporate BS likely

varies by sector, with comparably more generated in fields like marketing or advertising, but less in highly technical sectors, like utilities or advanced manufacturing. Still, as McCarthy notes, companies that mislead customers or other stakeholders can face enormous consequences to their bottom lines. Volkswagen, for example, ended up paying a US\$2.8-billion criminal penalty, as well as billions more in recalls, after it was caught in 2015 installing software in its vehicles that would misstate diesel emissions during testing.

Besides such high-profile cases, firms that tolerate excessive dissembling can become inundated by BS culture as mid-level managers and employees realize there are few penalties for this kind of interaction. McCarthy also echoes a point that is frequently made by leadership experts, which is that the tone is set by the CEO, one way or the other.

"When we promoted and shared our bullshit work," McCarthy says of his team's BS perception scale, "we got a lot of great reception from academics and non-academics. People working within companies who really liked it would always point out that whether it's at the CEO level or a departmental unit level, the boss sets the tone on whether we can call out BS, whether we can prevent it, whether we can stop it."

Spicer cites an extreme pre-pandemic counter-example: Nokia, the once indomitable Finnish cellphone giant, was led during the mid-2010s by a CEO who let it be known that he didn't want to hear bad news. Engineers who spoke up about flaws in Nokia's technology were punished and, as Spicer puts it, the people who got ahead were "those who polished the turd." Apple clobbered Nokia with its first iPhone, and the firm never recovered.

Allowing for the fact that market forces may at times rear up in the face of excessive BS, there's little doubt that organizations, which are made up of individuals with competing agendas, will continue to talk to themselves and to their various stakeholders in ways that have only a glancing relationship with the truth.

Yet, as McCarthy points out, public response to the growing volume of research from bullshitologists showing a nexus between corporate BS and financial risk is encouraging. Since the SFU team published its bullshit detector, many people have contacted McCarthy and his group saying they'd shared their findings with colleagues or bought copies of Harry Frankfurt's book. "That's really sort of lovely to see," he says earnestly. "As an academic, you do stuff largely for other academics, and then you hope it translates into being useful and interesting."

/John Lorinc



WHAT YOU CAN LEARN FROM...

Seth Rogen

So, maybe he's not quite Vancouver's favourite son—that title has to go to Ryan Reynolds. But ever since his breakout role in the 2005 hit *The 40-Year-Old Virgin* (produced by Judd Apatow, who gave Rogen his first TV role, in the one-season wonder *Freaks and Geeks*, in 1999), Rogen has been a Hollywood fixture. But he has moved well beyond acting—he's now a successful writer, producer, entrepreneur and, oddly, a pretty excellent ceramicist, too.

/Dawn Calleja

1 Build on your brand

Does Rogen have a ton of range as an actor? Not really—he's been playing the same lovable stoner forever. But he's parlayed that schtick into a highly successful career, both as a leading man and as a writer/producer, along with his childhood bestie, Evan Goldberg—they're behind hits like *Superbad*, *The Boys*, *Preacher* and *Sausage Party*. And what's the next logical step for a guy who's made his name as a cannabis enthusiast? Launching a cannabis brand called Houseplant, of course—which Rogen and Goldberg did in 2019. It has since expanded from Canada into California, and sells its housewares across the continent.

3 TURN PASSION INTO PROFIT

During the pandemic, Rogen discovered a love for ceramics—his Instagram videos showing off whimsical wares made in his garage pottery studio were a lockdown sensation. Houseplant now sells sake sets, vases, candles and, of course, ashtrays based on Rogen's designs, alongside actual bud. He's also the executive producer and guest judge of *The Great Canadian Pottery Throw Down*, a new CBC series that pits amateur potters against one another.

5 Feel the need

Even if you're selling something as seemingly simple as an ashtray for joints, it's crucial to ask yourself what problem your product is solving for consumers. Not only do Rogen and Goldberg lovingly test each strain of cannabis Houseplant sells; they also test their housewares to death. "I actually use my ashtrays all the time," Rogen has said, "and having them be cleanable is something we probably talk about more than almost anything—ad nauseam."

2 Find your person

Rogen and Goldberg famously met as kids in Vancouver, and they started writing the script for *Superbad* when they were 13. They've been BFFs and business partners ever since. Assembling the right team around you is crucial, but the last thing any entrepreneur needs is a group of yes men. Who better to keep your wilder notions in check than someone who's known you since you were a spotty teen cracking bar mitzvah jokes?

4 Know your audience

Despite the fact that roughly one-quarter of Canadians and 17% of Americans admit to using cannabis, the whiff of low-browdom lingers—think lava lamps and tie-dye. But just like oenophiles are willing to pay top dollar for crystal glassware, Rogen understands that many of today's cannabis connoisseurs—including himself—crave high design for their grinders, rolling trays and other accoutrements. Houseplant's premise is premium design meets high function. After all, as Houseplant puts it, "Who better to create products for people who love weed than people who love weed?"



ASK AN EXPERT

"Sparks are clearly flying between two of my employees. Should I say anything?"

Cool your jets, Cupid. "They could've been dating for months and deliberately not telling, or they could be happily married to other people and just flirting. These things are very hard to detect," says Toronto-area employment lawyer Nadia Zaman. More importantly, it doesn't particularly matter. What *does* matter is conflict of interest. "If a subordinate is dating a superior, that's a problem," says Zaman. "You don't want a romantic relationship between individuals where one has any control of the duties, workload, compensation or career path of the other." If none of that is the case, there's no problem—be happy for them, but keep it to yourself. If there is a conflict, however, it's time to call HR—not because they're dating, *per se*, but because they've broken company protocol. And if your company has no such protocol, it should. "You need to make sure the organization has a clear policy that makes it a requirement to report any relationship that could potentially create a conflict," says Zaman. This saves you from having to speculate on the nuances of employee relationships and them from having to hide office romances because they aren't sure about the rules. Everyone loves that.

/Rosemary Counter





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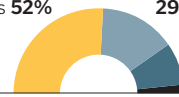


HIGHLIFE

Worldtimer Manufacture

MOVING FORWARD

 **KNAR**
JEWELLERY



DECODER

WORTH THEIR WEIGHT

Canada's Big Banks are the undisputed kings when it comes to generating outsized profits. But they're also among the largest employers in the country (and across their international operations), so when it comes to profits per employee—a simple measure of annual net income divided by the number of workers—they pass the crown to others, particularly companies in the oil patch.

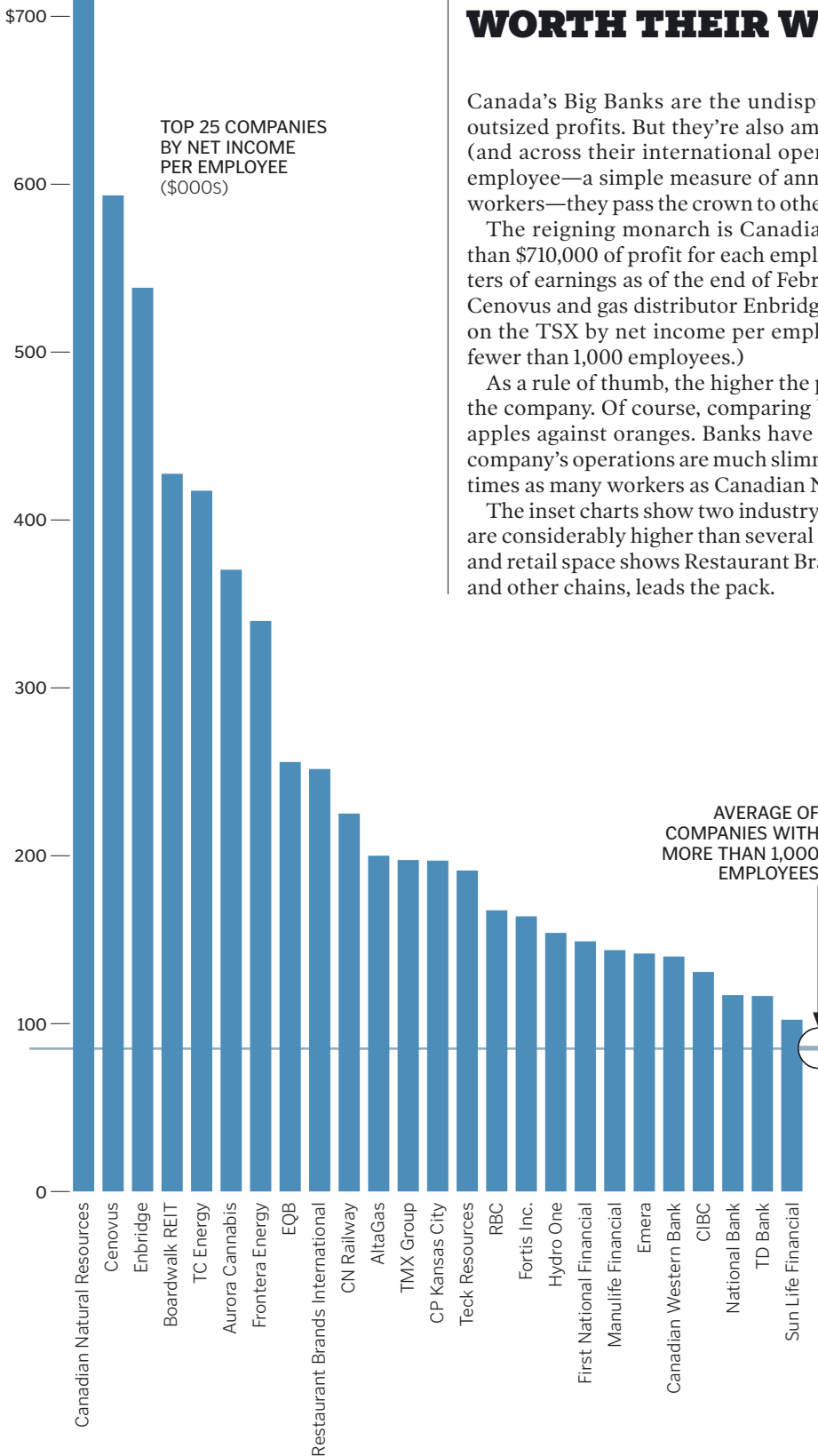
The reigning monarch is Canadian Natural Resources, which made more than \$710,000 of profit for each employee (based on the most recent four quarters of earnings as of the end of February). The oil giant was followed by rival Cenovus and gas distributor Enbridge. (The chart shows the top 25 companies on the TSX by net income per employee, excluding smaller companies with fewer than 1,000 employees.)

As a rule of thumb, the higher the profit per employee, the more productive the company. Of course, comparing banks to oil producers is a bit like pitting apples against oranges. Banks have sprawling branch networks, while an oil company's operations are much slimmer—Canada's largest bank, RBC, has nine times as many workers as Canadian Natural but only double the net income.

The inset charts show two industry comparisons. RBC's profits per employee are considerably higher than several other banks, while a look at the restaurant and retail space shows Restaurant Brands International, owner of Tim Hortons and other chains, leads the pack.

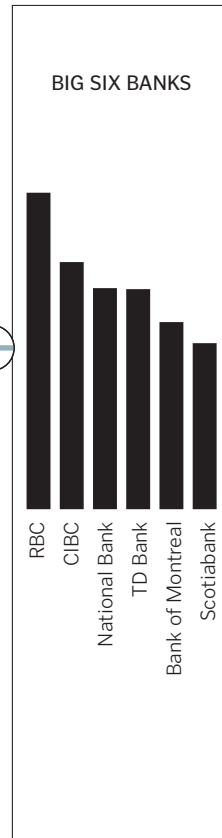
/Jason Kirby

TOP 25 COMPANIES
BY NET INCOME
PER EMPLOYEE
(\$000s)

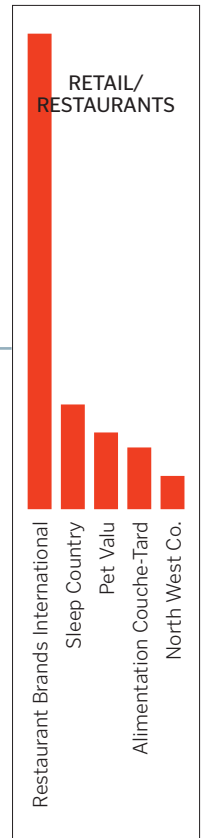


AVERAGE OF
COMPANIES WITH
MORE THAN 1,000
EMPLOYEES

BIG SIX BANKS



RETAIL/
RESTAURANTS



FOMO INVESTING

5 things we learned from
JENS PEERS

After losing billions for years, Elon Musk's Tesla has earned profits since 2020—US\$15 billion last year alone. Jens Peers is CIO of sustainable equities for Mirova US. His firm manages US\$32.8 billion in assets worldwide, and its global sustainable equity strategy focuses on leading-edge and sustainable companies. Peers wouldn't invest in Tesla, but he agrees that EV investors now can't ignore it. **/JD**

1. Although Tesla isn't as absurdly priced as it was in 2021, when it hit more than US\$400 a share, at about US\$188 lately, Peers says it's "quite expensively valued." Estimates of Tesla's trailing price-to-earnings ratio range from 40 to 80—lofty even for a hot young growth stock. And as Tesla gets bigger, "it's going to be trickier to grow."

2. Is there ever an ideal time to buy into a disruptive industry? Peers says those industries often grow fast, plateau, then grow again as dominant new players emerge. But prices swing, and investors run the risk of being left behind. "Nokia didn't believe in smartphones. BlackBerry didn't believe in the touch screen. By the time they did, it was too late."

