

REPORT ON BUSINESS

CEO OF THE YEAR

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CEOs OF THE YEAR

Great leaders in different sectors need specialized skill sets. But they all need to distill what they've learned into inspiring game plans. We've chosen the year's top performers in five areas—strategy, innovation, corporate citizenship, global vision and the best of the newcomers. /By Deborah Aarts, Clare O'Hara, Jason Kirby, Joe Castaldo and Nicolas Van Praet



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ONE GIANT LEAP

Climate change is a planetary crisis, so satellite maker GHGSat is literally tracking greenhouse gas emissions from space.

/By Susan Nerberg

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PARTY DOWN

Lawyers' offices are sort of back to the way they were, and drinks and eats are flowing again at swish industry events.

But how much of the past should firms retain, and how much should they scrap?

/By Diane Peters

PLUS An exclusive listing of Canada's Best Law Firms

◀ Hydro-Québec's Sophie Brochu knows U.S. customers need what she's selling: clean hydropower, and plenty of it
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The one who got away

“ Each December for the past few decades, this magazine has named one lucky leader our CEO of the Year. For the most part, we’ve had a good run, from the somewhat staid (Michael Medline) to the brash (Hunter Harrison) to the downright controversial (Bill Ackman). But there’s one thing I’ve always regretted, and that’s *not* giving the title to Maple Leaf Foods chief executive Michael McCain in 2008. McCain was certainly in the running—in fact, he appeared on that month’s cover—but the general consensus was that the timing was wrong: It was just a few months after tainted meat from a Maple Leaf plant killed 22 people and made hundreds more ill. “Going through the crisis,” McCain told reporters at the time, “there are two advisers I’ve paid no attention to. The first are the lawyers, and the second are the accountants. It’s not about money or legal liability—this is about our being accountable for providing consumers with safe food.” To this day, McCain’s handling of the tragedy remains a model for leaders on how to take responsibility for what went

wrong—and doing the hard work to fix it. (That year’s CEO of the Year, by the way, was a reluctant Prem Watsa, who spotted the source of the greatest financial crisis in decades—and made billions for Fairfax Financial in the process.)

Now that McCain is getting ready to step down after 24 years in charge of his family-controlled company, I’m feeling a bit wistful. There aren’t many leaders like him anymore. In January 2020, after Iran shot down a Ukrainian airliner, killing 176 people (57 of them Canadians), McCain took to Twitter—from Maple Leaf’s corporate account, no less—to call out Donald Trump’s “irresponsible, dangerous, ill-conceived behavior.” He has since spoken out against mass shootings in the United States; that country’s criminalization of abortion; Vladimir Putin’s unconscionable bombing of Ukraine; and, of course, climate inaction (sustainability being an issue McCain cares about deeply—Maple Leaf became the world’s first major carbon-neutral meat producer in 2019).

None of McCain’s stances have been particularly controversial; what makes them stand out is his status as the CEO of a publicly traded company. These days, there seem to be just two kinds of corporate leaders: the ones who shy away from even the slightest ripple of dissension lest it harm their stock price, and the ones who actively court it—by, say, spreading dangerous conspiracy theories on Twitter and then spending US\$44 billion to ensure they’re allowed to continue doing so.

McCain is different. He has thoughtful things to say about what’s happening in the world around him—much of which you’ll hear about in Trevor Cole’s interview with him and his successor in this month’s Exchange (“Fresh meat,” page 6). If you’re looking for even more inspiration, turn to page 23 to read about this year’s five CEO of the Year honourees. (Sorry, Michael—this wasn’t your year, either.) /Dawn Calleja

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Report on Business magazine is published 7 times a year by The Globe and Mail Inc., 351 King Street E., Toronto M5A 0N1. Telephone 416-585-5000.

Letters to the Editor:
robmagletters@globeandmail.com.
Copyright 2022, *The Globe and Mail*. Indexed in the Canadian Periodical Index.

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212-426-5932, ajrmediagroup@
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Publications mail registration No. 7418. The publisher accepts no responsibility for unsolicited manuscripts, transparencies or other material. Printed in Canada by Transcontinental Printing Inc.

Report on Business magazine is electronically available through subscription to Factiva.com from Factiva, at factiva.com/factiva or 416-306-2003.

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He's got game

That's the general consensus on Toronto Raptors president and vice-chair Masai Ujiri, based on reaction to Nicholas Hune-Brown's profile of him in our November issue.

Masai has been a godsend for the Raptors, Toronto and Canada. His performance, results and community impact have far surpassed all of his peers in the city. I truly hope MLSE will enable him to achieve more success here. —**Going_Forward**

The whole "We the North" thing always struck me as odd. It reeks of typical New York ad-agency ignorance of anything beyond the island of Manhattan and tells us a lot about Toronto's own deep-seated desires to become just another American city. Look at the map of Canada, Toronto. You the south. —**Ted Baker1**

"The city seemed pretty content with losing." Yup, that sums up what

anyone aspiring to achieve anything slightly above mediocre in Toronto is up against, particularly among the major sports teams. I can only hope something in Masai keeps him, as Nick Nurse once said, "super hungry." It's our only hope. —**anduril101**

Masai is a genuine leader. Having said that, the current team is not good enough to win the trophy. The time for Masai to swing for the fences is fast approaching. —**StanD21**

Talking Shop(ify)

Tim Kiladze dove deep on the trouble at Shopify as the stock takes a beating.

Shopify has a fantastic product for companies looking to sell online. You

can talk about how their valuation got out of hand and has now come back to reality, but that is the fault of the market, not the company. —**Jack Says**

Quantum computers are tech. Cars that drive themselves are tech. Rockets that return to Earth and land themselves are tech. Shopify is not tech. Shopify is marketing. —**Walsingham**

All those poor suckers who bought SHOP in 2017. They are regretting their bets now that Shopify is up only 1,200% since! Please...continue telling us how SHOP is a disaster. —**thunderbaybee**

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our advice twice:
when the market is up and
when it is down.”

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Congratulations to Canada's top five CEOs for 2022 – **Sophie Brochu, Barbara Zvan, Alexandre L'Heureux, Ann Fandozzi and Rowan Saunders**. BMO salutes you all for being the bold and innovative visionaries you have proven yourselves to be.

12/22

NEW RULES

Small talk, big gains

With many office employees heading back to in-person work, there might be a bit of anxiety around small talk. After all, it's been nearly three years since you've had to chit-chat around the proverbial water cooler. But embrace it: Studies show small talk enhances positive emotions, which makes employees better workplace citizens.



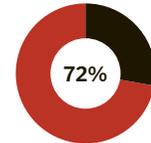
ON THE CLOCK

2 HOURS
Daily amount of time workers in the U.S. spend on small talk

4

TIK TALK MINUTES
Amount of chit-chat needed to learn key

personality traits that can help you predict future behaviour—and therefore improve your performance, according to a 2022 U.K. study



SPEAK TO ME

Workers in a survey who said small talk makes the workplace more bearable

DO
Be genuinely curious. If someone mentions an interest, ask follow-up questions.

TIME IS MONEY

\$1.5 trillion

Estimated cost (in US\$) of lost productivity due to small talk



RAMBLE ON

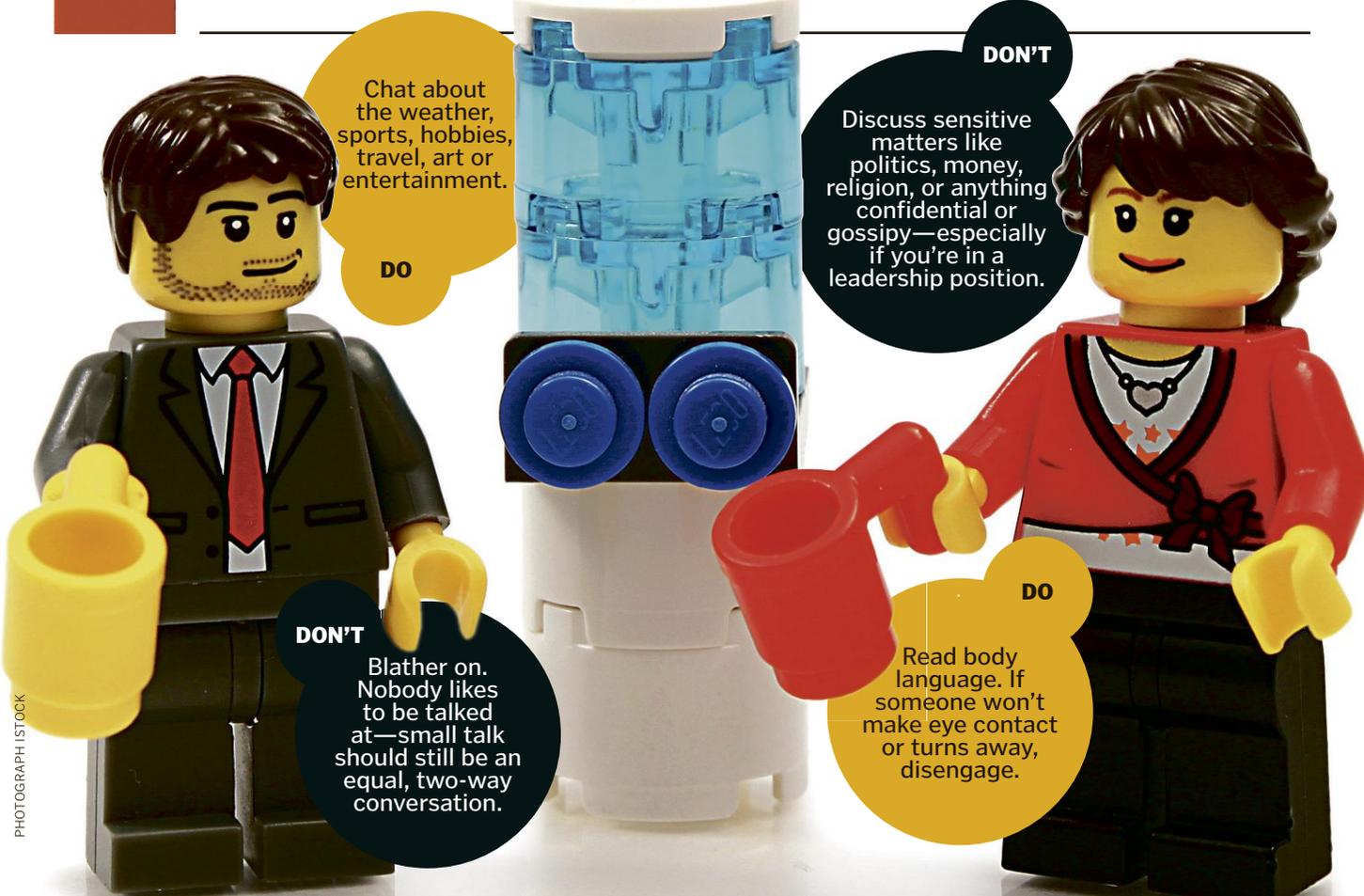
ONE-THIRD

Portion of the typical adult's speech that's considered small talk

57%

HOW 'BOUT THAT WEATHER?