3. Although Detroit's Big Three and traditional European automakers produce EVs, Peers says investors should be wary of comparing Tesla with them. The company's only pure EV competition comes from BYD and other Chinese automakers. "Starting from scratch can sometimes be easier, specifically in a technology or a product that is very disruptive."

4. EVs are heavy and batteries have blown up. Peers is keenly aware of this because he owns a Ford Mustang Mach-E and an F-150 Lightning pickup. "It's a tank, right?" And if a heavy EV gets in an accident, watch out. But like other cutting-edge industries, EV makers are developing new technology to improve safety, such as improved communication in and between vehicles.

5. It's hard to consider Tesla without Elon Musk being in charge. "In general, I would never invest in a company that is depending a lot on a single CEO—one that smokes weed on television, for instance," Peers says. But as Tesla matures, at some stage, he thinks it will "rethink the governance structure."



FOR YOUR CONSIDERATION

CCL INDUSTRIES INC.

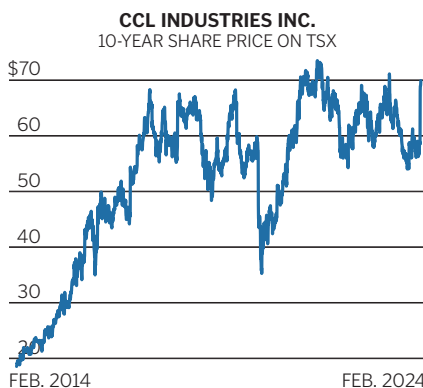
TORONTO

REVENUE (2023) **\$6.6 BILLION**PROFIT (2023) **\$530 MILLION**THREE-YEAR SHARE PRICE CHANGE **-0.4%**P/E RATIO (TRAILING) **23.3**

One danger in writing about stocks for a monthly magazine is that something big might happen after you pick one. In the case of CCL Industries, the global specialty packaging pioneer and the largest label company in the world, its share price recently soared by almost \$10, the day after it released stellar financial results for 2023.

British-born CEO Geoffrey Martin, 68, isn't an executive who claims he pays little or no attention to his company's share price. "We're all shareholders. Any company where you've got lots of employees as shareholders, everyone's always talking about the stock," he says. "But my own opinion is that numbers talk more than anything."

He arrived at CCL in 2001 and



assumed the top job in 2008. Annual revenue was \$1.6 billion in 2001, and the company was focused mostly on North America. With an enterprise-value-to-EBITDA ratio near five, Martin says, CCL was a value stock. Then, after it bought the Avery line of labelling products and other assets from California-based Avery Dennison for US\$500

million in 2013, it was briefly a hot growth play. Now, he says, CCL is probably "somewhere in between."

The company's expansion over the past two decades reflects its transformation from a North American general packaging manufacturer to a global player focused on higher-value-added market segments. It now has more than 200 factories worldwide, and only about 2% of sales are in Canada, while 60% come from outside North America. Its clients include dozens of major brands, including Coke, Pepsi and Heineken in food and beverage; P&G, L'Oréal and Unilever in consumer products; and several big pharma companies. It also produces polymer banknotes for approximately 35 countries.

So why has CCL's share price moved sideways since 2017? Much of that was due to three big acquisitions in the 2010s, Martin says: Avery, plus Checkpoint Systems for \$532 million and British banknote printer Innovia Group for \$1.2 billion in 2016. Two of those "worked out famously," he says. Innovia "is still a work in progress."

Another factor investors might consider: CCL's dual-class share structure. Descendants of Gordon Lang, who founded the company in 1951, still hold 95.4% of its Class A voting shares (6.6% of total shares outstanding). Former CEO Donald Lang is chairman, and Erin Lang and Stuart Lang sit on the board. "Families have a longer-term horizon than many other forms of investors," Martin says. He and the Langs aren't going anywhere any time soon, and he's focused on hitting \$7 billion in revenue this year, and \$10 billion in five to seven years after that. **/John Daly**



SMART MONEY

DONGWEI YE

VICE-PRESIDENT AND PORTFOLIO MANAGER, MACKENZIE INVESTMENTS

Dongwei Ye, who grew up in China's Inner Mongolia region, was 14 when she saw the 1987 Black Monday global stock market crash unfold on TV. Given there was no stock market yet in China, she was mesmerized. Her curiosity about markets led her to earn an MBA in finance at McGill University, and land a job later with Howson Tattersall Investment Counsel, a small-cap-focused firm acquired by Mackenzie Investments. Since 2012, Ye and Scott Carscallen have co-managed the \$160.3-million Mackenzie Canadian Small Cap Fund, which has outpaced the S&P/TSX Global Completion Total Return Index over the long term. We asked Ye, 50, why she is upbeat on small-cap stocks this year, and how gold and silver miners fit in her portfolio.

How has your fund managed to beat the index?

We look for quality, Canadian companies with visible growth opportunities. Their stocks need upcoming catalysts, such as potential acquisitions, and trade at a discount to their intrinsic value. We also have low exposure to the cyclical, resource sectors.

Small caps began rallying in October. Is that sustainable?

We are positive on Canadian small caps this year as inflation continues to normalize. Valuations in some pockets of this sector have bounced back sharply from their lows, but they are still cheap by historical measures and compared to large caps. Falling interest rates will help companies reduce borrowing costs, but how many rate cuts there will be is the question. Because we want to own companies that can do well whether there is a hard or soft landing in the economy, we focus on companies with strong balance sheets.

What sector is attractively valued now?

Small caps have been beaten down in the real estate space. The disconnect between their strong underlying fundamentals and depressed valuations, I think, will correct itself. For example, we own Killam Apartment and InterRent real estate investment trusts. These multifamily REITs benefit from strong rent growth due to a housing shortage and rising demand from immigrants. These REITs are better positioned today because they've sold buildings that aren't core to their strategy. They've reduced variable debt, and their balance sheets are in better shape.

Some names were winners last year despite higher interest rates and recession fears. Why?

We focus on companies with pricing power. They

can pass on raw-material price increases to customers to protect their margins. If they can do that in a downturn, they will do even better in the upcycle. Some Canadian firms also do a lot of business in the larger U.S. market, where consumers are in better shape. Infrastructure spending and the transition to renewable energy have been tailwinds there, too. Our names with big exposure to the U.S. market include Stantec, an engineering firm; Boyd Group, a collision-repair shop operator; and Stella-Jones, a supplier of railway ties and utility poles.

Your fund owns precious metals stocks, such as Alamos Gold, New Gold and Wheaton Precious Metals. What's the attraction?

It's more like crisis insurance and represents about 5% of the fund. There are times when nothing works but gold. In the first four months of 2016, the metal rose 20%, and many gold stocks doubled. The headline risk from the Brexit referendum and China's slowdown helped push some investors into gold as a safe haven. Still, you also need a weaker U.S. dollar for gold to work. And the metal doesn't do well when interest rates rise. If there is monetary easing this year, precious metals stocks will do better.

Shares of Canada's big banks have struggled. Why do you like EQB Inc., owner of Equitable Bank?

EQB has generated a 15% to 17% return on equity over business cycles—the highest among Canadian banks. Its stock gained 54% last year and was the group's best performer. Equitable Bank has done well in its niche, lending to the self-employed and immigrants whose credit scores don't meet the big banks' standards. Because EQ Bank is digital, it doesn't have the cost burden of branches. Its acquisition of Concentra Bank in 2022 was a big boost to assets, and the recent purchase of a majority stake in ACM Advisors gives it wealth management exposure. /Shirley Won

MACKENZIE CANADIAN SMALL CAP FUND (SERIES F)
ANNUALIZED % TOTAL RETURN***S&P/TSX GLOBAL COMPLETION TOTAL RETURN INDEX**

* SOURCE: MORNINGSTAR DIRECT; RETURNS TO JAN. 31, 2024





KEEP CLAM AND CARRY ON

CLEARWATER SEAFOOD IS CHARTING A NEW PATH AS AN INDIGENOUS-OWNED COMPANY. CAN SEVEN-GENERATION THINKING AND PROFITABILITY COEXIST?

By Jason Kirby

Photographs by Darren Calabrese

In the gleaming-white Highland Fisheries plant in Glace Bay, on the northeastern tip of Cape Breton Island, Nova Scotia, tens of thousands of Arctic surf clams—each one steamed and flash frozen at sea, and looking every bit like rude, little red tongues—stream through a maze of conveyor belts and X-ray scanners. Individually photographed at lightning speed and graded by computer for their colour and shape, the rejects are robotically punted away with quick blasts of air from an array of nozzles, while the rest get sorted, packed and shipped mostly to Japan, China, Korea and Europe as part of a thriving clam export business worth about \$130 million a year. That, as they say, is a lot of clams.

For Clearwater Seafoods, the company that owns the plant and has long had a monopoly on the fishery, the surf clam—popular as a sushi ingredient for its texture and sweet taste—has been critical to its growth into one of North America's largest seafood companies. But the species also played a pivotal role in deciding the company's fate.





In 2017, the federal government announced it would strip Clearwater of one-quarter of its surf-clam quota in the name of reconciliation, promising to allot it instead to an Indigenous company. While the process was eventually scrapped—it turned out the winning bidder was only 25% Indigenous-owned, didn't own a boat, but did have conflicted ties to then federal fisheries minister Dominic LeBlanc—about \$400 million of Clearwater's market value evaporated over five months. The debacle prompted Clearwater to sign a landmark 50-year surf-clam agreement with 14 First Nations in Nova Scotia and Newfoundland worth millions in revenue-sharing and other benefits. But it also served as a wake-up call to the company's founders, including billionaire John Risley, that it was time for a change. "We knew a partnership with First Nations would be the only way to obtain the social licence we were never going to get as a consequence of being a corporate entity and a for-profit business," says Risley, who put in motion the sale of Clearwater in 2020, the plan being to put First Nations communities at the helm.

It's now been a little over three years since seven Mi'kmaq bands from Atlantic Canada joined with Richmond, B.C.-based Premium Brands Holdings to do just that. The deal for Clearwater, worth \$1 billion (including around \$440 million in debt) was hailed as a transformative moment that reflected the growing economic clout of Canada's First Nations. That the announcement in November 2020 came just weeks after Mi'kmaq fishermen faced protests and intimidation from non-Indigenous lobster fishermen as they asserted their rights to trap lobster out of season only served to drive home the importance of the deal. As the CBC comedy show *This Hour has 22 Minutes* offered as a punchline to its segment on the purchase: "If you can't beat 'em, buy 'em."

Since then, the general public's gaze has drifted away from Clearwater. Yet the company, and the unique partnership steering the ship, is being closely watched by Indigenous leaders, corporate bosses, bankers, lawyers and politicians across the country. It's a real-world experiment for an emerging model of economic reconciliation, one in which First Nations that have long struggled under the weight of racism, indifference and paternalism are asserting their place in the Canadian economy to unlock prosperity on their terms.

Even before the Clearwater purchase, the Membertou First Nation, which spearheaded the negotiations on behalf of the Mi'kmaq communities, was a trailblazer in private-sector partnerships and business development. Evicted in 1916 from their reserve on the shores of Sydney Harbour and shunted uphill to a patch of swamp and rock, Membertou has transformed itself since the 1990s from a community struggling with poverty, high unemployment and a near-total reliance on government transfers into one of the most dynamic and successful First Nations communities in Canada.

The driving force behind that change, as well as the deal for Clearwater, was Membertou's Chief Terry Paul, who, at 72, and speaking in a quiet voice, still marvels that his community is part owner of a global seafood company. "Having access to the offshore fishery for me was always a dream, but now it's a reality," he says during an interview in the Membertou Trade & Convention Centre, where the band's corporate-development offices are based. "We have a learning curve like anyone else would with a new company, but our people have taken on Clearwater, and they're beginning to feel that it's their company."

That company is undergoing significant change, with a three-pronged plan to emphasize its Indigenous ownership,



Workers sort frozen cockles and Arctic surf clams at Clearwater's Highland facility in Glace Bay, N.S.



Chief Terry Paul, the man who reversed Membertou's fortunes and spearheaded negotiations for Clearwater on behalf of the Mi'kmaq coalition



boost procurement from Indigenous-owned businesses and suppliers, and increase the number of Indigenous employees at all levels. At the same time, Premium Brands—a \$6.3-billion-a-year specialty-foods holding company that has grown rapidly by acquiring manufacturers and distributors across Canada and the U.S.—is revamping Clearwater's business model. The goal is to expand into value-added packaged seafood products by embarking on an ambitious M&A strategy.

The partnership is a fascinating intersection of interests that could serve as a template for other future deals: a business-minded First Nation that emphasizes its seven-generations approach to stewardship, and a public company that reports to shareholders on a quarterly basis but talks frequently about the importance of long-term thinking. And it's likely we'll see more such transactions follow in its wake.

"I think Clearwater will be regarded as one of the most significant deals in Canadian history because it's changed the conversation and put the whole region on a very different trajectory," says Ken Coates, chair of Yukon University's Indigenous governance program. "First Nations have said they want to get back into the economy in a different way, and what they are doing is systematically buying back Canada."

It takes less than three minutes to drive up the hill from the shores of Sydney Harbour, the original grounds of the Membertou First Nation (then called the Kings Road Reserve) to the community's home today. There's little to indicate you've crossed from the town of Sydney onto

reserve lands, save for a board announcing "Membertou welcomes the world"—that, and the stop signs all say *Naqa'si*. Modern bungalows dot the roads, and people gather at the bowling alley or sip coffee at the Tim Hortons.

In the early 1970s, when Chief Terry Paul was in his early 20s, it was an urban reserve blighted by poverty and devoid of opportunity. He'd watched his friend Donald Marshall Jr. get charged with and convicted of a murder he didn't commit. (Marshall would spend 11 years in prison before being exonerated in 1990.) In search of a better life, Paul headed south to Boston, where he found work at what's now called the North American Indian Center, a non-profit that provided a crash course in governance, finance and self-determination. He brought what he'd learned home to Membertou and began to implement the core tenets in the mid-1980s, after he was elected chief for the first time. "What I learned in Boston wasn't here," says Paul. "The importance of having a proper administrative structure, budgets, meetings—all the simple things you need to have in place."

With an economic development team on board, Membertou signed business, training and employment deals in the early 2000s with a host of companies, including with what was then SNC-Lavalin (for environmental remediation work around the Sydney Tar Ponds Project), Grant Thornton (a business alliance that continues today) and Clearwater itself (for Membertou fishermen to sell all their snow crab to the Glace Bay plant and secure jobs there).

Meanwhile, spurred by Paul's old friend Marshall—who won a major decision at the Supreme Court of Canada that reaffirmed the right of certain First Nations members to fish, hunt and gather in pursuit of a moderate livelihood—Membertou developed a \$10-million-a-year commercial fishery.



These crates are teeming with 100,000 pounds of live lobster—a 2.5-pounder will cost you about \$60



On a typical day, the facility sends up to 20,000 pounds of crustacean out the door, much of it bound for Asia

It also expanded into gaming and commercial real estate, developing retail, office space, a hotel and a sports complex on land it acquired off-reserve. “I don’t think there’s a year that we haven’t bought a parcel of land,” says Paul.

Membertou went from being a financial basket case in the 1990s—it suffered under a \$1-million deficit on a budget of \$4 million, not to mention a nearly complete reliance on transfers from Ottawa—to having annual revenue of \$85 million in 2023 and an accumulated surplus of the same amount. Poverty rates among its 1,700 people have plunged, and the high school graduation rate has climbed to 90% from about 30%. The band is pushing ahead with a number of projects, including Seventh Exchange, a 180-acre development on part of the 1,250 acres it owns near the reserve. It’s also working with a company called EverWind Fuels to develop two proposed wind farms intended to power a hydrogen plant in Nova Scotia. Perhaps its most symbolic deal to date, however, came back in 2015, when the band acquired a medical arts building on Sydney’s Kings Road—the very site the community had been forced from nearly a century earlier.

It’s all helped make the community the third-largest employer in the Cape Breton Regional Municipality and the third-largest taxpayer—“soon to be second,” says Paul.

Key to Membertou’s success over the past decade, including the Clearwater purchase, has been a revolution in First Nations finance, in particular the growth of the First Nations Finance Authority (FNFA). Modelled after the B.C. Municipal Finance Authority, it’s a not-for-profit authority, governed by an elected group of chiefs and councillors, that taps global capital markets for financing collectively on behalf of its First Nations members. And because the debentures it sells to global investors like pension funds, asset managers and sovereign wealth funds are backed by the pledged revenues streams of its members, as well as a debt reserve fund and other safeguards, they’re regarded as highly sound. That allows the FNFA to extend long-term loans below the prime lending rate—far cheaper than a conventional bank loan.

In 2012, Membertou was the first community to pass the certification process needed to borrow from the FNFA, tap-



ping the agency for a \$21-million, 30-year loan. Part of the money was used to refinance more expensive existing debt, saving it more than \$140,000 a month in servicing costs, but also to finance the development of an interchange connecting Membertou directly to nearby Highway 125. Prior to that, Membertou had to rely mostly on temporary lines of credit to fund infrastructure projects, and it was rare to find a bank willing to extend even a five-year loan on a \$10-million building, says Mike McIntyre, Membertou’s CFO.

By the end of 2023, the FNFA had lent \$2 billion to more than 80 First Nations for water treatment plants, housing, schools, roads and other infrastructure, but also property development, wind farms, resource licences and equity investments. And it was a key part of the Clearwater buyout, which would be Membertou’s biggest deal yet—and possibly a game-changing example for First Nations nationwide.

“This model allows for economic participation in a way that hadn’t been possible before,” says Harold Calla, executive chair of the First Nations Financial Management Board, which certifies band finances and reporting standards before they can qualify for FNFA loans. “Clearwater was a \$1-billion transaction that shows First Nations communities are capable of participating at that level.”



It's early February, and workers at Clearwater's lobster processing facility in the Halifax suburb of Bedford—the company's headquarters—are scrambling to fill another massive order for live lobsters. Three shipments are due to leave today, bound for China in time for the Lunar New Year. Another team, drawing from a pool-size tank of crates teeming with 100,000 pounds of crustacean, is assembling boxes of live lobsters to fulfill orders from across North America—\$58.75 for a 2.5-pounder, plus \$30 for next-day delivery. On a typical day, up to 20,000 pounds goes out the door to distributors, grocers, restaurant chains and consumers.

It's a reminder of Clearwater's reach: In 2022, it sold \$605 million in scallops, clams, lobster, shrimp, crab and other seafood to customers in 59 countries. That's a far cry from Clearwater's start in 1976, when Risley and his brother-in-law Colin MacDonald sold lobsters out of an old pickup truck before moving their small business into a renovated restaurant. Over the next four decades, the company grew rapidly by acquiring plants, vessels and fishing licences, including the full quota for Arctic surf clams from the Banquereau Bank off Cape Breton and the Grand Banks off Newfoundland and Labrador, plus all eight lobster licences in fishing area 41, an offshore stretch of ocean that begins 92 kilometres off Nova Scotia's south shore and extends out to 370 kilometres. (That's different from the inshore lobster fishery, which has been the scene of recurring tensions between Indigenous and non-Indigenous fishermen over the years.)

By 2019, Clearwater's co-founders were looking to sell. Part

of the impetus was the government-induced clam crisis of 2017, the stunted effort by Ottawa to transfer part of Clearwater's quota to First Nations. They were also facing a succession problem, since none of their kids were interested in joining the business. That fall, Risley invited Chief Paul and a handful of other First Nations representatives to dinner at his waterfront home in Halifax and asked if they'd be interested in acquiring Clearwater, should the opportunity arise. Paul immediately said he wanted all of it—but even if Membertou enlisted other Mi'kmaq communities, they'd still be too small to absorb such a massive operation. They'd need a partner.

Clearwater launched a strategic review in March 2020, and Risley strongly encouraged potential bidders to find a way to work with the First Nations. Roughly 40 bidders expressed interest, but only one was willing to meet Membertou in the middle. "Hedge funds were looking at it as a quick flip, and other potential partners said they'd give us 2% and didn't take it seriously," says McIntyre, who's been part of Membertou's executive team since 2001. "We could tell Premium were the most sincere. They were the only ones to treat us as an equal."

The process was complicated by the pandemic. Presentations to potential bidders were done via video call, as were negotiations and due diligence—on Clearwater's vessels and in its processing plants, managers would strap GoPro cameras to their helmets and give virtual tours of the facilities.

Meanwhile, Membertou had entered into talks with Premium Brands, and Paul and his team were pitching the acquisition to other communities. Not all of them jumped at the chance. "This isn't a criticism of any other chief, but what has been pushing Membertou forward is Chief Paul's desire to put the community's money on the table to be a player in transactions, while others felt uneasy about it," says longtime



adviser Jim Gogan, a partner with McInnes Cooper in Sydney whose practice focuses on Indigenous and regulatory law, and who represented the coalition in the Clearwater deal.

It's important to note that Paul has an obvious entrepreneurial streak and appetite for risk that raises a question all visionary leaders eventually face: how to find a successor capable of replicating that magic. Paul has been chief for 40 years, with no obvious replacement in the wings—an issue the Atlantic Institute for Market Studies raised two decades ago in a paper on the Membertou model. When asked about it, Paul notes there are a number of lawyers and accountants in the community capable of doing the job and that Membertou's management team is more than just one person. But he also bats away the question with a joke: "I've talked about retiring, but a lot of people tell me they're not ready for me to leave. So I just say, 'When I get old, I'll think about it.'"

For now, Paul's powers of persuasion clearly haven't diminished, and in the end, five other Nova Scotia bands and one in Newfoundland—We'koqma'q, Potlotek, Paqtnekek, Pictou Landing, Sipekne'katik, and Miawpukek—joined the Clearwater buying group.

But it's unclear the \$1-billion deal could have proceeded without the FNFA. It provided the Mi'kmaq coalition with a 30-year, \$250-million loan, split between the seven communities, to buy a 50% stake and become full owners of six of Clearwater's offshore lobster licences. (Membertou holds the other two after acquiring them in 2020 for \$25 million.)

"Industry is figuring out that we make good partners because we bring more than just the political side to a deal," says Jennifer Deleskie, Membertou's vice-president of business development. "We also bring capital."

Under the deal, Clearwater pays the communities roughly

\$18 million a year in licence payments, though McIntyre says the focus has been to put all that cash flow toward paying down debt. That's changing.

The FNFA didn't have the capacity at the time to finance the coalition's entire \$500-million investment, so Premium Brands lent it the remainder as subordinated debt (an unsecured loan that ranks below other debts), though with a 10% interest rate. In December, the coalition refinanced \$100 million of that debt with the FNFA at just 4.28%. Starting this year, it will put several million a year into the communities.

"We'll be looking at new investment opportunities, but at the same time, it's important to make sure those funds are for the community, by the community," says Gioia Usher, CEO of We'koqma'q First Nation, also located in Cape Breton. That means putting the money into housing, purchasing new land and "trying to get ahead of some of the issues these communities have faced for a long time."

Upstairs from the lobster processing facility in Bedford, at Clearwater's corporate office, sits the man tasked with making this unique partnership model work.

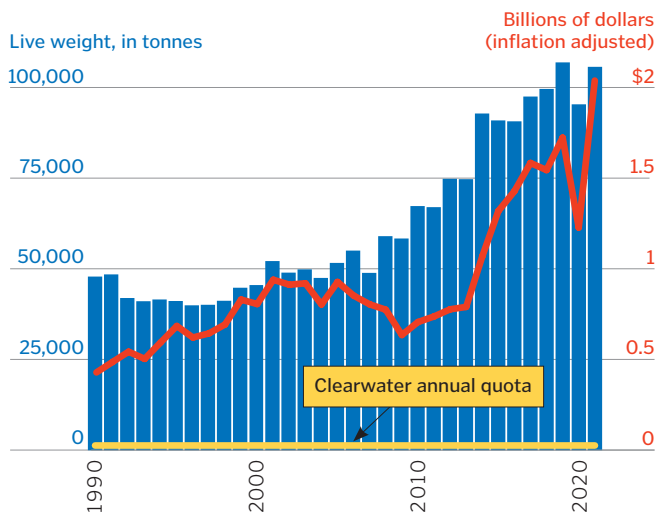
Ian Smith—a former army reserve officer who went on to hold management and executive positions at Gillette, Colgate-Palmolive and Campbell Soup—has been CEO since 2010. Once he learned Clearwater was up for sale, he says he had no doubt that Mi'kmaq communities would be involved.

It's helped that both new owners were familiar with the company. Membertou had worked with Clearwater on sev-



Cheryl Copage-Gehue (left), Clearwater's director of Indigenous relations, is helping educate workers on Canada's history with First Nations. As CEO Ian Smith (far left) says, "We were lied to. What we were taught about First Nations, Métis and Inuit was a complete and utter falsehood"

Lobster catch in Atlantic Canada



eral partnerships, while Premium Brands was acquainted with Clearwater's board and with Smith. Much of the first two years was spent navigating the pandemic, which turned demand for Clearwater's products upside down—for a time, the food-services sector that had traditionally accounted for two-thirds of Clearwater's business shrank dramatically, replaced by a surge in home-bound consumers.

Now, however, Clearwater is embarking on a growth strategy that reflects its new owners but is also rooted in the company's harvesting strengths.

Near Smith's desk sits a model of one of the company's three clam vessels. The boats—each longer than an NHL hockey rink—are floating processing plants that spend 35 days at sea at a time. All told, Clearwater has 20 vessels operating in three oceans—the latest addition is a \$90-million trawler for shrimp and turbot. "This is a highly capital-intensive business," says Smith, noting the company must spend \$30 million a year just on repair and maintenance. "It's not a choice. That's the ante to keep our asset base in operation."

But Premium Brands, a serial acquirer, has also charted an M&A course that will see Clearwater move deeper into the world of value-added seafood and secondary processing—think canned clams or scallops in cream sauce. "Over the next five-plus years, we want to become serial acquirers of companies that have the knowledge to value-add the products, whether that's canning, breeding, saucing, smoking or packaging," says Smith.

George Paleologou, who's been CEO of Premium Brands since 2008, says the goal is to "decommoditize" Clearwater, not by reducing its harvesting business, but by increasing revenue from the sale of value-added products that have steadier margins. "Seafood is the only protein where demand

Inshore showdown

While the offshore lobster fishery that Clearwater engages in is separate from the inshore fishery that has been the source of tensions over Indigenous fishing rights, there's a clear line between the landmark court decision that affirmed those rights and the Mi'kmaq coalition's acquisition of Clearwater:

1993 Donald Marshall Jr. is convicted of selling eels out of season without a license. He appeals, citing a treaty signed with the British in the 1700s.