Percentage of 18- to 34-year-olds who say their ability to make conversation at the office diminished during the pandemic, according to a 2021 LinkedIn survey



Chat about the weather, sports, hobbies, travel, art or entertainment.

DO

DON'T
Discuss sensitive matters like politics, money, religion, or anything confidential or gossipy—especially if you're in a leadership position.

DON'T
Blather on. Nobody likes to be talked at—small talk should still be an equal, two-way conversation.

DO
Read body language. If someone won't make eye contact or turns away, disengage.



Michael McCain (left) and his successor, Curtis Frank



PHOTOGRAPHS DANIEL ALEXANDER SKWARNA

THE EXCHANGE

Fresh meat

After 24 years at the helm of Maple Leaf Foods, Michael McCain is stepping down as CEO.

We sat down with him and his hand-picked successor, Curtis Frank—who's very different from the old boss

BY TREVOR COLE

CEO transitions don't get much bigger than the one facing Maple Leaf Foods. After two and a half decades of unquiet leadership, Michael McCain, now 64, is as much a part of his company's identity as its bacon. Since his father, Wallace, bought the then-underperforming meat packer in 1995, McCain has guided it through crisis and pushed it toward innovation, turning Maple Leaf into Canada's largest and arguably most forward-thinking meat producer. This spring, marking not just a leadership shift but a generational one, he'll hand responsibility for the company he remade to 47-year-old Curtis Frank, whom McCain has observed and mentored since he joined as a management trainee more than two decades ago. If Frank is daunted by the task before him, at least he knows his predecessor won't be far away. With his family's large ownership stake, McCain will be in the chair's seat, making this a transition that could unfold, and be fascinating to watch, for years.

Michael, why is this the right time to go?

MM: I'm not getting any younger. I've been in the current role for 24 years. **(1)** Curtis has been in the company for over 22. He's incredibly capable and ready to take the helm, and I have a more diverse set of interests today that I want to explore.

Back in 1996, this magazine described your father's vision for the company this way: Maple Leaf Foods would be "recreated in the McCain Foods mould—lean, mean and capable of producing enormous profits." Has that vision been achieved?

MM: We had more obstacles than probably we expected. **(2)** But I think today, we've built an organization that has had a much more inspiring, impactful, purposeful journey, in addition to financial success.

When did you decide Curtis was the right person to step into your shoes?

MM: Curtis has been a talented executive for decades. As the

1. McCain joined the company as president and chief operating officer in 1995. He was appointed CEO in January 1999.

2. The company's obstacles have included: a battle with unions that shut down four plants in 1997; the forced overhaul of its business in 2006, including the elimination of five plants, when a rapidly appreciating Canadian dollar erased its pork margins; and most notably, the 2008 listeriosis crisis that saw contaminated meat from Maple Leaf Foods kill 22 people.

board and I began the dialogue of succession five or 10 years ago, obviously Curtis was on the radar screen. He demonstrated long-term success in virtually everything he touched. He had extraordinary followership throughout the organization. He embodied all the leadership values we cherish, and a track record of accountability and delivering results. So, the board and I positioned him as the COO in 2018, and Curtis and I have been very planfully running the business in a two-in-the-box model since then, working together intimately.

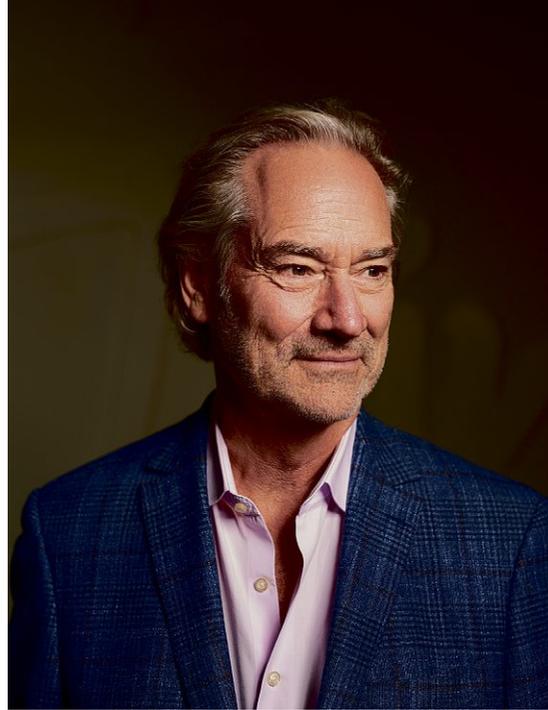
Curtis, what do you love about the food business?

CF: I was raised in a small farming community in Saskatchewan, on a mixed family farm. The food business is in my blood. I grew up raising cattle, pigs, chickens, planting and harvesting crops, growing food, eating the proceeds of a family farm, operating machinery. So, I love that it's consistent with the way I grew up, my personal values. It's a wonderful business full of great people.

MM: Trevor, an interesting side note is when I introduced Curtis to my 88-year-old mother, I said, "Mom, meet Curtis Frank. He's gonna be taking over from me, very soon. He's the only guy you've met that comes from a town smaller than Florenceville, N.B." She said, "That must mean he's good people, then, Michael."

Curtis, you're taking over from a forceful leader with a strong personality. How do you establish authority?

CF: Yeah, Michael's got a strong voice, and that permeates outside of our organization, in society. And there's a comfort level in the organization with his leadership. So, it's big shoes to fill. But I have plans to pave my own path. I think what's really important is the chemistry I have with Michael, his family, and the people broadly within the organization. I think there are benefits with growing up



3. Maple Leaf built a huge \$112-million pork factory in Brandon, Man., in 1997.

4. In 2019, the company began construction of a \$770-million state-of-the-art poultry-producing factory in London, Ont., scheduled to begin operations in 2023.

5. The actual ownership portion for the McCain family, according to the company's information circular, is 39%.

inside the organization, the relationships that I've forged.

What's your main strength?

CF: I think I'm a good listener. I'm introspective. I think I have the humility that's required to take on a role like this. At the same time, I think I'm decisive enough to know the actions that need to be taken to lead our company.

Can you name one thing that will be different with you as CEO?

CF: We're headed to a different place as an organization. Much of the company's history has been dedicated to fixing our business and investing in our supply chains. It started with our pork business and the investments we made in Brandon, Man. **(3)** That was followed by seven years of transforming our prepared meats business, where we invested \$1 billion into strengthening our brands and the efficiencies in our network. And we're building a \$770-million poultry facility. **(4)** Now we're transitioning from fixing a business to growing it. That will be the path forward—growing inside the Canadian market and exploring growth into the United States. I expect acquisitions will play a larger role in our future.

Michael, when Archie McLean stepped down as CEO in 1998, he said, "Too many cooks spoil the broth." You'll be in the chair's seat, probably next to Curtis, maybe whispering in his ear. When does guidance become interference?

MM: That's a really important

question. On one hand, my family has an ownership position of 40%, **(5)** and we expect to continue that ownership position through at least the next generation. A level of engagement in the business, when you have the ownership concentration that we have, is to be expected. Having said that, the engagement we demonstrate cannot undermine the leadership capacity of the chief executive officer. To that end, Curtis and I have been very deliberate. We co-authored a job description that articulated what I would be engaged in and what I wouldn't be engaged in. But we've spent more time actually talking about what won't be written in the job description, because the day the mantle is transitioned, it's most important that both of us show up differently. For the past 25-plus years, I've shown up as the leader of the organization, and there are leadership behaviours that are attached to that. Those leadership behaviours have to basically cease. We've had candid, detailed, trusting conversations about how I will show up in a supportive way that is not the leader of the organization, and how Curtis will fill that vacuum.

Can you give me an example of a leadership behaviour you won't be exhibiting?

MM: Oh, totally. If I'm in a meeting, I have no intention of generating conflict among the leadership team. You know, as the CEO, you are, in some cases, the chief tensioner, holding people accountable. It's not my job to hold people accountable on a team anymore. That's Curtis's job. I'll speak when I'm spoken to. I'll answer when I'm asked. It's gonna be challenging, but I'm very mindful that that is essential to supporting him as the new leader.

How are you going to bite your tongue when there's a moment crying out for what you perceive as your voice?

MM: I'll give you a practical

example. I'm very proud of the fact that my partner and I raised five amazing children. I think we were pretty good parents. In the past few years, I've been blessed with six grandchildren. I've learned, as a grandparent, that you have to bite your tongue until it bleeds. You give advice in a mentoring way, when you're asked for it, and that is the transition that almost has to occur here. I am very comfortable with the fact that Curtis, in his role, will do many things differently than me. I am not here to micromanage, to be a shadow boss, to pretend like I'm the CEO. It's not an easy transition, but it's one that I think we've explored enough that we're both comfortable that we have very high probability of success.

Curtis, you alluded earlier to Michael having a voice that extends beyond the company. An example was his Twitter attack on Donald Trump.

Do you plan on speaking out?

CF: On the topics that are important to me on a personal level and important to the company, I will, without question, have a voice. You brought up the Trump tweet.

(6) The conversations Michael and I often have are around the line between speaking on behalf of oneself versus the company. And there's no bright line, as you can imagine, particularly with someone as established and experienced as Michael is.

Do corporate leaders have an obligation to speak out on societal issues like the attacks on democracy, the rise of populism, threats to economic stability?

MM: I have a particularly strong point of view on this, Trevor. I think the answer to that is unequivocally yes, for a number of reasons. The first is that, as an organization, we believe deeply in the ethos of shared value—creating value for all the stakeholders in balance, specifically rejecting the primacy of shareholders over

the other stakeholders in the enterprise. I think that alone gives us licence to speak on behalf of other stakeholders, including interests of the community or interests that affect the environment. And evidence suggests that corporate leaders today, in many cases, are actually among the more trusted voices in our society. Finally, we, as leaders, are expected to represent the voice of the communities who work inside the organization, and they are interested in many of these topics. You referenced the tweet of a few years ago. The licence to speak in that moment was underpinned by the fact that we had a colleague whose family was lost by the behaviour at the time. And our organization expected me, in that moment, to have a point of view. Corporate leaders need to express points of view that reflect broader society and not just the narrow interests of the corporation.

CF: I wholeheartedly agree. There's a vulnerability, naturally, that comes with expressing views that might be outside the direct lane of any enterprise or organization. I think the greatest leaders have the courage to see past that vulnerability and use their voice to make change.

6. In 2020, Iran downed Ukrainian International Airlines Flight 752, killing all 176 people on board, including the wife and son of a Maple Leaf employee. McCain posted a tweet calling the tragedy "collateral damage" of the behaviour of Donald Trump, whom he called the "narcissist in Washington."



Let's shift focus to the business. Curtis, what's the biggest challenge facing Canada's meat industry?

CF: There's lots of disruption happening in the industry today. It spans from the post-pandemic economy to the implications of the war in Ukraine, to the emergence of new technologies, and maybe things like cellular agriculture, cellular meats, plant protein. For certain, our short-term results have been impacted by all those variables. But the underlying health of our business, the strength of our brands, the quality of our people, gives me just great confidence that we'll emerge from those challenges in a very good place.

What is the state of the supply chain right now?

CF: Our short-term results have definitely been impacted by disruptions in the supply chains. We're very, very challenged here. We see that show up in labour. We reported at the end of last quarter that we had peaked out at as many as 1,600 vacancies in the company. We got that down to approximately 1,100, which is still very significant in our operations. When you combine that with an incoming supply chain that's been disrupted in a material way, from things like the war in Ukraine, things like the agricultural disruption that's happened with feed grains and fertilizers and the like, it's been a really, really challenging environment. We're confident that these things will normalize over time.

Michael, the company's stock has been on a downward trend since the start of 2018.

This year alone, it's down 38%.

What's behind that decline?

MM: Fundamentally, there have been two drivers, I think, that have caused our share price not to reflect the progress of the business. The first is that we've invested \$770 million in a poultry facility in London. An organic investment like that requires five years of

NEUTRAL TERRITORY

Maple Leaf Foods became carbon neutral in 2019—the first major food producer in the world to do so

21.8%
REDUCTION IN
ELECTRICITY
INTENSITY
SINCE 2014

21.4%
REDUCTION
IN WATER
INTENSITY

92.7%
LANDFILL
DIVERSION
RATE

construction, maybe one to two years where your actual earnings go down while you start up the facility. Most capital markets don't love large-scale capital investments like that. Contrast that to an acquisition that comes with immediate earnings and an immediate news feed; those are very attractive to short-termism. The second driver, probably even more acute, is that the capital markets have not loved our investment in plant-based protein. Some shareholders are revenue-growth investors. Ours are cashflow investors, and they didn't love it.

Curtis, what went wrong with plant-based protein?

CF: The consumer's needs were not met. They weren't met on taste and, to a lesser degree, health. A lot of learning came out of the consumer experience. Looking back, I wouldn't have necessarily done anything different. I think we invested at an appropriate time, and we also pivoted at an appropriate time to restructure our business, to align with the category opportunity. Instead of a business we thought would grow at 30% a year into perpetuity, we now think it's going to grow by 10% to 12% into perpetuity, once things kind of normalize. **(7)**

MM: I would draw a distinction between taking a well-calculated risk that may or may not work out and a mistake. I am quite energized by the long-term future of plant-based protein as part of our category portfolio, but it'll be a different future than what we imagined three years ago.

Does the recalculation around plant-based protein affect your long-term goals for sustainability?

MM: Not even in the least. And the reason is because we never invested in plant-based protein because it was, or is, a more sustainable option. Sustainability, for us, is about fixing the footprint of our meat business, not about diversifying away from it.

7. According to the federal government, total global protein demand will double to 943.5 million tonnes by 2054. It expects the market for alternative proteins, including plant-based proteins, to grow 14% annually until 2024 and eventually comprise a third of the protein market.

8. In November 2019, Maple Leaf announced it had purchased offsets for emissions from 10 environmental projects in North America, enough to offset some 440,000 tonnes of carbon and make the company officially carbon neutral.

If you look at our footprint today, of all the emissions across our full supply chain, only two of them really matter. The first is feed grains—mostly fertilizer emissions around those feed grains—and the second is manure. We need a technology shift in both of those two large emission pools to achieve our goals. In the case of feed grains, we are heavily investing in regenerative agriculture, which can be a problem-solver in its capacity to sequester carbon. In the case of manure, we are in the advanced stages of business-case development around a technology called anaerobic digestion, which has the capacity to take methane from that manure and convert it into a renewable energy source.

Michael, you said recently that “a good recession is our friend at Maple Leaf Foods.” How so?

MM: In strong economies or weak economies, our demand signal doesn't change that much. People eat in very similar and habitual patterns. I think in a recessionary environment, the supply chain challenges that Curtis described earlier are typically alleviated in that environment. We have an easier go of hiring people. Typically, we don't have the supply chain challenges in a weaker economy that we do in a robust economy. **If recession is a friend, is inflation friend or foe?**

MM: It's certainly been foe so far this year. We've been three quarters in a row of being behind the curve, where we think we've priced enough, only to discover that there's a new round just around the corner.

CF: Keeping up with the pace of inflation has been incredibly difficult. I think it would be

fair to expect, in a bit of a downturn, some stability from an inflationary point of view, as well.

Michael, looking back over the years that you've been in charge at Maple Leaf Foods, what's your proudest moment?

MM: I'd highlight two. The first is the day that we announced we were the first large-scale food company in the world to be carbon neutral. **(8)** The second is today—it gives me great pride to sit beside Curtis Frank as the next chief executive officer. I remember when he joined the organization as a salesperson in Calgary, 22-plus years ago. And this young man who started as a salesperson, with his agricultural roots in the Prairies, has developed into an extraordinarily competent, engaged, smart, effective leader who undoubtedly will do this job better than I have over the past 25 years.

Curtis, someone in your public relations department wrote that Maple Leaf has “a change-the-world vision, which is reflected in its future CEO, Curtis Frank.” What do you want to change about the world?

CF: As the transition comes closer, my mind has been centred on what I'm going to do to make sure Maple Leaf Foods is a company that survives and thrives 100 years from now. I can tell you that in the last 22 years working inside of this company, I haven't thought that way. But the enormity of this moment makes it impossible not to. My sole focus is on continuing Michael's legacy, and having the courage to think big, to explore and embrace new technologies, meet the challenges we'll face in the food sector, and advance our collective vision here—to become the most sustainable protein company on Earth.

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.



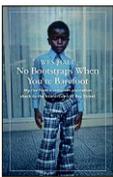
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WHAT YOU CAN LEARN FROM...

Matty Matheson

If you're not watching *The Bear*, you should be. The series follows a top chef who takes over at his late brother's failing restaurant in Chicago. And one of the show's breakout stars isn't even a professional actor—it's 40-year-old Canadian celebrity chef Matty Matheson, who rose to foodie fame as the executive chef at Toronto's Parts & Labour. His empire now includes restaurants, cookbooks, a YouTube channel, cooking tools and a line of workwear. **/Jaime Weinman**

1 Defy expectations

Matheson became a top chef because he was good at it. He became a celebrity chef because he didn't fit the mould. He's from New Brunswick. He's covered in tattoos. He used to work as a death-metal roadie. And he partied hard, which, to be fair, is what most people expect from chefs—except that Matheson gave up both booze and drugs after having a heart attack at age 29. Even his first acting gig was against type: Instead of playing a cook on a show about cooks, he plays the handyman, Neil Fink.

2 INDEPENDENCE MEANS RESILIENCE

After P&L shut down in 2019, Matheson lined up a lot of work for 2020—but COVID-19 had other ideas. After seeing so much income wiped out by the pandemic, he decided working for others was “only playing 50% of the game,” as he put it to *The New York Times*. Instead, he started focusing on his own projects that no one else could take away.

3 Keep your friends close

Documentary director Christopher Storer had been a pal of Matheson's for years before Storer sold his pilot script for *The Bear*. He brought Matheson on board as a producer to help teach the actors how to behave like a realistic kitchen crew. Successful people often hire people they knew before they were successful.

4 Leverage your success (and your expertise)

Matheson might not be a fashion maven, but he does know what cooks need from their workwear (hint: durability). So he and a partner launched Rosa Rugosa, whose made-in-Canada products are aimed not just at food workers, but also nurses, farmers and anyone else who has to spend a lot of money on jackets and caps.

5

Brace for anxiety

Matheson has said *The Bear's* portrayal of kitchen life is so realistically intense that working on it spurred recurring dreams in which he'd find himself facing endless orders and discovering all the food was rotten. The lesson here? The pressure of doing good work doesn't stop when the work is done. You wanna be a mogul? Deal with it.



ASK AN EXPERT

Everyone talks about bringing your “authentic self” to work. What does that even mean?