SEPT. 1999 Supreme Court acquits Marshall and recognized his rights to hunt, fish and gather to earn a "moderate livelihood" but failed to specify what that meant.

OCT. 1999 Non-Indigenous fishermen destroy Mi'kmaq boats, traps and buildings to protest Indigenous fishermen in Burnt Church, N.B., and parts of Nova Scotia exercising their right to catch lobster out of season.

2000 TO 2007 Feds spend \$500 million+ acquiring commercial licences and building capacity for Mi'kmaq to enter the fisheries.

2019 Communities sign 10-year rights and reconciliation agreements with Ottawa to settle moderate-livelihood negotiations. A study for the Macdonald-Laurier Institute finds that by 2016, fishing licenses generated \$152 million in yearly revenue for Maritime bands, up from \$3 million in 1999, with 320 band vessels employing 1,461 Indigenous harvesters.

SEPT. 2020 Sipekne'katik First Nation launches moderate-livelihood fishery outside the commercial season, sparking a violent backlash from non-Indigenous lobster fishermen who claim it's hurting lobster stocks and prices.

NOV. 2020 Deal to buy Clearwater, announced not long after a massive fire destroys a lobster warehouse used by Mi'kmaq fishermen. Other such incidents follow.

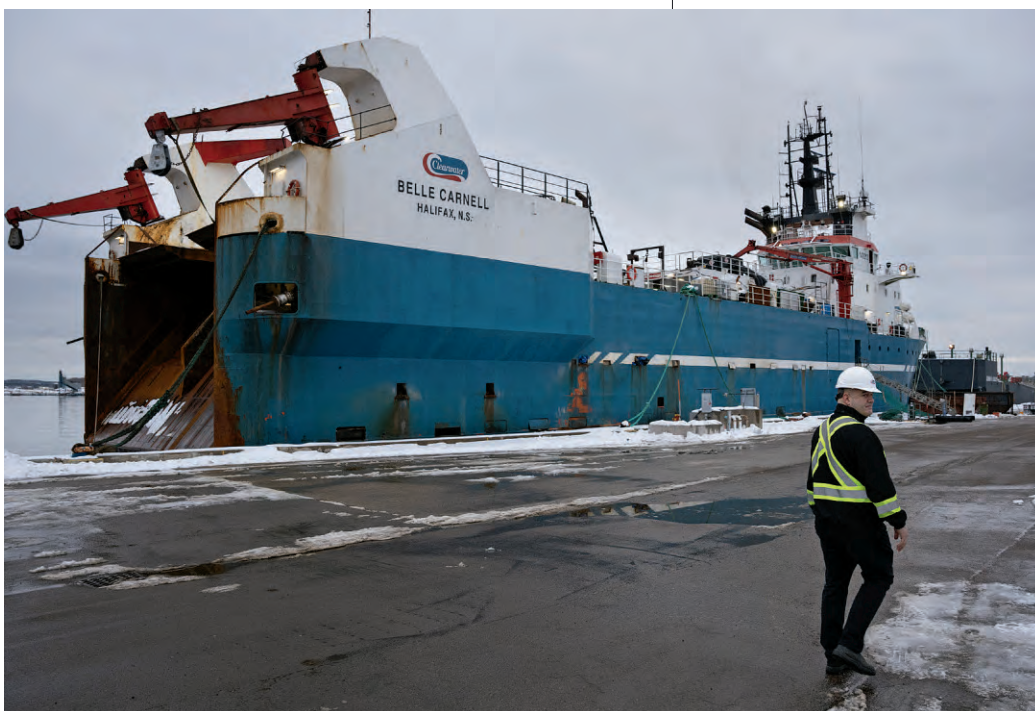
OCT. 2023 Federal prosecutors push ahead with charges against dozens of Indigenous harvesters for fishing out of season, as Ottawa continues to sign agreements with First Nations allowing them to fish under their own harvesting plans during the commercial season.

locally exceeds supply, so having access to supply is strategically really important," says Paleologou. "But our view is that they should also own a lot of the customers who value-add their products and sell them in the marketplace."

At the same time, the process to Indigenize Clearwater is picking up speed, and Smith sees it as critical to future growth. Part of the plan has to do with emphasizing the company's Indigenous ownership in not only its packaging, but also in its work with customers, governments, banks and other industry players. "We are unabashedly saying we're an Indigenous-owned company, and that should be a reason you should consider working with us," says Smith. "And if it hasn't been part of your consideration, it should be."

It also involves educating Clearwater's employees on Canada's history with First Nations. "I went through the K-12 education system here in Canada, and we were lied to," says Smith. "I'm not trying to dramatize it, and maybe there were best intentions, but what we were taught about First Nations, Métis and Inuit was a complete and utter falsehood."

Clearwater recently recruited Cheryl Copage-Gehue from the Halifax Regional Municipality, where she was Indigenous adviser to the city. As a member of the Sipekne'katik First Nation, part of the Mi'kmaq coalition that acquired Clearwater, her community is also now a part owner of the business. She's trained Smith to help her with blanket ceremonies, an exercise that takes participants through 1,500 years of Indigenous history over the course of three hours. It's an optional program she's rolling out across the company. "For most people, there's a lot of awareness that needs to be done, because they've never worked with First Nations before," she says, pointing to understanding protocols, and how to work with elders and engage with communities. "We're not a special



If the *Belle Carnell*—named for Clearwater co-founder Colin MacDonald's late mother—weren't docked for regular maintenance, it'd be trawling the sea floor for clams roughly 300 kilometres offshore

interest group. We are our own government, and we are 50% owners of this corporation now.”

Clearwater has also embarked on a revamp of its procurement arrangements, with an eye on potential Indigenous partners. “You don’t get Clearwater’s business because you’re Indigenous, but you do if you have the knowledge, skills and competency to be a provider,” says Smith. “And by the way, we’ll help you get there.”

Lastly, Clearwater wants to dramatically increase the share of its workforce that’s Indigenous. It’s a slow process and, as Smith and several members of Membertou’s economic development team repeatedly point out, it won’t involve existing workers losing their jobs. “Reconciliation isn’t about displacing people at Clearwater and replacing them with Mi’kmaq people,” says Deleskie. But as people retire or leave, Indigenous candidates who qualify will be given the first shot at those jobs. To get candidates ready, Clearwater has launched a post-secondary training program that places community members in jobs throughout the company. At a recent presentation to women Mi’kmaq fishers, Copage-Gehue emphasized the opportunities. “The seafood we’re catching here is being sold globally in China and Scotland—do you realize we own a company in Scotland?” she told the group. “We own a company in Argentina. Our youth have an opportunity to become part of this and potentially work in sales in China or Argentina, or in robotics.”

Smith won’t say whether Clearwater has a target for Indigenous employment, but he says if you look 10 years out, “is it 25% or 30% of the total company that have an Indigenous background? Maybe that’s not even ambitious enough.”

One of the jobs up for grabs might be Smith’s own. When the deal was signed, Paul said he dreamed of a day when Clearwater’s CEO would be Indigenous. He still feels that way. But in the same breath, he praises Clearwater’s existing management team, who all stayed on after the transaction closed. “I call them the Magnificent Seven,” says Paul.

Smith is well aware of Paul’s hopes, and while there’s no set date for him to leave, he wants to make sure there are internal candidates for the board to consider. (The board has four

members, including Paul.) “I have no doubt they’re going to want to consider an Indigenous candidate, and the selection committee will do a very rigorous job choosing the next CEO,” Smith says. “I’m here to create shareholder value, to make sure our employees are safe and earn a decent living so they can take care of their families and save for retirement. I want to make sure that when my time is done here and the baton is passed, the next leader understands that.”

Can a company motivated by profit partner with a First Nations group dedicated to a loftier bottom line and make it work?

It’s a question many corporate leaders are asking themselves these days, as more transactions involving Indigenous communities get announced. In 2022, Enbridge sold stakes in seven Alberta pipelines to Athabasca Indigenous Investments, owned by nearly two dozen First Nations and Métis communities, for \$1.1 billion. Last year, four B.C. First Nations bought a 34% stake in a limited partnership from Western Forest Product to operate on 157,000 hectares of forest land on eastern Vancouver Island. Meanwhile, Premium Brand’s Paleologou hints at a potential “Clearwater west” 50-50 partnership with First Nations in B.C. “We’re driving it from the point of view of creating a situation where two plus two equals eight,” Paleologou says, without giving a timeline for when a deal might be announced.

What’s more, with the federal government and provinces like B.C. exploring or adopting loan guarantee programs that will enable First Nations to take equity stakes in resource projects, it’s no surprise companies are taking notice of their growing financial clout. It’s likely to raise questions about whether corporate Canada is taking advantage of First Nations for their access to low-cost capital—but that framing itself smacks of the paternalism that has kept Indigenous people on the economic sidelines for so long. “These opportuni-

ties are approached very much like the private sector would, looking at the return on equity, the risk profile and where the opportunities are,” says Gogan. “They’re participating as equity partners, not as a bank just loaning money out.”

Against this evolving landscape, the Clearwater deal offers a unique lens to explore the emerging dynamic between First Nations and corporate Canada. While Paleologou emphasizes his company’s long-term approach to growth, it is fleeting by the standards of the Mi’kmaq coalition, which adheres to the principle that actions taken today must consider the impact they’ll have on the next seven generations.

So far, both Premium Brands and the Mi’kmaq coalition have found ready agreement on strategy. Helping matters is the fact the company enjoyed record results in 2022, its first full year under new ownership, with sales up 13% to \$605 million. Yet, fiscal 2023 has been a tougher slog, with revenues flat in the first three quarters compared to the year before. It’s the kind of volatility Premium Brands hopes to eventually smooth with its value-added strategy, but a sustained stretch of weak performance could test the patience of shareholders.

Another test could arise if lobster stocks come under pressure. To many in the inshore lobster fishery, as well as environmentalists, Clearwater has long been viewed with resentment and suspicion because of its grip on the offshore fishery. Indeed, as the deal to buy Clearwater was nearing completion, Chief Paul and his team watched nervously as some Indigenous communities criticized Clearwater, concerned it could scuttle the deal. “We get tagged all the time as that big conglomerate Clearwater, but we’re 1% of the fishery,” says Deleskie, Membertou’s head of business development.

Indeed, Clearwater’s offshore lobster quota has been set at 720 tonnes since the 1980s, while the total lobster catch for

Atlantic Canada in 2021 was 105,600 tonnes, up from 67,000 tonnes a decade earlier. (Last year, Clearwater asked the Department of Fisheries and Oceans to boost its quota by 72 tonnes but was refused.) And while the latest 2022 analysis from the DFO shows lobster stocks are healthy, catches this winter have dropped—another reminder that stewardship and Clearwater’s bottom line could find themselves at odds.

But as Smith sees it, neither prerogative—profit or reconciliation—should exclude the other. He frames it as “the tyranny of the *or* and the genius of the *and*.” There’s a tendency, in the face of seemingly contradictory options, to believe that only one or the other can be pursued. But the genius of the *and* means embracing forces that seem paradoxical. “Accomplishing our Indigenous strategy and delivering top-quartile shareholder returns is not an *or* option,” he says. “You have to do both, and that means serving up the investment opportunities that allow us to do both.”

Likewise McIntyre, Membertou’s CFO, says including First Nations as full participants in projects means getting a partner that appreciates the necessity of financial returns. “Clearwater was first and foremost an investment for us,” he says. “We deployed half a billion dollars of capital, so we’re obviously there to protect that investment and grow it. The quicker we can grow Clearwater, the quicker it pays down debt, and the more benefit comes to communities.”

That said, if ever the interests of Premium Brands and the Mi’kmaq coalition irreconcilably collide, Risley knows how it will end: with the First Nations buying out their corporate partner. “That’s ultimately what will happen—and should happen—and that’s a good thing,” he says. “It doesn’t matter if it happens in 15 years or 25 years. It will happen when the First Nations are ready.”



REPORT ON BUSINESS
WOMEN LEAD HERE



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I'M WITH THE BRAND

CANADIAN **JAMIE SALTER** HAS BOUGHT AND REVITALIZED DOZENS
OF BEAT-UP NAMES IN FASHION AND RETAIL—AND A FEW CELEBS, TOO. ALL TOLD,
AUTHENTIC'S BRANDS HAVE COLLECTIVE ANNUAL SALES OF \$29 BILLION.
BUT NOT EVERY DEAL IS A HIT **BY JOHN DALY**

photographs by LEAH DEN BOK





IF YOU CAST YOUR MIND

back to the hottest brands and stars on the planet like it's 1999, you'd salivate if you could own the rights to even some of those names. In fashion retail, Brooks Brothers was on a roll, Juicy Couture had just been founded and was about to design its iconic tracksuit for Madonna, and Ted Baker and Forever 21 had hit their stride.

In sports, two dominant stars of their era, David Beckham in soccer and Shaquille O'Neal in basketball, were in the prime of their playing careers. Chronicling their exploits and those of other champions, *Sports Illustrated* was still a thriving weekly magazine and one of the principal properties at the centre of the blockbuster merger of Time Inc. and Warner Communications.

In the world of entertainment, even though Marilyn and Elvis had died decades before, they were arguably bigger stars than they had been when they were alive. They'd achieved iconic status.