Everyone has a work and a home self, says Montreal life and business coach Melissa Dawn. “Without even trying, we compartmentalize. The problem is, the more you section yourself off, the more you leave behind.” Attributes often left at home are passion, creativity and emotion—all qualities companies say they want but that require a space allowing for vulnerability. What's so wrong about hiding what Dawn calls “your weird”? It's an energy suck. “Imagine starting each morning with a mug full of energy. Every time you put on a mask, it costs energy you can't get back.” The more you censor, the further apart your work and home selves, the more effort is required to keep up facades, and the less you bring to your job. Bosses should start with themselves. “If you want your employees to open up, you need to, too,” says Dawn. Think of whatever facets of yourself you hide at work and let go of whatever's holding you back. “Start by sharing with one person. See how that feels.” It'll almost certainly feel great, making the next time easier. Before you know it, says Dawn, you'll notice your authentic self comes to work with no effort at all. **/Rosemary Counter**



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Business

FIFA's total revenue for four-year World Cup cycle (US\$)

\$7.89 BILLION

\$3.5 BILLION

TV & media rights

Sponsorships and commercial activities

\$2.4 BILLION

Licensing fees

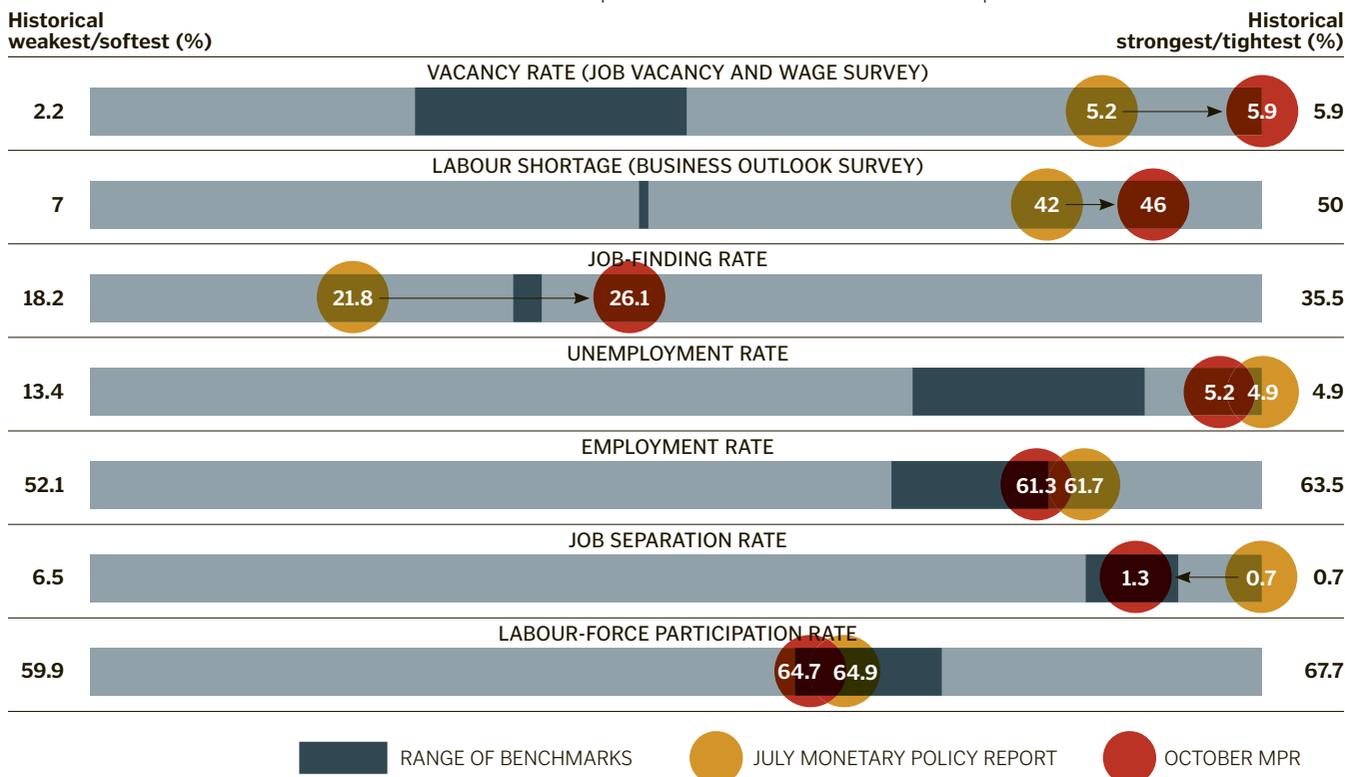
\$1.1 BILLION

Ticket sales and hospitality packages

\$890 MILLION

THE LABOUR MARKET REMAINS RED-HOT

Selected labour market measures compared with their historical and benchmark performance



DECODER

MAXIMUM OVERDRIVE

W

With seven interest rate hikes since March, the Bank of Canada has cranked its policy rate from 0.25% to 3.75%, raising borrowing costs at the fastest pace in decades and sparking fears of a recession. What Canada's central bank hasn't been able to do, however, is significantly curtail red-hot labour markets.

In its two most recent quarterly monetary policy reports (MPRs), the bank has published something of a scorecard for Canada's job market, tracking various measures of labour activity—including unemployment and employment rates, vacancy rates, and business-reported labour shortages—against their historic highs and lows, along with the benchmark performance for each metric (as indicated by the shaded bars on the chart). If a current reading is below the benchmark range, it points to weakness; if it's above that benchmark, you've got a job market powering beyond expectations. The sweet spot is somewhere in the middle.

With almost every measure near historic highs, the labour picture is close to the tightest it's ever been. Or, as the bank put it in the MPR released alongside its October rate hike of 0.5 percentage points, Canada's job market "has surpassed maximum sustainable employment." That, in turn, has

helped push wages up over the past six months. While paycheques have trailed the rate of inflation—meaning workers have been subjected to ongoing pay cuts—the central bank's great fear is the spectre of a wage-price spiral, in which rising prices cause workers to demand higher wages, driving up costs and rising prices even further.

The good news—if you're an inflation-fighting central banker—is that hikes are starting to take their toll, albeit slightly. Between the July and October MPRs, unemployment rose slightly to 5.2% from 4.9%. Hence the bank's decision to go with a smaller hike than the three-quarter-point increase markets were expecting, which reflected its new view that the economy will "stall" in the coming months.

Still, as scorecards go, expect this one to remain volatile. It's not just that labour-market measures like the unemployment rate are lagging indicators that follow growth and typically only climb sharply after a recession has already begun. But the participation rate—the only scorecard measure to be at the bottom end of its benchmark range—is likely to keep falling as Canada's aging workforce retires, adding to a labour market that's too tight for the Bank of Canada's liking.

/Jason Kirby

SOURCE: STATISTICS CANADA

Funding the future through financial literacy

The Alberta Investment Management Corporation wants to ensure no funding grant application goes unfulfilled

Canadians continue to struggle with high inflation for the first time in decades. Many families cannot set aside money for education, retirement or even recreation. According to 2021 census data, nearly 80 per cent of those surveyed aged 55-plus said their retirement savings and government benefits won't be enough to see them through old age.

While these are issues across the country, affordability challenges are increasingly a concern in Alberta. Last year, Albertans led the country with the highest non-mortgage debt and delinquency rates. For a province that boasts the highest wages and the lowest cost of living in the country, the situation isn't improving.

Although there are structural and economic reasons to explain why more families are finding daily life more expensive, for institutional investment manager Alberta Investment Management Corporation (AIMCo), financial literacy plays a significant role.

AIMCo is a high-performing investment manager that finds the best global institutional investment opportunities to deliver for its clients and their beneficiaries. It is one of Canada's largest and most diversified investment managers and it is responsible for 32 different public pension, endowment and government funds in Alberta. With its purpose to secure a better financial future for its clients and the Albertans they serve, AIMCo strongly believes that financial literacy is part of the solution to support the long-term future for all Albertans and Canadians.

That is why in 2018, a dedicated group of AIMCo employees formed The AIMCo Foundation for Financial Education, funded by AIMCo clients and employees, individual donors and corporate partners.

The goal is to improve financial literacy in Alberta and encourage economic security for individuals and families within the communities AIMCo serves. Through community-based financial literacy and scholarship programs, to date, the Foundation has raised more than \$1.2-million to fund impactful financial literacy programs across Alberta.

Junior Achievement (JA) is one of the organizations that received funding in 2021. JA inspires and prepares young people to succeed in the global economy, and according to Janice Krissa-Moore, senior VP of development for the Northern Alberta & NWT Chapter, creating financial literacy programs has tremendous benefits. "The earlier students learn how to manage money, the greater their chances of life-long financial success," Moore says. "JA students are more confident about money. JA Canada alumni are three times less likely to spend more than they earn, they save more and have less debt."



The AIMCo Foundation supports Junior Achievement Northern Alberta with its grants.

However, JA and The AIMCo Foundation for Financial Education firmly believe more needs to be done to improve financial literacy as a whole.

"A study by the JumpStart Coalition for Financial Literacy states that only 26 per cent of 13- to 21-year-olds said their parents taught them how to manage money. This gap is not being addressed by



Financial literacy is a vital life skill that plays a significant role in reducing poverty and improving financial well-being. The AIMCo Foundation ensures we can impact some of the people who need it most.

Katrina John-West
Team Lead, Financial Empowerment,
Bissell Centre in Edmonton

schools," Moore says. "Many don't have the resources to offer classes in financial literacy."

Other population segments also need access to financial literacy education and assistance, and The AIMCo Foundation is partnering with as many agencies as possible. For example, in Edmonton, The Foundation is helping the Bissell Centre to empower people to move from poverty to social and economic security by funding financial literacy education for clients via direct workshops.

Demand for financial literacy education is increasing. Last year, The AIMCo Foundation attracted a record number of grant applications and demand exceeded funding supply by nearly 50 per cent. As economic headwinds persist, the need for financial literacy will increase. In light of the current economic backdrop, The AIMCo Foundation's goal this year is to fund all eligible grant applications and reach the highest level of donations yet.

Financial literacy and empowerment changes lives.

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WINPAK LTD.

WINNIPEG

REVENUE (2021) **US\$1 BILLION**

PROFIT **US\$106.3 MILLION**

ONE-YEAR SHARE PRICE GAIN **9.5%**

P/E RATIO (TRAILING) **16.1**

In many ways, supermarkets and households are ground zero for economic and environmental upheavals. It's there we decide what to buy, consume and throw away. "You just walk into a grocery store, and you see all our packaging," says Winpak vice-president and chief financial officer Scott Taylor. That includes shelves with meat, cheese, bacon, cat food, yogurt lids, condiment containers and much more. About 90% of the company's sales are to the food and beverage industries.

Of course, packaging is now a hot-button issue. "It's all about sustainability," Taylor says. So, Winpak has set aggressive goals in its annual sustainability reports. By 2025, it wants to have 100% of its sustainable product portfolio available, which includes packaging that's made with post-consumer recycled content (PCR), that's recyclable, or that's made from bio-sourced materials such as starch-based plastics based on potatoes or peas.

Can a packaging company make money and stay onside with environmental, social and governance concerns? Over a history stretching back to 1975, Winpak has done both.

Taylor delivers a rapid-fire timeline. Winpak IPOed in 1986 (the chairman of its Finnish parent, Wihuri International Oy, retains a 52.7% controlling interest) and then made five key acquisitions



from 1988 to 1997. Growth since then has been almost all organic, although in 2019, the company bought New Jersey-based Control Group for US\$42.2 million to diversify into pharmaceuticals and cosmetics.

Winpak now has 12 manufacturing facilities in Canada, the United States and Mexico. Sister company Wipak, controlled by the same parent, takes care of Europe. Winpak has some large rivals, including Amcor PLC and U.S.-based Sealed Air Corp. But Taylor says the overall packaging market isn't growing much, so Winpak is trying to win customers by servicing them better and offering superior products.

Financially, Winpak has grown steadily, and profits have exceeded US\$100 million over each of the past six years. That included strong results during COVID-19. Consumers started cooking more at home and ordering in more, but Winpak's airline, restaurant and hotel businesses cratered.

Those trends have reversed somewhat. But like manufacturers in many sectors, Taylor says Winpak has confronted a "three-headed monster" recently—inflation, labour shortages and global supply-chain disruptions.

The result of all those whirlwinds? Winpak shares have basically moved sideways since 2015. Taylor thinks the price "should be \$45 to \$48." Some analysts are even more bullish. CIBC Capital Markets recently set a 12- to 18-month target of \$52. Taylor is happy to email me the report. **/John Daly**



FOMO INVESTING

5 things we learned from Ryan Anderson

Anderson has a fascinating job: He's vice-president, global research & insights, at MillerKnoll Inc., the Michigan-based office and home furniture giant that includes Herman Miller, which invented the cubicle. As COVID-19 eases, he and the company are very interested in the future of work—where people will do it and which environments will function best. **/JD**

1. Yes, the pandemic emptied offices. But Anderson says it also accelerated trends that date back 15 years or more. "For us, it really started with WiFi," he says. Even when employers simply tried to jam more people into smaller spaces over the years, there was a "spreading out of work" that meant employees spent less time at their desks.

2. Lots of leaders obsess about the split between home and office—how many days a week in each? Rather than where work gets done, focus "more on the how," Anderson says. MillerKnoll surveys more than 20,000 people per quarter, and in October it reported that 80% of respondents wanted more location flexibility, but 94% wanted more scheduling flexibility.

3. Several big office downsizings won headlines during the pandemic. But overall, Anderson says there was just a 1% drop in leased U.S. office space in 2021. Even so, he says offices will get smaller, but maybe better, too—more welcoming spaces for teams to "gather for days at a time," and quiet places for "heads-on work," away from kids, pets and Amazon deliveries.

4. Some sectors adapt better than others. Many tech companies struggled as COVID-19 took hold. They couldn't lure employees into the office for 12 hours a day, and workers still don't want to go back. But some law firms and investment banks—traditional "apprentice-based industries," as Anderson calls them—are finding their rhythm again.

5. Rather than sector, Anderson says "office occupancy rates are based far more on geography"—commute times in different cities, for example. Regardless of where you live, if you're having a hard time focusing at home, he plugs Herman Miller's Work from Home website (wfh.hermanmiller.com) and its anonymous ergonomic survey. You don't even have to type in your email.



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SMART MONEY

BRAHM SPILFOGEL

VICE-PRESIDENT AND SENIOR PORTFOLIO MANAGER,
NORTH AMERICAN AND GLOBAL EQUITIES
RBC GLOBAL ASSET MANAGEMENT

Brahm Spilfogel sees running the RBC Canadian Small & Mid-Cap Resources Fund on top of a larger-company resource portfolio as having a competitive edge. He can gain insight into smaller companies that might graduate to the RBC Global Resources Fund or get swallowed by bigger firms. Tracking a broad spectrum of companies also helps him find the best management teams—key for investing in resource stocks. Over the past five years, the \$375-million smaller-cap fund, which he co-manages with Chris Beer, has also outpaced the S&P/TSX SmallCap Index, including dividends. We asked Spilfogel, 53, why the energy sector is in a sweet spot and what makes uranium junior NexGen Energy attractive.

What is your outlook for resources?

We are cautious on energy and materials for the next three to six months because we expect a global recession. The Russia-Ukraine war has put a strain on industrial activity in Europe. Central banks are raising interest rates to slow inflation. And China's COVID-19 lockdowns don't help resource demand. Longer term, once the U.S. dollar has peaked and interest rates start to fall, the set-up for energy and materials is very bullish. Both sectors have survived a very difficult last decade, and balance sheets have recovered and are strong.

Why are you bullish on oil stocks this decade?

We are seeing disciplined production growth, not only with the Organization of Petroleum Exporting Countries, but also with most North American and European producers. Capital expenditures are 40% lower than we think is needed for medium-term demand projections. Once the economy rebounds, we could have a tight oil market for years. We have raised our long-term expectations for oil from US\$60 per barrel for West Texas Intermediate crude to US\$80, but it could reach US\$150 in very tight markets. Valuations for energy stocks are very attractive. We like names like Meg Energy as well as Enerplus, which has done a good job of acquiring assets at the bottom of the cycle.

What about natural gas?

Longer term, I really like this sector. We see more manufacturing returning to the U.S., which will drive industrial gas demand, and U.S. liquefied natural gas export capacity doubling by 2030. I think the Henry Hub natural gas price will trade at over US\$3 per million British thermal units for the rest of the decade, whereas it has been below that price for the last five years. We like Tourmaline Oil and Arc

Resources. They have long-life assets, are low-cost producers and have good management teams.

NexGen Energy is a top holding. What's the attraction?

China's ambition to grow its nuclear generation to more than 100 gigawatts by the end of the decade is driving global uranium demand. Nuclear power has become a green option because it doesn't create CO₂. Rather than winding down existing nuclear fleets, there is a growing understanding that combining baseload nuclear power with variable wind and solar renewable power production is needed to stabilize the electric grid. NexGen's Arrow deposit is poised to be one of the next decade's new primary sources of uranium supply.

How else are you playing the energy transition?

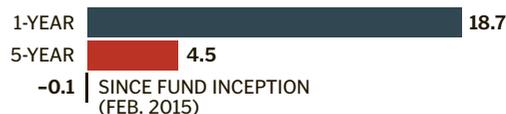
A copper shortage is expected post 2025. The metal is needed for wind and solar technologies, power-distribution lines and electric vehicle chargers. Europe's emissions-reduction target for 2030 will add 4% to annual global copper demand, while China and U.S. will require more, too. Copper producer Ivanhoe Mines is a top holding. Lithium demand driven by EV growth is expected to grow 100% over the next few years, but the projected supply is uncertain. We own a couple of lithium juniors, including Lithium Americas.

What is your outlook for lumber?

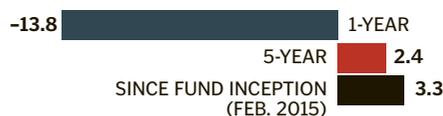
With 30-year U.S. mortgage rates at around 7%, housing starts will remain under pressure. But interest rates are going to come down at some point, and people will return to buying new or existing houses. The chronic shortage of housing in North America will drive this sector for the coming decade. Lumber companies have great balance sheets with little or no debt. We own West Fraser Timber Co., Canfor and Interfor in this space.

/Shirley Won

RBC CANADIAN SMALL & MID-CAP RESOURCES FUND (SERIES F)
ANNUALIZED % TOTAL RETURN*



S&P/TSX SMALLCAP TOTAL RETURN INDEX



* RETURNS TO SEPT. 30, 2022. SOURCE: MORNINGSTAR DIRECT



For Kyndryl, everything starts with learning why clients want to transform, before turning to the technology to get them there.

"Many companies are adopting artificial intelligence, machine learning, cloud services and a host of other technologies on a case-by-case basis, instead of selecting technologies to serve their strategy or meet specific business goals," McKinsey states. "We believe success depends on a holistic approach to transformation. That means defining your aspirations, linking them to sources of business value, working out which technologies will help achieve them, and then doubling down to achieve impact

across the enterprise."

Kyndryl gets that, and has undertaken many of the same types of technology transformations for clients in multiple industries around the world. Kyndryl has been through similar journeys itself, transforming its own capabilities to deliver managed services for clients.

"We are able to share that lived experience with customers through Kyndryl Vital, so that the future business vision is human-centric, the measures of success are clearly defined, and technology choices are aligned to desired outcomes," Ms. Cheng says.

Kyndryl Vital supports clients, along with its ecosystem of partners, through an end-to-end co-creation process – from ideation to design to build. That leverages Kyndryl's core strengths as a managed services provider. The objective is to ensure that proof of concepts can transition smoothly into a production-ready state, and scale to meet business demand.

Kyndryl believes in leading with a transformation goal mindset, as opposed to with the enabling technology. That helps the designed solution to generate value for the client's organization, and to deliver a measurable return on investment.

"With Kyndryl Vital in place, we look forward to co-creating with clients to address their most complex business problems, and to developing innovative approaches to modernize and transform their mission-critical systems for the future," Mr. Alexander says.

Why one of the world's biggest tech companies prefers to talk about business challenges

Kyndryl may be a global technology services company, but it doesn't want to talk technology with its clients. At least not at the outset. Instead, Kyndryl centres its initial discussions around business challenges and outcomes.

"For us, this is about starting with the 'why' versus the 'how,'" says Karen Cheng, a distinguished engineer with Kyndryl Canada. "The technology is about 'how' the client is going to transform. The 'why' is about making sure everyone involved in the transformation understands what success looks like."

Organizations of all types are investing in strategic, multi-year transformational journeys, she says. The initiatives vary, from cloud migration, to mainframe modernization, to data-analytic platforms. The common theme is achieving a new, improved way of working.

As the world's largest IT infrastructure services provider, Kyndryl understands the imperative. The company employs 90,000 skilled practitioners, who design, build, manage and modernize the technology systems that the world depends on every day.

Now the company is helping clients to stay focused on their goals for transforma-

tion through Kyndryl Vital, a new approach to co-creation.

Kyndryl Vital is an open and collaborative experience that helps clients and alliance partners solve business challenges and create innovative technology solutions. It's based on human-centred design principles, and it emphasizes a vision to guide the transformation through a process called future back-casting.

"Future back-casting defines the desired state for the organization post-transformation, then allows us to work backward to define paths to viable real-world solutions," says Gordon Alexander, chief technology officer for Kyndryl Vital in Canada. "That's when clients get to tap into the wealth of knowledge and experiences that Kyndryl has in technology transformation."