Those names—and more than 50 others—are now owned or co-owned by a New York-based juggernaut called Authentic Brands LLC that's led by two Canadians: founder, chairman and CEO Jamie Salter, and president and chief marketing officer Nick Woodhouse. And that iconic status is at the centre of Authentic's business model.

Salter launched the company in 2010 and hired Woodhouse the following year. With just 11 employees at the start, Authentic's brands had about \$100 million worth of retail sales in 2010. By 2022, that total had reached \$23 billion in annual retail sales. (All currency stated in U.S. dollars.) All that money doesn't flow to Authentic, of course, which is still privately owned. The bulk of its revenue comes from licensing the brands, and the prospectus for an aborted 2021 Authentic share issue disclosed that it took in \$489 million in revenue in 2020 and earned a fat \$225-million profit, in a year when the brands did \$14 billion worth of business.

Authentic won early headlines in 2011, when it acquired Marilyn Monroe's estate. Wall Street took more and more notice over the 2010s as the company led acquisitions of brands such as Aéropostale and Nine West, Shaq partnered with Authentic in 2015, and money managers General Atlantic (in 2017) and BlackRock Inc. (in 2019, and at \$9.1 trillion in assets under management, the world's biggest kahuna) invested in Authentic. The company then accelerated its acquisitions, usually made with partners, during the COVID-19 pandemic—the biggest to date being the \$2.5-billion purchase of Reebok in 2022. Right around that time, Beckham signed on, as well.

To hear Salter, 61, tell it, Authentic has built a unique and truly global platform for revitalizing brands, with the help of a network of 1,500 licensees in 150 countries. "It used to take us three to four months to

innovate a brand," he says from his cottage in Muskoka, where he spends a few months a year and occasionally hosts celebrity guests, such as Beckham and his family. Now, "literally within 30 days, we are running hard all over the world."

For skeptics, however, Authentic is a bit like a landlord who has invested in and refurbished several established marquee buildings in the hope that they'll continue to provide steady income in the future. If you get stellar tenants like Beckham, great. But if you get into a nasty legal dispute with one of them, watch out. Which is one way of looking at Authentic's battle with Arena Group Holdings, one of its licencees, over the future of ailing *Sports Illustrated*, a brawl that spilled out into public view in January.

There are risks and rewards with any strategy. Whatever your view of Authentic's fundamental business model, or prospects for individual brands and celebrities in its portfolio, its expansion is undeniable. And the company looks like it has enough momentum to continue for the rest of the decade, and quite possibly beyond. But Salter and Authentic will have to contend with some potential bumps in the road, as well—big ones.

How did two Canadian guys, one born in Toronto and one in Oshawa, end up partnering and hobnobbing with some of the world's biggest names in retail, sports, entertainment and finance? The short answer is that Salter and Woodhouse both paid a lot of dues over three decades.

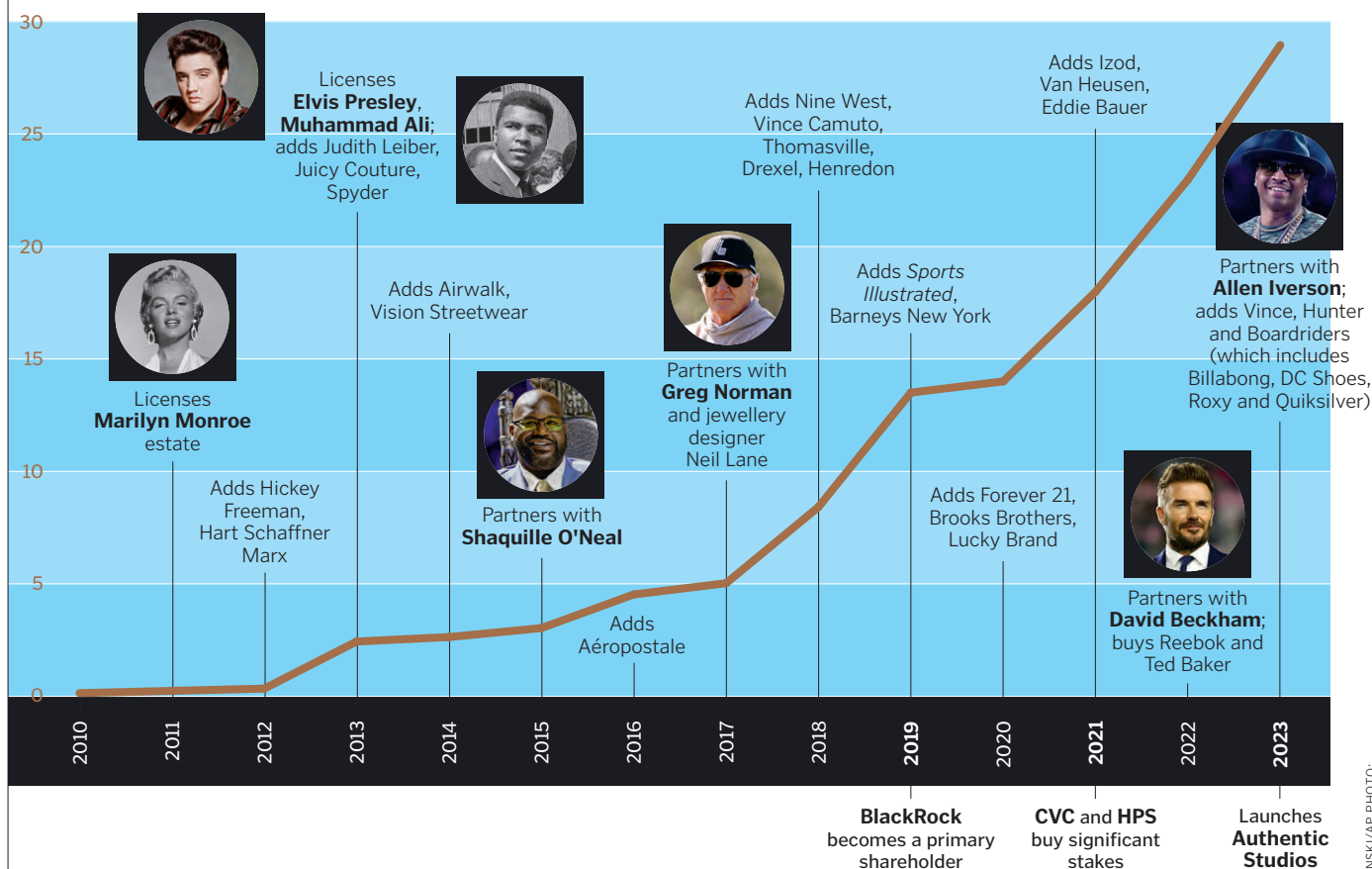
Salter started out small in sporting-goods marketing in the 1980s, quickly tapping into the surging popularity of snowboarding, then still almost an outlaw sport. In 1992, he joined forces with two Seattle entrepreneurs to found board manufacturer Ride Inc., a Nasdaq wonder that went public in early 1994 and saw its share price shoot up by about 1,500% within 18 months, then plummet thanks to slower-than-expected growth. Salter stepped down as CEO in 1996.



Salter may live in New York, but he spends lots of time at his cottage in Muskoka. We photographed him there while David Beckham and his family were up for a visit

ALWAYS ON BRAND

Authentic's rise from zero to nearly \$29 billion in total sales



After several other sporting goods-related ventures over the next decade—successful ones—Salter and Hilco Trading, a privately owned American firm, founded Hilco Consumer Capital in 2006.

Hilco Consumer Capital was and is essentially a liquidator—it swooped in and bought troubled or outright bankrupt brands, then tried to revive them with new licensing deals and partnerships. Under Salter, it bought, polished up and sold off several brands: furniture retailer the Bombay Co., and the Tommy Armour and RAM golf equipment lines. It wasn't ultimately successful with two others: Polaroid and Halston.

Salter was tight-lipped about why he left Hilco in 2010, and he praised the company afterward. Now, whatever it may take to co-ordinate Authentic's more than 400 employees, its licencees, brand executives and celebrity partners, and the handful of large investors that own the company, one big attraction for him still seems to be that he's ultimately the guy in charge.

In many respects, Salter has also turned Authentic into a family business. The Salters are a substantial shareholder, although down the food chain from BlackRock, which has the largest stake at about 25%. And all four of Salter's sons work for the company. Corey, who's 35 and now chief operating officer, says it's always been hard to get through a full family dinner without discussing business.

He grew up in the Forest Hill neighbourhood in Toronto and recalls his father bringing home sporting goods catalogues for upcoming seasons, for items like snowboards and skateboards. Corey and his brothers would be "allowed to circle 10 products each, and the 10 most circled got picked."

Woodhouse, who's now 55, also has a background in sporting goods, and he worked his way up through the Forzani Group (which owned Sport Chek and other chains)—from selling in a store in Fort McMurray in 1986 to vice-president. "I've known Jamie for over 30 years," Wood-

house says. "I was a buyer, and he was a seller."

Now working and living in Miami with his wife and two young children, Woodhouse remembers Fort McMurray winters well. "Minus 54 degrees and a wind chill of minus 61," he says. "It gets light around 9:45 and dark around 2:15. Not that there's anything wrong with that." And he recalls long car drives through Saskatchewan and Manitoba as a regional rep: Estevan, Flin Flon, Moose Jaw and other far-flung towns. Woodhouse later worked in Calgary, Edmonton and Vancouver.

Around the time that Forzani was negotiating its sale to Canadian Tire in 2011, Woodhouse and his future wife bumped into Jamie and Corey Salter on a flight to an Ultimate Fighting Championship bout in Nassau. They talked about joining forces, and within a few months, Woodhouse had moved from Calgary to New York. "Jamie was a successful entrepreneur prior to Authentic. I'd always worked for a company," Woodhouse says. But their relationship soon evolved into "can't do it without the other one," he says. And that trust has lasted.

If you want to get a bit of rise out of Salter or Woodhouse, plus a patient and deft explanation of what Authentic does, suggest that its basic business is buying beat-up brands and then trying to squeeze more revenue out of them. “Undervalued, undervalued,” Salter insists, and the explanation begins—several of them, actually.

He and Woodhouse both use the phrase “secret sauce” when describing the basics of Authentic’s platform, and they’re referring to the company’s network of 1,500 partners around the world. When Authentic buys a new brand, it typically lines up several partners to take on a licence, and the company can work on several deals at once. “We don’t have to renegotiate with that partner,” Salter says. They can quickly hammer out basics such as a marketing plan and a guaranteed minimum royalty rate that licencees will pay to Authentic. “It’s not like we have to retrain them,” he says.

Salter cites Authentic’s acquisition of the intellectual property of Britain’s Hunter Boot, maker of the classic Wellingtons, for an estimated \$125 million last June. Hunter had fallen on hard times in recent years, but it was still respected and had outdoor wear and luxury lines, and Authentic could integrate the new asset quickly.

Salter and Woodhouse also point out that while Authentic gets plenty of publicity for signing Beckham, Shaq and other celebrities, its roster of them is a small and exclusive group. The company’s other “living legends,” as it calls them, are retired basketball greats Allen Iverson and Julius (Dr. J.) Erving, champion golfer and now LIV Golf Investments CEO Greg Norman, Mexican singing sensation Thalía Sodi and high-end jewellery designer Neil Lane. Authentic’s stable of what it calls “icons” is even smaller—just three mega-names: Marilyn, Elvis and Muhammad Ali.

“It’s different from an endorsement deal,” Salter says. Authentic basically works with celebrities to advance mutual interests—a true partnership. “We get calls from lots and lots of famous people to partner with us,” Woodhouse says. “We’re very selective.”

Lauren Beitelspacher, a professor of marketing at Babson College in Massachusetts, whose research interests include buyer-supplier relationships, retail management and retail supply chains, said she’s impressed by Authentic’s brands, its licensing model

and its overall strategy. “Brands that enjoyed success in the ’80s, ’90s and early 2000s kind of kept riding that wave and didn’t adapt to the changing consumer model,” Beitelspacher says. “By the time they realized they needed to change, it was too late, and they were stuck playing catch-up.” Some brands Authentic has bought had fallen out of favour, but they were still well known to consumers. “There’s already built-in brand equity there,” she says. “And ambivalence is much easier to deal with than dislike.”

Beitelspacher also agrees that some brands need some streamlining and modernization to be reinvigorated. “Because Authentic has this big buying power, that allows them to invest in infrastructure to streamline operations,” she says. “The No. 1 way to reset your margins is to streamline your operations and get your inventory under control. That isn’t super sexy for consumers, but it is really sexy to investors.”

She uses Ray-Ban as an example. Presidents wore its sunglasses, and so did Tom Cruise and other stars. But by the 1990s, “they were over-inventoried and sold in gas stations.” In 1999, Italian giant Luxottica Group bought Ray-Ban from its parent, Bausch & Lomb, pulled the sunglasses off the market, shifted the brand upscale, streamlined operations, “and now it’s successful,” Beitelspacher says.

As Authentic expanded in 2010, it bought bigger and bigger names, including suit maker Hart Schaffner Marx in 2012, Aéropostale (as part of a consortium) in 2016, Nine West in 2018 and Barneys New York in 2019. Among celebrities, living and deceased, the company added Shaq, Greg Norman, Elvis and Ali.