A McKinsey & Co. report found that organizations need to reimagine how technology can have the greatest impact. It's not about IT services, it's about how to extract value through innovative products, services, operational efficiencies and business models. A piecemeal approach won't work, and in fact it's "at the root of the problem," they say.

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PRO transformation

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Recognizing entrepreneurial leadership, creativity, and innovation.

Congratulations to the 2022 CEO of the Year honourees: ***Alexandre L'Heureux, Ann Fandozzi, Barbara Zvan, Rowan Saunders and Sophie Brochu.*** We wish them continued success!

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Each year, Report on Business magazine recognizes five leaders who've made outstanding contributions in the Canadian business realm. These past 12 months have been yet another wild ride, between spiralling inflation, the Pandemic That Never Ends, a brutal war and subsequent energy crisis, interest-rate shock—well, you get the idea.

Even amid all that turbulence, plenty of companies managed to accomplish amazing things. After much debate between reporters and editors from across The Globe and Mail, we selected five of them: Canada's top innovator (a self-proclaimed fixer who's transforming her heavy-equipment company for the digital age), global visionary (the man in charge of a \$20-billion engineering empire that makes SNC Lavalin look tiny), corporate citizen (the head of a new pension fund that's years ahead of its peers when it comes to having a net-zero portfolio), newcomer (who signed a massive deal that will keep the lights on in New York City for years to come), and strategist (a life-long insurance guy who pulled off the first property-and-casualty demutualization in the country—and has seen the stock continue to climb).

Then, we picked one of those finalists for the top honour. (The cover is a bit of spoiler—it's Barbara Zvan of the University Pension Plan.)

BARBARA ZVAN

UNIVERSITY PENSION PLAN

ROWAN SAUNDERS

DEFINITY FINANCIAL

ANN FANDOZZI

RITCHIE BROS. AUCTIONEERS

ALEXANDRE L'HEUREUX

WSP GLOBAL

SOPHIE BROCHU

HYDRO-QUÉBEC



THE CORPORATE CITIZEN

BARBARA ZVAN

UNIVERSITY PENSION PLAN

OUR OVERALL CEO OF THE YEAR COULD'VE JUST COASTED ON 24 YEARS OF ACCOMPLISHMENTS AT THE ONTARIO TEACHERS' PENSION PLAN. INSTEAD, SHE TOOK ON A NEWLY CREATED FUND WITH AN AGGRESSIVE NET-ZERO PLAN THAT PUTS HER AT THE VANGUARD OF CLIMATE ACTION

On a hot and muggy Thursday this past summer, from deep within the sweltering concrete canyons of Toronto's financial district, Barbara Zvan issued a stone-cold salvo.

On July 21, the University Pension Plan Ontario (UPP), which she leads, presented a report detailing its first operational year. With it came a new Climate Action Plan that committed the young organization to a net-zero portfolio by or before 2040—a full decade ahead of the 2050 deadline set out in the Paris Climate Agreement many in finance are using as a target—and promised to avoid investing in coal and other “companies that present significant climate risk.” Included were aggressive interim targets, detailed processes to encourage the decarbonization efforts of heavy emitters and a fleet of accountability metrics. It was an unexpectedly bold statement for a year-old plan to make, one that “unequivocally established [the UPP] as a climate leader in Canada’s pension sector,” according to Shift: Action for Pension Wealth and Planet Health, a charitable initiative dedicated to advancing sustainable pensions.

It was a little over a year since the UPP formally took responsibility for administering the pensions and investing the assets of three predecessor plans. And it was exactly two years, to the day, since Zvan formally became president and CEO.

In a tenure younger than the pandemic, Zvan built the operational infrastructure needed to support a new jointly sponsored defined-benefit pension plan that now supports more than 37,000 members, assembled an all-star team that now numbers more than 150 people, oversaw a seamless transition of assets now worth \$12 billion, and successfully began an expansion campaign, all while the world reeled.

Good enough, right? Not for Zvan. “Barbara is always building; her brain operates five years down the line,” says former Ontario Teachers’ Pension Plan CEO and current UPP trustee Ron Mock, who worked with Zvan for nearly 20 years at Teachers. “She likes to make sure she’s seeing where things are going, and she likes to be out in front.” The UPP was created to better protect the futures of its planholders, and all the money in the world won’t do any good if the planet is on fire, so Zvan’s decision to incorporate an aggressive climate plan into the fledgling fund’s already long to-do list came as no surprise to her former boss: “She makes everybody look a little on the lazy side.”

Zvan is a visionary with a work-back schedule, a diligent leader who understands both why her organization must address the climate crisis and what it’s best equipped to do about it. With the pragmatism of an actuary, the acumen of a veteran exec and the passion of a woman who has not, with the march of time

by **DEBORAH AARTS**
photographs by **HALLIE ARDEN**



and pay grades, forgotten what pension work is fundamentally all about, she is forging the UPP as an agent of sustainability and offering a model for how to move disparate stakeholders toward a common good. Where other CEOs might struggle to place the dots, Zvan is already connecting them.

“I don’t sit well,” Zvan offers, with a warmly wry smile. “How’s that?”

Few people are born with a passion for pensions, but some have the raw ingredients.

Zvan grew up in Stoney Creek, Ont., on the outskirts of Hamilton, in a family where education was valued and expected. A bright kid with a knack for numbers, she chose to study math at McMaster University in Hamilton, where she excelled but lacked a specific career goal. A chance conversation with a professor put it all into focus: Had she considered taking the actuarial exams? “I didn’t even know what an actuary did at that point,” Zvan laughs. “But it turned out to be a really great suggestion.” Actuarial science just made sense to her: It was math made practical, in a way that genuinely helped people. She aced the exams, landed a student job at Mercer, graduated and took a gig pricing currency options for a bank. That’s when an opportunity at the Ontario Teachers’ Pension Plan caught her eye.

It was 1995. Teachers was only a few years old and less than one-fifth of its size today. Zvan had been following its progress in the paper: The risk-meets-investments nature of its work appealed to her, and she found herself drawn to the zeal of founding CEO (and fellow actuary) Claude Lamoureux. “He was really focused on the purpose of providing retirement security,” Zvan says. “It’s really common for people to talk about purpose today, right? But it wasn’t that common then. And that was quite attractive.”

She started a job as assistant portfolio manager, research and economics, investments, in the fall of that year, kicking off a nearly 25-year upward swing that saw her titles shorten and her responsibilities grow. A selective highlight reel: She developed, with former Teachers CIO Bob Bertram, the portfolio



framework that inspired The Economist to dub Canadian public pension funds “maple revolutionaries.” After the global financial crisis of 2008, she led a six-year effort to retool the plan’s risk-measurement function. And after attending COP 15 in Copenhagen in 2009, she created the group that helped add an ESG lens to every investment decision Teachers made. “Where Barbara stood up and stood out at Teachers was her ability to operate in an environment that was not fully formed, where a lot of people questioned her because they couldn’t see it quite the same as she did,” says Mock, who joined Teachers in 2001 and was CEO from 2014 to 2019. “That takes a lot of skill and determination. It takes a lot of selling and getting believers on your side.”

When Mock announced his retirement from Teachers in 2019, many considered Zvan—at this point chief risk and strategy officer—a strong candidate for his replacement. The job instead went to fellow Teachers veteran Jo Taylor; weeks after he took over, Zvan resigned. “After 24 years somewhere, there comes a point where you say, ‘It’s time for a new challenge,’” she explains diplomatically. An inveterate workhorse, she was ready for a “nice, rich break” with her husband (also an actuary—they met at a Mercer student mixer, like a scene out of a risk-management rom-com) and three teenage kids. She wanted to travel, to slow down and—eventually—evaluate what a career outside of Teachers, maybe even outside of pensions, might look like.

Her last day at Teachers was Feb. 28, 2020. Her break lasted about two weeks.

At the same time, a new pension plan for Ontario universities was finally hatching, long in gestation and—depending on who

you talk to—long overdue.

For years, the fashion among institutes of higher education was to manage their own pension operations. The 2008 market crash battered that model; the University of Toronto’s pension portfolio posted investment losses of more than 29% the year of the financial crisis. In Ontario, the provincial government initially stepped in to help, but as purse strings tightened in subsequent years, many plans contemplated service cuts or higher premiums.

Union reps, faculty associations and others began to talk. “None of the options were really palatable,” says Alex McKinnon, a defined-benefit pension advocate and long-time research lead at United Steelworkers Canada who was involved in the conversations from the start. A jointly sponsored structure, in which employees and employers of several schools contributed equally to provide defined benefits to employees, seemed a more prosperous—and safer—opportunity.

It took a decade of stops and starts, regulatory and legislative hoops, and governance derring-do—“If I said there were some hurdles, that would be an understatement,” per McKinnon—to form what became known as the UPP, with the University of Toronto, the University of Guelph and Queen’s University, plus their associated unions and faculty associations, as founding participants. On Jan. 1, 2020, the plan officially came into being, legally administered by a 14-member board of trustees, appointed by the schools and their employees, and beholden to a clear deadline: to take over the disparate policies of participants by July 1, 2021. There was no staff. No office. Not even a bank account. And, most pressingly, no CEO.

The trustees had just engaged a search firm when COVID-19 arrived and upturned everything. The pandemic made recruiting a chief executive logistically tricky, so the trustees paused the search and pivoted to a more interim solution. “There was a lot of work to be done,” says Gale Rubenstein, a partner at Goodmans LLP and chair of the UPP’s board of trustees. “And Barb was right there.” Zvan was well known,

having worked, sat on boards or acted on committees with several of the trustees. She was qualified, with a deep understanding of both defined-benefit plans and the jointly sponsored model. She was respected. And it just so happened she was available. So Rubenstein reached out with a simple plea. “I wasn’t asking for a commitment. I wasn’t making a commitment,” Rubenstein says. “I was just asking for help.”

Zvan wasn’t sure she wanted back into the pension game so soon. But with little else to do in lockdown life, and with the UPP’s needs so acute, she agreed to step in—on a voluntary, and temporary, basis. “And then, you know, I kind of caught the bug,” she says. “I got this notion that we could really make an impact. And I’m not afraid of a challenge.”