The company also impressed investors on Wall Street and beyond by showing them, as Woodhouse says one partner put it, that it could “add zeroes and commas” to its deals. In 2017, private equity giant General Atlantic invested in Authentic for the first time (by 2023, the firm had put in a total of \$2 billion through various initiatives). And in 2019, BlackRock made a \$875-million “strategic investment” in Authentic.

But then the pandemic arrived and rattled just about everyone.

PART OF SALTER’S M.O.

is asking big, fundamental questions like, “Is the brand a bad brand?” If it just has the wrong structure or it’s over-levelled, maybe it’s worth pursuing. And when COVID hit North America in March 2020, Salter says, “Let’s be honest: I panicked.” At first, he thought the world was going to end.

But after talking with Woodhouse and various others, he calmed down and decided what to do next. “If it ends, we’re out of business anyway,” he says. “If not, I’m going to become very, very wealthy. Let’s go raise money, and let’s go out and buy lots of brands.”

The rapid-fire series of acquisitions, usually with financial partners, won Authentic a lot of publicity. They included Forever 21, Brooks Brothers and Lucky Brand in 2020; Eddie Bauer, Izod and Van Heusen the following year; and Reebok (the biggest addition to date) and Ted Baker in 2022. Among celebrities, Authentic landed Beckham in 2022 and signed an agreement to help Iverson develop his brand early last year.

The expansion drive didn’t pay off right away. Salter says 2020 was the only year since 2010 that Authentic’s organic growth (expansion of

150

COUNTRIES

50+

BRANDS, ICONS AND CELEBRITY PARTNERS

11,000

STORES OR SHOPS-IN-SHOPS

538M

SOCIAL MEDIA FOLLOWERS

834M

MONTHLY SOCIAL MEDIA IMPRESSIONS

existing operations) was negative—albeit just -1%. And he and other top managers took pay cuts. But overall, he says, “I can tell you COVID was good for us.”

Corey Salter also says there were bad and good aspects of the pandemic. “Obviously sales were down everywhere,” he says. “Companies had to go through a lot of things, and that created a lot of opportunities for us.” But hiccups and challenges remain. Forever 21, for example, has fewer stores than it used to, but still about 400 in the United States. With several chains, Corey Salter says, the company “learned to retain U.S. stores, retain talent.”

Beitelspacher agrees that the pandemic caused some big upheavals in retail, but some fundamental principles still apply. Even brands that are now successful online should retain stores, she says. “They might not be profitable, and it might be an operational challenge, but it’s a way to get customer feedback on inventory in real time.”

There was also a big financial distraction for Authentic during the pandemic. In July 2021, it filed for an initial public offering. But in November, it pulled the offering and said it would instead sell equity stakes in the business to private equity firm CVC Capital, hedge fund HPS Investment Partners and a group of Authentic’s existing stakeholders.

As of last summer, Salter says Authentic’s six largest shareholders were BlackRock at 25% (the only number he’d give out), General Atlantic, CVC, the Authentic executive team, HPS and long-time backer Leonard Green & Partners. Salter and Woodhouse seem quite happy to stay private. “We don’t need to go public. We’ve never needed to go public,” Salter says. Woodhouse agrees: “You give up a lot when you go public. I’d say it’s 50-50.”

And occasionally, if you do enough deals, you just hit the jackpot. That’s certainly been the case with Beckham, 48. Now soaking in endorsement deals and various business ventures, virtually everything he and his wife, Victoria, touch seems to turn into money, including the blockbuster Netflix biography of the couple last year. Woodhouse is proud that Authentic had a stake in the production company. “When you see the true story, it’s hard to duplicate that, right?” he says.

But after a big winner, there’s often a big loser.

Sports Illustrated is certainly an iconic brand, and its annual swimsuit edition—for one—continues to generate scads of publicity every year. But in many respects, it’s also been in decline for decades. The magazine cut back from weekly to biweekly publication in 2018, and then to monthly in 2020.

Authentic bought *Sports Illustrated* for \$110 million in 2019, in the hope of making it a pillar in a new “media vertical” for the company. “*Sports Illustrated* has real heritage, authenticity and respect,” Salter declared. “It’s hard to get all those in a single brand.”

But, as Authentic often does, it turned around and licensed *Sports Illustrated* to another company, Arena Group, which was supposed to pay Authentic \$15 million a year for the publishing rights. On Jan. 5 of this year, Arena Group disclosed in a securities filing that it had failed to make a \$2.8-million loan payment and a \$3.75-million quarterly licensing payment due to Authentic at the end of 2023.

The dispute quickly got worse—a lot worse. The Arena Group’s executive suite was already in disarray. The company had fired CEO and *Sports Illustrated* publisher Ross Levinsohn in December, following a scandal triggered by a report in *Futurism*, an online tech publication, that *Sports Illustrated* had published articles by fake, artificial intelligence-generated writers.

The two companies then started playing hardball with each other, and with the magazine and its staff. In another securities filing, Arena Group said Authentic had yanked its licence and hit the company with a \$45-million charge for violating their original agreement. On Jan. 18, Arena Group issued a release announcing a “significant reduction” in *Sports Illustrated*’s workforce of more than 100 employees.

In an interview with *The Washington Post* the following day, Salter talked tough. “If a company doesn’t pay me, I breach,” he said. He also told the *Post* that Manoj Bhargava, the founder of 5-hour Energy, Arena Group’s largest shareholder and the leader of its strategy, had sought to lower the licensing fee. “He’s trying to negotiate with me, and I told him to f--- off. He tried to change the agreement. When you sign a deal with us, you live by the deal.” Salter added that he might sell the licence to other interested parties. Levinsohn, in turn, resigned from Arena Group’s board, saying the destruction of the *Sports Illustrated* brand and its news-

room is “one of the most disappointing things I’ve ever witnessed in my professional life.”

Early the following month, two staffers from Authentic contacted *Report on Business* to ensure that we were aware of the proper context surrounding the *Sports Illustrated* dispute. But on the record, though, they stuck with the statement Authentic had issued the previous month. “Authentic is here to ensure that the brand of *Sports Illustrated*, which includes its editorial arm, continues to thrive as it has for the past nearly 70 years. We are confident that going forward the brand will continue to evolve and grow in a way that serves sports news readers, sports fans and consumers. We are committed to ensuring that the traditional ad-supported *Sports Illustrated* media pillar has best-in-class stewardship to preserve the complete integrity of the brand’s legacy.”

Whatever the fate of the magazine, the *Sports Illustrated* brand still has lustre. On Super Bowl weekend in Las Vegas, Authentic went ahead with a lavish theme party at the XS Nightclub the night before the big game. Guests including Justin Bieber, Kim Kardashian, Tiffany Haddish and many more strolled down a red carpet lined with classic magazine covers featuring the likes of LeBron James, Serena Williams and a screaming Tiger Woods. “Vegas was epic,” Salter told the *Post*. Reading reports about the party, Lauren Beitelspacher, the marketing professor, was impressed, too. “They had all these celebrities, and they were showcasing all of the other brands that they work with,” she says. “I thought it was really slick.”

Indeed, but possibly not the best optics in a crisis. As of late February, the *Sports Illustrated* dispute remained unresolved. The magazine was still running stories on its website, but morale among remaining staff was reportedly low. On Feb. 27, the employees’ union issued a release commenting on news reports that Authentic was considering a deal that would let Arena Group keep operating *Sports Illustrated*, but “gut our staff and eliminate our union. If this comes to pass, then it would represent the true death of *SI*.”

One big lesson the pandemic taught, Beitelspacher says, is that companies have to have a disaster strategy to survive and push beyond sudden catastrophes. When the dust from the blow-up over *Sports Illustrated* settles, Salter might want to work on that. :

Congratulations to these recent appointees

Andrew Saunders, President and 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.



Andrew Saunders



Elliott Altberg
to Executive VP,
Eastern Canada
Beedie



Rachel Huckle
to CEO
Staples Canada



Leah Becker
to VP,
Human Resources
Tundra Oil & Gas




Caralyn Bennett
to Board of Directors
Tundra Oil & Gas



Abhy Pandey
to VP,
Strategic Planning &
Business Development
Tundra Oil & Gas



John Rossall
to Board of Directors
Tundra Oil & Gas



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WOMEN LEAD HERE

TH ANNUAL

This marks the fifth year for our annual benchmark of gender diversity in corporate Canada. The good news is that the number of publicly traded companies with more than 40% women in executive roles has crept up to 97 from 90 last year—and 73 back in 2020. But there are some troubling downward trends, too. Why? Read on to find out—and for ideas on how to fix it.

WHY WOMEN LEAVE

ILLUSTRATIONS BY CELESTE WOODS

TOO OFTEN, THERE'S A GAP BETWEEN COMPANIES' GENDER-POSITIVE INTENTIONS AND THE REALITIES WOMEN LEADERS FACE. IT'S TIME TO CLOSE IT

BY DEBORAH AARTS



“HONESTLY? I’M WORRIED I’M NEXT.”

The woman spoke plainly—there was no place for you-go-girl platitudes in this focus group. She’d just recounted the recent experience of watching a string of VP-level women colleagues burn out and bail on their impressive careers at her employer, sparking this moment of lucid revelation. “She saw that her company was doing nothing,” says Julie Savard-Shaw, executive director of the Prosperity Project, a charity dedicated to mitigating the impact of the pandemic on Canadian women, which had convened a discussion to hash out some of the most pressing gender-equity issues affecting workplaces today in the lead-up to its annual report card on the matter. “So, she was wondering: *What is it going to take for organizations to change things, so that women don’t get to that point?*”

The speaker’s comment strikes a nerve. Because a lot of women are, in fact, getting to that point.

Witness Helena Helmersson, the first woman CEO in global apparel giant H&M’s seven-decade-plus history, who cited the personal toll of leading a company through a rough run of crises in her surprise resignation, this past January: “It has been very demanding.” See Claudine Gay, the embattled first Black woman president of Harvard, taking her exit only days earlier: “These last weeks have helped make clear the work we need to do... to combat bias and hate in all its forms.” Recall Jacinda Ardern, the third (and youngest) woman to lead New Zealand, stepping down a year ago: “I have given my absolute all to being prime minister, but it has also taken a lot out of me.”

The individual circumstances surrounding these women are nuanced

and sometimes messy, but their exit remarks share a similar sentiment, of the reality of being a woman in charge not living up to the hype. If we’re having an honest conversation about gender equity in leadership, we need to acknowledge an honest truth: that when women crash through glass ceilings, they often find themselves having to navigate terrain riddled with shards—hard to see, hard to get rid of and piercingly sharp.

Is it any wonder so many are leaving—by force or by choice?

The situation is infiltrating organizations across Canada. For the fifth year, our researchers have measured the gender diversity of the top three tiers of executive leadership at the largest public corporations in Canada to produce the Women Lead Here benchmark. Upon examination of 5,500-odd positions at 534 companies, the topline is good: 26% of the executives at these businesses are women, an unequivocal improvement from 18% in 2020, when the research began. There’s a solid cohort of companies that are doing good, hard work to recruit and appoint women to big jobs—you can see 97 of them starting on page 52.

But put a cork in the pink champagne: 27% of the companies evaluated (142, to be exact) have fewer women executives now than they did last year—the highest share in five years of measuring. Put another way, more women are leaving, and being replaced by men, at more than a quarter of the biggest businesses in the country—many of which had previously been progressing toward gender equity. Most of the companies reporting declines had higher-than-average numbers of women last year; 17 had surpassed the parity threshold.

More alarmingly: The percentage of companies with women CEOs juddered down for the first time since 2020, to 6.2%, from 6.6% in 2023. Some of these were quiet exits; others, such as Rania Llewellyn’s abrupt departure from Laurentian Bank in October, were anything but. Whatever the reason, if the trend holds, by this time next year, there will be more CEOs named Mike in corporate Canada than there will be women. (We counted.) Something is clearly getting lost between companies’ desire to diversify their leadership ranks and their ability to foster conditions in which women stick around.



We may be a few years past the #GreatResignation workplace-trend hype cycle—the zeitgeist having moved on to its #LazyGirlJobs era, which doesn’t quite apply to those with executive ambitions. But for a lot of women leaders, the vibes are most definitely off. Women have always been more likely to be fired or resign from big jobs, and the shifting sands of post-pandemic work seem to be accelerating things. The most recent Women in the Workplace report by LeanIn.org and McKinsey & Co. showed women leaving positions of power at a higher rate than men in similar roles; the higher a woman sits in the org chart, the more likely she is to leave.

A decade-plus after Sheryl Sandberg implored us all to lean in, how did we get here?

One way of interpreting the current exodus is to prejudicate: that being an executive is a gruelling gig. That some people aren’t cut out for the grind. That some people biff it on the big stage. That some people simply have different priorities. This is, of course, all true—sometimes. But when it’s a woman leaving a high-powered role, too many people link it to some innate inadequacy—a failure of temperament or resilience or chutzpah that, miraculously, hid throughout the disproportionately rigorous vetting process that got her the job in the first place—instead of looking at the bigger picture. “People are so quick to say, ‘She wasn’t strong enough’ or, ‘She effed up,’” points out Savard-Shaw. “But maybe she didn’t have the support she needed; maybe it’s no wonder she was unable to continue. If we actually talked about some of the reasons, then it might provide an opportunity for us to see it differently.”

So, let’s talk about some of the reasons. Because in 2024, being a woman in a position of power is the corporate equivalent of Ginger Rogers having to do everything Fred Astaire did, only backwards and in heels. (If that woman is also racialized, disabled, or part of a religious, cultural or sexual-orientation minority, toss a knapsack full of rocks on her back as she does it.) Most women leaders feel near-constant pressure to show their work and prove their worth; their days are filled with tiny, often subconscious, slights from those who question their competence. When things go wrong, they tend to have less leeway, less time and fewer resources to set things right. Many—if not most—have to shoulder the bulk of family caregiving responsibilities. And for all that, they’re still paid less than men. So they stress out, burn out and—more and more—peace out.

When this happens, it naturally affects the women involved: Rightly or wrongly, the stink of an unfulfilled mandate can linger like bad perfume, and women are far less likely to “fail up” than men. It also affects their organizations, which often lack the sufficiently diverse talent pipelines needed to quickly and effectively fill a vacancy with an underrepresented replacement. Furthermore, to zoom out, it affects the overall cause of gender advancement, as talented younger women see their mentors and heroes ground down and start to think, *Wow, that’s not for me.*

All of this sits at uncomfortable odds with the general discourse surrounding workplace equity and inclusion today. On paper, virtually every public company in Canada is a crusader for gender diversity; you likely encountered many earnest LinkedIn posts to that effect on International Women’s Day. (They kind of have to be, due to the “comply or explain” disclosure requirement added to the Canada Business Corporations Act in 2020.) By now, most CEOs and board members know that more equitable gender representation is good for business—and not only in a Will-Ferrell-in-*Barbie*, “I am the son of a mother, and the nephew of a female aunt” sense.

“We know that diverse leadership teams have better team outcomes, better productivity, higher job satisfaction, greater creativity and innova-

tion. We have all of the data. We have all of the research. We know all this,” says Julie Cafley, executive director of Catalyst Canada, the Canadian arm of the global non-profit focused on building better workplaces for women. Yet, deep-seated biases and sexism don’t change overnight, so we find ourselves in a situation where well-meaning ideals are coming up against cultural and infrastructural environments that are years (or decades or centuries) behind: “The job now,” Cafley says, “is to look at these errors within the system that are consistently holding women and racialized individuals back.”

The problem with errors in the system is that they’re not obvious unless you’re looking for them.

For a long time, the idea was that companies could simply hire their way to parity. There’s a logic to it. Our economy is built on quantifiable things that fit neatly into spreadsheets—quotas achieved, deadlines met, budgets hit—and recruiting fits that bill. A company can easily measure how many women it has appointed and declare it a job well done. So, that’s where many concentrate their efforts.

“Hiring is easy because it is measurable,” says Sarah Saska, co-founder and CEO of diversity, equity and inclusion consultancy Feminuity. “Companies tend to go on these expensive recruitment shopping sprees to bring in women so they can have a splashy announcement or so they can hit the targets their board sets. And then they wonder why the women don’t feel supported or why it doesn’t work out super-well.”

All corporations carry the baggage of their history, and since most of history was pretty sexist, vestiges of bias and discrimination tend to cling to a company’s policies, systems and processes long after it has declared its commitment to gender equity. Even the most progressive and well-meaning organizations are likely to find evidence of what researchers call “benevolent sexism” if they look closely enough.

Sometimes, this takes the form of good initiatives that fall flat in the execution. A company might launch a mentorship program, for example, to provide talented women with support and connections. Great! But do



PHOTOGRAPH BY ANGELA LEWIS



Dottori-Attanasio is a Bay Street star who left her role as CIBC's head of personal and business banking (where she was considered a potential successor to CEO Victor Dodig) in early 2023 to take the top job at Element

EQUITY AT WORK

MAKE IT A TEAM EFFORT

Laura Dottori-Attanasio

President and CEO, Element Fleet Management

In my experience, sponsorship, mentorship, collaboration and advocating for diversity, inclusion and belonging have all been crucial factors in creating a more equitable workplace. Organizations like Women's Executive Network, formal company-sponsored mentor programs and employee business resource groups have all provided access to a supportive network of mentors, colleagues and advocates who have been instrumental in my career progression.

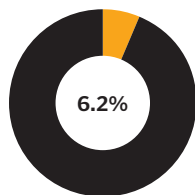
These resources and individuals have offered guidance and encouragement, helping me navigate through various obstacles and opportunities. I am grateful for their support and believe that having a strong network is crucial for any leader's success.

I think it's important to be self-reflective. What's been your lived experience? What would you have wanted to be different to enable your own personal growth, development, or career satisfaction?

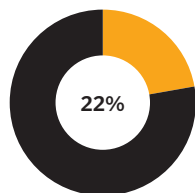
We all need to work together toward a future where everyone can thrive. Regardless of gender, I believe that when we focus on diversity, equity, inclusion and belonging, everyone benefits. It's important that we continue to make strides toward creating more equitable and inclusive environments so that everyone can reach their full potential.

It really comes down to empowering others and our greater responsibilities as leaders. As leaders, we have the power to influence and shape the companies we lead, and the communities where we work and live. It is our responsibility to use this position to drive real, sustainable change. Sometimes this is leading the change; other times, it is amplifying other voices and giving them an opportunity to shine. It's all about bringing people along and creating opportunities for others to grow and move the dial.

PROPORTION OF THE 534 COMPANIES WE EVALUATED THAT HAVE A WOMAN CEO



PROPORTION OF COMPANIES ON THE BENCHMARK WITH A WOMAN AT THE TOP



they follow up to track who's actually using it and who's not? Do they equip mentors to use their clout to advocate for their mentees and sponsor their progression? Or a business might offer a generous parental leave top-up. Admirable and important! But how many women are taking it? How are they talked about in conversations about potential and advancement? And are those who opt out rewarded? "It's important to question how policies are being applied and implemented," says Carmina Ravanera, senior research associate at the Institute for Gender and the Economy at the University of Toronto's Rotman School of Management. "You can have a no-tolerance policy toward something like harassment, and you can encourage reporting and accountability, but what happens when someone reports something? Are they penalized or supported? You need to pay attention to what is actually happening on the ground."

Sometimes it's a matter of scrutiny. Yes, every leader should be held to account. Yet if we learned anything from *Barbie*, it's that perfection is a myth, so to hold women leaders to disproportionately high, often contradictory standards for everything from their accomplishments (which must be substantial but never bragged about) to their comportment (which must be authoritative but never cold) and yes, their appearance (which must be polished but never flashy) is both bogus and sad. And even when women do get it right, their colleagues are more likely to downplay the achievement than celebrate it. "When women succeed—when they get that promotion or take public-facing roles or what-

EQUITY AT WORK

NORMALIZE REALISTIC EXPECTATIONS

Andrea Limbardi CEO, Reitmans Cos. Ltd.

I've had a lot of support over the years. Having a group of people who you can count on to give you real advice and real perspective—not just to be cheerleaders, but really tell you what's hard to hear—is critical, and I've had that my whole career. There are people I worked with 30 years ago who I can still count on for a real perspective.

I think knowing that you're not able to do all things yourself is really critical. As women, in particular, we put this weight on our shoulders that we should be good at everything. I'm really bad at a lot of things and I'm good at a lot of things. I know what those things are and how to surround myself with people who are smarter or better than me in the areas where I'm not, and to stay in touch with those people and to surround myself with those people on my team in my external network.

I'm also a mother of a young child. My son's six; it's just not possible to do it all. So I think the best example we can give to others, and to our children, is by being really honest about that. Because everyone feels that pressure."

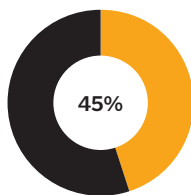
I believe in giving an incredible amount of trust to the people on my team. You have to give them the autonomy to be successful and be there to help them by removing obstacles—not by micromanaging. They need to know that they can make mistakes, and know that they have support. As senior leaders, we have to give space for people to be successful. That's just so critical.

PHOTOGRAPH BY PAM LAU

Limbari is a retail veteran who climbed the ranks at Indigo—most recently to president—before quitting in 2023, amid management chaos at the book chain, to become the first non-family CEO at Reitmans



AVERAGE
PROPORTION OF
WOMEN EXECUTIVES
AT BENCHMARK
COMPANIES OVER
THE PAST FIVE YEARS



2024		45%
2023		46%
2022		46%
2021		44%
2020		44%

ever it is—they get cut down,” says Rumeet Billan, owner and CEO of Women of Influence+, whose research has found that 87% of working women have experienced what’s known as “tall poppy syndrome” in their professional lives. “We need to shift from women having to cope with criticism to actively challenging it and changing the systems that perpetuate it.”

Sometimes, the problem lies in workplace cultural expectations that reinforce a stereotypically male version of leadership. An awful lot of deals still get done on the golf course or at a hockey rink, and while of course women can and do participate in such activities, a quick scan of the corporate boxes at any Leafs game will reveal who’s included—and who’s not.

And sometimes it’s a matter of unintentional, force-of-habit disrespect. According to the 2023 McKinsey and LeanIn report, women are twice as likely as men to have to deal with common microaggressions (that is, subtle and demeaning digs), making work a “mental minefield.” Think of the woman expected to get coffee and snacks for the meeting she’s chairing, or the one whose ideas are routinely talked over in strategy sessions, or the one who’s considered overly emotional for defending a position, or the one who’s asked “Who’s taking care of your kids?” with a whiff of incredulity.

Are you tired yet? This stuff is tiring.

But it’s all there, more often than you might think, if you start looking beyond just what you want to see.

And look, it’s no fun: No executive wants to believe that their good intentions aren’t translating, and most would be horrified to know their



PHOTOGRAPH BY ANGELA LEWIS



Bath's CV is stacked with senior roles at energy and mining firms, including at Vancouver's Ero Copper, where she was COO before becoming Wesdome's CEO in 2023

EQUITY AT WORK

ENCOURAGE WOMEN TO BE THEMSELVES

Anthea Bath

President and CEO, Wesdome Gold Mines

I encourage companies to come to diversity from a place of true understanding. In some cases, I don't think organizations truly believe in the value that diversity can bring.

I sometimes wonder if it's something they do because they have to. Do they understand why a board conversation is so good when you have women there? Do they understand what having differences in leadership teams brings?

A woman's style does not necessarily correlate to a typical business style. I'm in mining, which can still be pretty macho. My style has an authenticity about it, which I love, but it can be difficult for people to understand. I don't know how many conversations I've been in when I think to myself, *Would this person say this if I were a man?*

I encourage women to be their authentic selves, because it's in the authenticity that you're going to get their best out of them. And I encourage leaders to talk to women to understand what is going to work for them as individuals. When you really listen to a woman—to really understand her and the influential person she can be—you'll start to see what she can do.

Most of the women I know who have been treated with respect and kindness give 20 times more. When a woman feels she can be herself—when she feels safe to be who she is—you'll be surprised at the value you get out of it.

15

NUMBER OF COMPANIES THAT HAVE
APPEARED ON THE WOMEN LEAD HERE
BENCHMARK FOR ALL FIVE YEARS



7

NUMBER OF FIVE-YEAR WINNERS
THAT HAVE A WOMAN CEO:

**ARITZIA, BMTc, INDIGO, K-BRO,
REITMANS, ROOTS AND TOREX**

blithe behaviour is contributing to a toxic workplace. But just as you can't wish yourself a smash new product or dream your way out of a recession, you can't confirmation-bias your way to an equitable organization. "It's hard work to look in the dark corners and to have real conversations about what you see," says Saska of Feminuity. "But it's only when organizations really dig in and deal with their issues that everybody has a better shot of having a good day-to-day experience in the workplace."

Lest this read too much like homework: There's a great upside to all of this. Once companies go through the uncomfortable work of reckoning with what their women leaders really experience, and once they change that which must be changed accordingly, they'll find more of those women leaders stick around to do great work. They'll build stronger talent pipelines, improve the whisper-network raps they may or may not know about, and better live up to the gender-equity ideals they espouse.

There's reason to be optimistic, says Jodi Kovitz, CEO of the Human Resources Professionals Association and a longtime advocate for corporate gender diversity. She's witnessed a "mindset shift" that—paired with momentum—holds the potential to drive real change. "If we're interested in fostering, like with a very capital F, a culture of inclusion, and really enabling a culture that allows folks to be successful, our energy needs to be invested in weaving these ideas—this mindset shift—into the DNA of our companies," Kovitz says. "There has been a lot of progress, but we must not stop. Because the second we take our foot off the gas is the second we start to go backwards."

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EQUITY AT WORK

RECOGNIZE WHAT YOUR LEADERS REALLY NEED

Samira Sakhia

President and CEO, Knight Therapeutics

PHOTOGRAPH BY PAM LAU



Sakhia was the longtime CFO at specialty pharma firm Paladin Labs before taking the leadership reins at its successor company, Knight Therapeutics, in 2016

As CEOs, we need to recognize that different people have different experiences. For example, a lot of people have been educated and trained to ask for more. But a lot of other people—and a lot of minorities—have not been trained to ask for more. As a leader, you need to recognize that difference. Some people are going to come to you with what they want, and it'll be easy. For others, you'll have to pull it out of them or push it on them. You have to be thinking of these things.

As our company grows, we're more open to continuously rejigging the structure of the leadership team to keep work sustainable. Last year, we split the role of one senior leader in two. The job had grown to

the point that it was getting to be too much. It brought her a huge amount of relief and took a lot of stress away. Some of these changes are comfortable. Some are not. But we're working together to get there.