(Proof of that last point: Around this time, Zvan was tapped to lead a high-profile investigation into the poor performance of the Alberta Investment Management Corp., a.k.a. AIMCo, whose volatility trading strategy had recently yielded a \$2.1-billion loss. A resulting report by the AIMCo board in June 2020 highlighted poor risk management processes and inadequate oversight, and advocated for a more collaborative culture between risk and investment departments.)

The UPP offered Zvan a chance to once again build a pension plan, as she had at Teachers—only this time from the ground up, with a blueprint of her own. Within a couple of months of volunteering, both she and the board wanted to make things permanent. In July, she agreed to become the UPP’s inaugural president and CEO.

Even in the relatively staid world of pensions, running a startup is intense work, a constant oscillation between right-now triage and blue-sky strategy. In this, an actuary’s skill set is invaluable.

Step one: Assemble a team. Zvan recruited a crew of “Swiss Army knives”—utility players energized by the challenge of getting something new off the ground, including CFO Henry Kim (who had worked at CPP Investments earlier in his career) and former Teachers colleague Jacqueline Beaurivage



(whom Zvan coaxed out of retirement to take a contract as acting chief of staff). “Barb is a magnet for talent,” says Rubenstein. “There’s no inconsistency in her leadership on ESG and her commitment to defined-benefit plans. I think that’s enabled her to attract some really wonderful people.”

Step two: Build an on-ramp. With less than a year until the handover of assets, the team had to quickly develop processes and systems to consolidate a hodgepodge of private equity funds, bonds, stocks and more into a single portfolio—without disruption to planholders. (Zvan’s motto: No surprises.) Her team set three priorities every week and systematically worked through all of them, such that as the clock ticked over from June 30 to July 1, 2021, everything unfolded without a hiccup. On the UPP Zoom party that night, glasses were raised, congratulatory emojis shared. “We celebrated the moment,” Zvan says. “And then it was back to work.”

Which leads to step three: Make it green. Having become something of a sustainability evangelist within Teachers, Zvan was always going to lean hard on ESG at UPP. And she knew, generally, that her progressive-leaning university constituency expected as much. But she didn’t want to operate on a hunch. So she commissioned a survey of members, which confirmed that ESG mattered to the majority, and that within that, climate change was the top concern. She hosted town halls. She engaged with members of all groups, including unions and faculty associations, and affirmed members were aligned with her push for sustainability. It also built trust among plan members. “She’s not pompous, and she’s not arrogant,” says USW Canada’s McKinnon, today a UPP trustee. “I’ve never

heard a bad word said about her.”

There was a clear-eyed business strategy at play in developing UPP’s approach to climate, too. “We did it for the sustainability of the pension plan,” Zvan reasons. “As an investor, you always want to position your portfolio ahead of the changes that need to occur. So we look through the lens of sustainability to avoid risk and maximize opportunities,” she says. “And what better time to ingrain it in the organization than from the get-go?”

A net-zero portfolio became the hero goal for the UPP. And the more Zvan thought about it, the more the 2050 target felt too far away. Why not 2040? Really, truly, why not? “Collectively, we haven’t been decarbonizing quickly enough,” she reasons. “People can argue about how fast or how slow, but just fundamentally, it’s not quick enough. So to stabilize things, we’re going to have to try to make up for that lost time.”

Finance professor Sean Cleary, who chairs the Institute for Sustainable Finance at Queen’s University’s Smith School of Business, confirms the UPP’s timeline is ambitious. But it’s not impossible, thanks to the details surrounding its execution. These include its “aggressive” interim targets to reduce the portfolio’s carbon footprint (by 16.5% by 2025, and 60% by 2030, from a 2021 baseline), and its commitment to report on progress on an annual basis via the rigorous standards of the UN-convened Net Zero Asset Owner Alliance. “Targets are targets,” Cleary explains, “but the process is also very important.”

Here’s where Zvan’s extracurriculars come to bear. For the better part of a decade, she has augmented her day job with task forces, committees and boards devoted to figuring out the practicalities of using finance as a tool for sustainability. In 2018, she was one of four experts tapped for the federal government’s Expert Panel on Sustainable Finance, chaired by Bank of Canada Governor Tiff Macklem (then dean of the Rotman School of Management); its 2019 report outlined 15 recommendations to make climate-friendly thinking “business-as-usual” in financial services. That spawned the Sustainable Finance Action

Council (SFAC), where Zvan leads a taxonomy technical expert group; she also sits on the boards of the Institute for Sustainable Finance, the Global Risk Institute and the Responsible Investment Association. She chaired an advisory group of the multinational Sustainability Accounting Standards Board (now under the oversight of the International Sustainability Standards Board), whose members last year represented \$52 trillion in assets, to establish the common definitions and standards needed for number crunchers to make better decisions at scale. This is the work—this painstaking, dry work—that fires Zvan up, because it bakes sustainability into the daily grind. “When you take something voluntary and put it under the accountants’ remit,” she says, her eyes alight, “things will change.”

More recently, Zvan helped launch Climate Engagement Canada (CEC), a coalition of more than 30 investment groups (including the UPP) and associations, which

operates as a sort of CanCon spin on the global Climate Action 100+ network. The CEC’s goal is to use collective heft—its members manage more than \$3 trillion in assets—to foster constructive decarbonization conversations with big emitters. It’s a power-in-numbers play: A company with a crummy eco-record might be able to rebuff pressure from one fund, but not from a group that might together own a quarter of its shares. “Engagements are most impactful when you do it together,” Zvan says. “So that’s how we’re approaching it.”

Zvan is a different sort of change agent. She’s not an activist or a provocateur; she’s not wild about speeches or photo ops. But her enthusiasm is impossible to deny. She speaks quickly, sometimes elliptically, with clear expertise, a sheepish grin punctuating endearingly wonkish asides. Every one of her past and present colleagues interviewed for this story lauded her passion for this work, and after a few hours in conversation, you feel it, too. It’s infectious.

It’s this quality that makes Zvan a “wonderful role model for a CEO,” according to former Co-operators Group CEO Kathy Bardswick, who now works with Zvan as chair of SFAC

and sits as a UPP trustee. “Barb truly gets the ‘why,’ and then figures out the ‘whats’ and the ‘hows’—and that’s what engages people around her,” Bardswick explains, citing an impressive list of examples from their work together. “Quite frankly, I don’t know where she gets the energy.”

Two and a half years into the job, Zvan shows no signs of slowing. The UPP is entering expansion mode: Earlier this year, Trent University, based in Peterborough, Ont., joined, and the organization is in talks with other schools. She continues her relentless committee and board work. She makes connections.

For Zvan, who has made future-proofing her life’s work, climate change is an existential threat, a risk that needs immediate mitigation. And so, back to the ongoing calculus of changemaking. “We have to start somewhere,” she explains. “So, how do you start? You start with the high-level principles and definitions. You get alignment. And then you move forward.”

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THE STRATEGIST

ROWAN SAUNDERS

DEFINITY FINANCIAL CORP.

WHEN SAUNDERS CAME ON BOARD IN 2016, DEFINITY WAS A SLEEPY INSURER IN DESPERATE NEED OF AN UPGRADE. LAST YEAR, HE PULLED OFF THE SECOND-BIGGEST INITIAL PUBLIC OFFERING IN CANADIAN HISTORY—AND THE STOCK JUST KEEPS GOING UP

Rowan Saunders reached the apex of his career standing on the confetti-littered floor of the Toronto Stock Exchange. It was Nov. 23, 2021, and he was about to ring the bell on the second-largest public stock offering in Canadian history—the end of a gruelling six-year process to convert his company, Definity Financial Corp., from a customer-owned property-and-casualty insurer into a publicly traded one.

The Definity CEO, flanked by company chair John Bowery and a group of cheering colleagues, all clad in black surgical masks, watched the flashing blue clock count down the final seconds to the opening bell. At 9:30 a.m., the ticker DFY began trading at \$22 a share. By day's end, the stock had jumped by 24%, raising \$2.3 billion and clobbering the next-largest offering of the year, Telus International, by \$1 billion.

DFY stands for Definity, of course—but it could just as easily stand for *defy*. From the moment the 150-year-old company announced it was looking to go public back in 2010—six years before Saunders set foot inside its Waterloo, Ont., headquarters—it faced setback after setback, from new federal regulations that threatened to scuttle the deal, to executive overhauls, to a group of unhappy policyholders. Then there was the fact that no Canadian P&C insurer had ever demutual-

ized, meaning there was no existing legal framework to follow.

Yet, under Saunders's leadership, revenue has grown to \$3.1 billion, up from \$2.4 billion in 2018, and the share price has continued to climb. As of early November, it was trading at nearly \$40, up 37% in 2022, even as the S&P/TSX Composite Index has dropped by more than 8%. And Definity's total return, including dividends, is more than twice that of other financial stocks on the index.

Bowery gives much of the credit to Saunders. When Economical Mutual Insurance Co., as Definity was then known, approached him in 2016, Saunders was the CEO of RSA Canada, a subsidiary of global insurer RSA Insurance Group (formerly Royal and Sun Alliance), and had been for 13 years. Economical was half the size of RSA, and its future was murky. "We had some bold ambitions on how to move forward," says Bowery, "but none of it was guaranteed or cast in stone."

So he was impressed when Saunders agreed to jump ship from his sinecure and take a chance on Economical, which had to seriously boost its game if it wanted to make the demutualization a reality. "We needed to perform much differently than we ever had before, and that was going to take the right leader," says Bowery. "We certainly needed someone with experience in our industry, but we also needed someone who was up for a once-in-a-lifetime challenge."

by **CLARE O'HARA**
photographs by **PAUL BOLASCO**



Saunders's resumé is stacked with insurance bona fides. At RSA, he wasn't just head of the Canadian division; he also sat on the company's global executive committee. He was chair of the Insurance Bureau of Canada and remains a member of the board of directors. Indeed, when he asked his dad, Brian—who spent 38 years as an insurance broker—whether he should take the Economical job, Brian told his son it was the job he'd spent the past 30 years preparing for.