We've all seen examples of women saying something, and then someone else saying very similar words five minutes later and getting the credit. That happens all the time, and it almost defeats the purpose of having that woman in the room. As leaders, we have to consciously listen and hear and acknowledge that we've heard. We need to show our respect that they're in the room, and we value their opinion. It's not always something leaders are used to doing. But if I can do it, when I never had to for 30 years of my career, anyone can learn.

HONOUREES

WITH AN AVERAGE OF 45% WOMEN COMPRISING THEIR EXECUTIVE RANKS, THESE COMPANIES OFFER A BENCHMARK FOR OTHERS

male-identifying individuals at each tier. Tier 1 is CEO or equivalent; Tier 2 is C-suite, president or equivalent; and Tier 3 is generally executive VP, senior VP or equivalent. We contacted each evaluated company by email to confirm the accuracy of data. We then applied a weighted methodology. We considered the company's profitability, revenue growth and

METHODOLOGY

To create the 2024 Women Lead Here list, *Report on Business* magazine assessed approximately 500 publicly traded companies in Canada with annual revenues greater than \$50 million. Companies were evaluated on their executive teams from October to November 2023. Our researchers looked at each company's top three tiers of executive leadership, while measuring the ratio of female-identifying to

three-year return. The diversity of an executive team was also considered, as was the year-over-year comparison of female representation in the company's executive ranks. 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. Research by Fiona Collie, Liza Agrba, Claire Robbins and Allan Tong.

COMPANY	INDUSTRY	FEMALE CEO	TOTAL % OF WOMEN EXECUTIVES	YEARS INCLUDED ON THE LIST	YEAR-OVER-YEAR % WOMEN CHANGE
Acadian Timber Corp.	Paper and forest products	No	56	1	n/a
Algonquin Power & Utilities Corp.	Utilities	No	44	4	Flat
Allied Properties REIT	Real estate	Yes	44	3	Increased
Alvopetro Energy Ltd.	Oil and gas	No	40	1	n/a
Amerigo Resources Ltd.	Mining	Yes	67	4	Decreased
Artis REIT	Real estate	No	60	2	Flat
Aritzia	Retail	Yes	69	5	Decreased
ATCO Ltd.	Energy	Yes	43	3	Increased
Badger Infrastructure Solutions Ltd.	Industrial	No	50	2	Increased
Bank of Montreal	Financial services	No	42	4	Flat
BMTC Group Inc.	Retail	Yes	67	5	Flat
Boardwalk REIT	Real estate	No	36	5	Decreased
Boat Rocker Media Inc.	Film production	No	60	2	Flat
Canada Goose Holdings Inc.	Retail	No	42	2	Decreased
Canadian Utilities Ltd.	Energy	Yes	33	1	Increased
Canlan ICE Sports Corp.	Retail	No	33	1	Increased
Canopy Growth Corp.	Cannabis	No	57	2	Increased
Capital Power Corp.	Utilities	No	44	5	Increased
Chartwell Retirement Residences	Real estate	No	55	4	Decreased
Choice Properties REIT	Real estate	No	53	2	Flat
Cogeco Communications Inc.	Cable and entertainment	No	44	4	Increased
Converge Technology Solutions Corp.	Technology	No	30	2	Decreased
Corus Entertainment Inc.	Broadcasting	No	49	5	Increased
CT Real Estate Investment Trust	Real estate	No	50	1	Increased
Dexterra Group Inc.	Facilities management	No	33	1	Increased
Dialogue Health Technologies Inc.	Virtual health care	No	42	1	Increased
DIRTT Environmental Solutions Ltd.	Modular construction	No	30	1	Increased
Dollarama Inc.	Retail	No	33	4	Increased
Element Fleet Management	Transportation	Yes	33	1	n/a
Empire Co. Ltd.	Retail	No	38	1	Increased
Equitable Bank	Financial services	No	37	2	Increased
Extencicare Inc.	Long-term care	No	59	3	Increased
First Capital REIT	Real estate	No	42	2	Increased

When a community helps you thrive:



At Mastercard, we're committed to supporting Indigenous small businesses through strategic partnerships that power economies and empower people. With Pow Wow Pitch, we're creating an ecosystem that enables Indigenous entrepreneurs to start and grow their business, access funding opportunities and mentorship, and connect with a community of like-minded individuals.

Visit PowWowPitch.org to learn more.



COMPANY	INDUSTRY	FEMALE CEO	TOTAL % OF WOMEN EXECUTIVES	YEARS INCLUDED ON THE LIST	YEAR-OVER-YEAR % WOMEN CHANGE
First National Financial Corp.	Financial services	No	50	1	Increased
Foraco International	Mining	No	47	5	Increased
Freehold Royalties Ltd.	Oil and gas	No	43	1	Increased
George Weston	Food	No	50	2	Decreased
H&R REIT	Real estate	No	46	5	Increased
Hut 8	Cryptocurrency	Yes	43	2	Flat
Hydro One Ltd.	Utilities	No	34	2	Increased
IGM Financial Inc.	Financial services	No	34	1	Increased
Indigo Books & Music Inc.	Retail	Yes	55	5	Increased
Information Services Corp.	Technology	No	56	5	Decreased
Innergex Renewable Energy Inc.	Utilities	No	33	1	Increased
K-Bro Linen Inc.	Linen services	Yes	67	5	Flat
Keyera Corp.	Oil and gas	No	42	2	Decreased
Killam Apartment REIT	Real estate	No	50	5	Flat
Kinross Gold Corp.	Mining	No	33	1	Increased
Kiwetinohk Energy Corp.	Oil and gas	No	40	1	Increased
Knight Therapeutics Inc.	Pharmaceuticals	Yes	50	3	Decreased
Lassonde Industries Inc.	Consumer products	Yes	46	2	Increased
Lightspeed Commerce Inc.	Technology	No	40	2	Increased
Mainstreet Equity Corp.	Real estate	No	40	5	Decreased
MCAN Mortgage Corp.	Real estate	No	40	5	Decreased
MDA Space	Space	No	40	1	Decreased
Melcor Developments Ltd.	Real estate	No	38	2	Flat
Morguard Corp.	Real estate	No	50	2	Flat
MTY Food Group Inc.	Food services	No	40	3	Increased
National Bank of Canada	Financial services	No	50	3	Increased
Novo Resources Corp.	Mining	No	60	1	Increased
Organigram Holdings Inc.	Agricultural industries	Yes	50	4	Flat
Ovintiv Inc.	Oil and gas	No	50	3	Flat
Pason Systems Inc.	Energy	No	30	3	Flat
Pet Valu Holdings Ltd.	Retail	No	50	3	Decreased
Plaza Retail REIT	Real estate	No	53	2	Decreased
Pollard Banknote Ltd.	Leisure	No	30	2	Flat
Popreach Corp.	Technology	No	50	1	Increased
Primaris REIT	Real estate	No	40	2	Flat
Pro REIT	Real estate	No	40	1	Increased
Quisitive Technology Solutions Inc.	Technology	No	43	3	Increased
Reitmans (Canada) Ltd.	Retail	Yes	56	5	Increased
Reko International Group. Inc.	Manufacturing	Yes	67	1	Increased
RF Capital Group Inc.	Financial services	No	44	1	Increased
Roots Corp.	Retail	Yes	50	5	Increased
Royal Bank of Canada	Financial services	No	42	2	Decreased
Sandstorm Gold Ltd.	Mining	No	40	1	Increased
Scotiabank	Financial services	No	41	4	Decreased
Sienna Senior Living Inc.	Real estate	No	50	4	Flat
Spin Master Corp.	Toys and entertainment	No	36	1	Increased

COMPANY	INDUSTRY	FEMALE CEO	TOTAL % OF WOMEN EXECUTIVES	YEARS INCLUDED ON THE LIST	YEAR-OVER-YEAR % WOMEN CHANGE
Sprott Inc.	Financial services	No	33	1	Increased
StorageVault Canada Inc.	Storage provider	No	50	4	Flat
Suncor Energy Inc.	Energy	No	43	1	Increased
Tamarack Valley Energy Inc.	Oil and gas	No	40	2	Increased
TC Energy Corp.	Pipelines	No	33	2	Increased
TD Bank	Financial services	No	31	1	Increased
Telus Corp.	Telecom	No	50	3	Increased
Thomson Reuters Corp.	Publishing and printing	No	44	2	Increased
Thunderbird Entertainment Group Inc.	Film production	Yes	60	3	Flat
Torex Gold Resources Inc.	Mining	Yes	43	5	Flat
Toromont Industries Ltd.	Industrial equipment	No	40	2	Flat
Total Energy Services Inc.	Oil and gas	No	33	4	Flat
Transat AT Inc.	Airline	Yes	44	1	Increased
Tree Island Steel Ltd.	Steel	No	33	1	Increased
Trulieve Cannabis Corp.	Cannabis	Yes	33	1	Increased
Wesdome Gold Mines Ltd.	Mining	Yes	50	2	Increased
Wildbrain Ltd.	Film production	No	63	2	Increased
Wolverine Energy and Infrastructure Inc.	Oil and gas	No	40	1	Increased



Building Our Future

Sprott is committed to supporting gender equity and the advancement of women in the workplace. We are proud to have been recognized by **The Globe and Mail's Women Lead Here** as a leader in executive gender diversity in corporate Canada. Our ongoing growth, accomplishment and innovation will continue to be bolstered by prioritizing the diverse and amazing talent we have at Sprott.

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Full swing

Ben Cowan-Dewar started out with one golf course in Cape Breton—built during the financial crisis. Now he runs a global operation

It started with a vision that began in Inverness, on Cape Breton Island, 19 years ago. The community wanted to build a links course on the site of an abandoned coal mine. I was 24. People rightly asked if I'd ever worked at a golf course or golf resort, or if I was an architect or contractor—and I wasn't any of those. But I'd seen most of the great golf courses—I was on the panel that rated the world's top 100—and what they all had in common was a phenomenal site.

When the Inverness community passed the baton to me, it was both an honour and a huge responsibility. We began construction on Cabot Links during the global financial crisis, and in some ways, that prepared us for the COVID-19 pandemic, when Nova Scotia closed its border. It soon became clear that we'd only be open that year to the Atlantic Bubble. We were struggling just to survive. We'd also just started construction in Saint Lucia, and flights to that small island nation were cancelled for months. Our crew basically agreed to stay there—without any sense of when they'd get home to see their families—and continue to build through that.

It was a very, very tough moment. But I remember talking to Mike Keiser, my long-time partner in

11

Number of courses Cabot has open or under development

4

Consecutive times Cabot's Cape Breton courses have appeared on *Golf Digest's* list of the 100 best courses in the world

Building through a crisis meant we'd be opening on the other side of it

Cabot, and he reminded me that building through a crisis—as we did with Cabot Links—meant we'd be opening on the other side of it. And 2021 was transformative. Once we'd battened down the hatches on our own businesses, we looked at the list of properties we most wanted to acquire if the opportunity arose. We ended up buying World Woods in Florida, which is now open for preview play as Cabot Citrus Farms, and Castle Stuart in Inverness, Scotland—from Inverness, Nova Scotia, to Inverness, Scotland, of all things. We rebranded that as Cabot Highlands, and we're adding a second course.

Things stabilized in Nova Scotia, too, and both 2022 and 2023 were record years. Golf ended up seeing a renaissance, so it was a pretty shocking turn of events in a few years.

We've grown with a philosophy of continuing to find remarkable locations. We look at St. Andrews in Scotland as our ultimate exemplar: It's been there for 500 years, and when you know something is going to be there for that long, you realize you're a steward for it. And we're certainly never going to pick up and leave Inverness. So being integrated into the community is at the core of a sustainable business. When we built Cabot Cliffs, our second course in Cape Breton, we received a permit to build in the sand dunes, which hadn't happened before in Nova Scotia. And we worked with the province and an amazing environmental scientist, both of whom were pretty skeptical at the beginning, and both of whom, at the end, sort of celebrated it.

And so we see how wonderfully we can coexist with the environment; that we can't is probably the one thing people get wrong about the golf business. And it's incumbent on us to do that. When we invest in the locations we do, we're making an investment over the incredibly long term—in the place, the site and the community. We cared about this stuff before it was fashionable.

I've seen hundreds of sites around the world, but the locations we've chosen are ones I love going back to time and time again. It feels like I'm at home. And as much as we have criteria for opportunities we'd like to examine, that still feels like the best litmus test of all.

/Interview by Alex Mlynek



Together we create a better world

Teresa Gonçalves, CEO of the SATA Group (Azores Airlines and SATA Air Açores), advocates for a responsible, conscientious, and dedicated approach to management and business, nurturing sustainability from both social and environmental perspectives.

In Gonçalves' own words, "Together, we can create workplaces where everyone feels valued, supported, and inspired to do their best." Policies pertaining to ethical accountability and societal governance have been established to address issues such as Human Rights, Health and Environment; Diversity and Inclusion Equality, Non-discrimination and Combating Harassment.

Under Gonçalves' leadership, the company is dedicated to sustainability and strongly believes that 'Together we create a better world'. The SATA Group's carbon footprint has been reduced with more fuel-efficient aircraft, optimizing flight routes and operations, and supporting carbon offset projects, earning certification from the IATA Environmental Assessment (IEnvA) program.

Azores Airlines is rapidly expanding in Canada and is poised to carry 55% more passengers from Canada to the Azores and beyond in 2024. They offer year-round, non-stop service to the Azores, in addition to non-stop summer routes to Porto and Funchal and connections via Ponta Delgada to Europe and Africa. Plus, stopovers of up to 7 days are free!





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