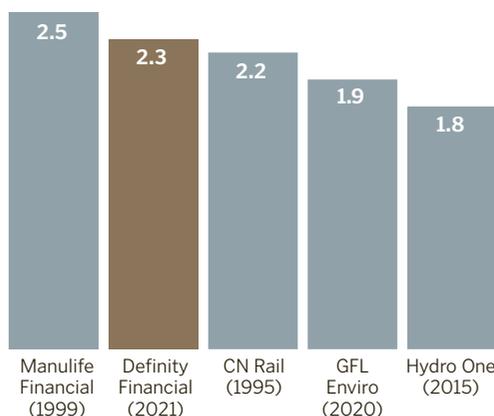
If you take Saunders's childhood into account, it was far longer than that. As a kid in Durban, on the east coast of South Africa, you'd often find young Rowan sitting behind his dad's desk at property and auto insurer Sedgewick Group, and he spent summers as a teenager working there, too. In 1984, the family (including Rowan's younger brother, Andrew, now The Globe and Mail's chief revenue officer) left South Africa for Canada. After graduating from York University with a degree in arts and history, Saunders planned to follow in his father's footsteps and become a broker. But Brian suggested he get some experience at a large insurance company first.

Saunders landed at RSA Canada and moved up the chain, as well as across the country, before becoming CEO at age 39. "I was shocked, to be honest," he says. "But it made me dive into the deep end and figure things out quick."

When Economical came knocking, Saunders was ready for a new challenge. The company began insuring farmers' barns in 1871 in Berlin, Ont. (now Kitchener). Over the next century and a half, it expanded to include several brands, among them Family Insurance, Misisquoi and Petline. But while Economical was well-respected, it was widely seen as somewhat sleepy.

Saunders had a plan: Improve profitability, enter new lines of business and start investing millions in new technology to bring the company into the 21st century. "We were going to have to make substantial changes, so I asked the board if they were up for a really big cultural change, as well as a big modernization," says Saunders. "And the board was incredibly progressive and

TOP FIVE IPOs IN CANADIAN HISTORY
(\$ BILLIONS)



super willing to do that."

Job one was to figure out which areas were no longer profitable. "This first phase was a really important piece of the strategy and probably one of the more difficult to go through," says Saunders. "We had to make a lot of tough decisions as we reshaped and repriced the portfolio."

He hired McKinsey & Co. to do a deep dive. Their findings supported Saunders's feeling that the company was overweight in personal auto policies, which accounted for more than 50% of its book. Plus, it had a smaller amount of commercial business insurance—a highly profitable line—on the balance sheet than its peers. Lastly, the company was heavily concentrated in Ontario. If Economical wanted to go public, the portfolio would have to be more geographically diverse. Saunders began to push the pace of growth outside Ontario, particularly in B.C. and Quebec.

He put together a team to expand its commercial insurance business, by moving toward mid-size organizations in construction and manufacturing, and boosting specialty lines, the contracts for which typically involve complex coverage over \$100 million (the kind required by larger office towers and manufacturing plants). "We needed an offering that was a one-stop shop for brokers," says Saunders. "And that is exactly what we did by adding these capabilities."

It also meant exiting lines that were chronically unprofitable, including long-haul trucking and dairy farms. "You have to play where you have a chance of winning," he says. "You can't be all things to all people." Today, personal auto accounts for only 43% of the \$3.4-billion portfolio, and commercial lines make up about 30%.

Simultaneously, he had to modernize the way Economical did business. Not long before Saunders came on board, it launched Sonnet,

a direct-to-consumer business that sold auto insurance. It was a huge shift, and some insurance brokers saw it as direct competition. "Rowan's extreme knowledge of the insurance industry helped sharpen the focus on how a direct-to-consumer channel should operate," says Bowery, "and let the brokers know we did not abandon them."

In 2018, Saunders expanded Sonnet to include home, landlord and tenant insurance, and began to invest in its technology. What set Sonnet apart was its reliance on data analytics—particularly in improving underwriting capabilities (the process of deciding if the risk of insuring someone is worth the cost). For example, clients no longer have to complete lengthy questionnaires, which could exceed 30 detailed questions. Shoppers no longer have to fret over the exact distance they live from a fire station or whether the house has veneer siding or brick. Instead, the underlying technology scrapes public records like tax and housing reports, meaning applications can be processed quicker and with more competitive rates.

Within three years, the online business was selling about \$200 million in premiums each year. Today, it has surpassed \$300 million, and it's up 22% in 2022 alone. Saunders also leveraged Sonnet's tech to create an online tool called Vyne to help its network of brokers provide more accurate quotes and faster approvals.

While overhauling the balance sheet was a major priority, Saunders also had to juggle the responsibilities around demutualization. Canada's P&C industry has been consolidating over the past decade, as foreign-owned players have sold their operations to the larger domestic companies. Economical had to raise capital from equity investors to keep up.

But since 2010, tension had been brewing among policyholders over how Economical's capital should be divided. When the IPO process began, there were no federal regulations around P&C demutualization. In 2014, the federal finance department ruled all policyholders who contributed to building an insurer's capital base should receive a share of the company's surplus money.



The result was a smaller group of 878 mutual policyholders—essentially co-owners of the company—who once thought they were entitled to every nickel of its \$1.9 billion in value would now have to share the IPO pot with roughly 630,000 non-mutual policyholders—basically, anyone who had purchased an Economical insurance contract.

The two groups set up committees to review proposals on how to divvy up the benefits of the demutualization. Then came negotiations, along with three separate votes. If the groups couldn't come to an agreement on the allocation of funds, all Saunders's hard work would grind to a halt. "It was extremely high-stakes," he says. "If any one of those votes failed, mutualization would be dead, and we would have to start all over again."

Bowery says Saunders was a reassuring voice in tense meetings with policyholders. In the end, they voted in favour of the IPO plan. Looking back, Saunders says he was never worried it would end in failure. "The bigger worry was, could we transform our business and enter life as a public company with a decent performance and a good track record?"

To get there, Saunders needed the right team—one that understood the ins and outs of running a publicly traded company. In the past five years, there's been more than 75% turnover among the executive leadership team. At the next level down—which includes Definity's top 100 executives—more than

half are newcomers.

It was a painful period during which he had to let go a large number of employees. "I didn't have the necessary time required to groom and coach an existing team," says Saunders. "We were on the clock, so I needed to act quickly and hand-pick a team that had a strong track record and reputation."

Chief people officer Brigid Pelino is one of the newcomers. With previous experience running HR at High Liner, WestJet and Tim Hortons, it was Saunders's energy that drew her in. "Rowan was so confident in the Definity story and the team he was building that people just wanted to be part of it," she says. "He also really takes the time to engage not just with his next-level team, but with the board and the employees, to gather necessary information that helps him guide the ship."

Saunders knows a thing or two about putting together a strong team—he was captain of the rugby team at York. (He no longer plays, but he still passionately cheers for his home team, the South African Springboks.) "Just like competitive sports, taking on a new challenge is about putting people in the right spot," he says. "I have built great teams in the past, and I was confident I could do it again."

His leadership team combines talent from public companies including Rogers Communications, TD Bank, Canadian Tire and RSA, which was recently purchased by the country's largest P&C insurer, Intact Financial. "We have such diverse players around the room with different experiences to bring together," says Pelino, noting the company also added 1,000 employees between 2018 and 2020. "I've seen it done in other organizations where it can really hurt the culture. Here, Rowan has been able to make our culture stronger."

Institutional investors seem to agree. On the day of the IPO, an additional \$759 million in shares were bought through a private place-

ment—Healthcare of Ontario Pension Plan took two-thirds, and reinsurer Swiss Re Investments took the rest. "Those investors gave a lot of credibility for future investors to come on board," says Saunders.

His efforts have paid off. Since 2018, Definity—the name was unveiled in August 2021, when the IPO was filed—has seen a marked improvement in its combined ratio, a measure of profitability used by insurers to gauge how well they're performing in daily operations. It calculates the amount an insurer pays out in claims compared to what it collects in premiums; the lower the score, the better. In 2018, the combined ratio was 111.8%. By 2020, it had dropped to 94.6%. At the end of last year, it was down to 93.1%. Bank of Montreal managing director Tom MacKinnon says this puts Definity in line with—if not better than—the industry. "It's a testament to Rowan's ability to attract and motivate a new team," he says.

Definity has also seen a vast improvement in gross written premiums—the amount it receives from policyholders and a key part of total revenue. In 2018, they were sitting around \$2.5 billion. By the end of 2021, they had increased to \$3.3 billion.

Now, Saunders has set his sights on becoming one of the top five P&C insurers in Canada, up from No. 7 today. "Many of us who run businesses have ambitions but don't always have the resources to fulfill those ambitions," the CEO says. "But we have \$1 billion-plus in excess capital to deploy—and going public has made us a much more credible buyer and a stronger participant in M&A."

He's already taken one step down that road: In October, Definity paid \$217 million to boost its equity ownership in McDougall Insurance from 25% to 75%. Along with Definity's other broker investments, the Ontario-based distributor is expected to generate in excess of \$40 million a year (versus \$8 million at the end of 2021).

"The bigger brokers are getting bigger with consolidation—just as the insurers are consolidating," Saunders says. "And we are positioning ourselves to have a foot in every angle of the industry." ■

THE INNOVATOR

ANN FANDOZZI

RITCHIE BROS. AUCTIONEERS

FANDOZZI HAD A HARD TIME ABSORBING JUST HOW ANTIQUATED THE US\$300-BILLION-A-YEAR HEAVY-EQUIPMENT AUCTION BUSINESS WAS WHEN SHE TOOK OVER IN 2020. BUT THIS FIXER IS INTENT ON DRAGGING IT INTO THE DIGITAL AGE



In 2020, the year Ann Fandozzi became CEO of heavy-equipment auction house Ritchie Bros. Auctioneers Inc., a pair of Stanford University academics won the Nobel Prize in Economics for their advancement of auction theory. Their work on U.S. government wireless spectrum auctions was a world apart from the 25-tonne excavators and \$200,000 dump trucks the Burnaby, B.C.-based company specializes in. Even so, Fandozzi saw it as further confirmation that auctions are the most efficient type of marketplace in the world.

Which is why it gnawed at her that in the US\$300-billion-a-year global market for used equipment, auctions account for just 10% of transactions, while intermediaries and brokers—middlemen, in other words—capture a share that's roughly four times larger. For a self-described "geeky engineer" with a deeply analytical mind, the puzzle of why a less efficient system was prevailing caused a "short circuit" in her brain. "It kept triggering me," she says. "Every time I'd meet a customer, I'd ask them to tell me about the brokers."

As she came to learn, brokers are adept at exploiting mismatches between supply and demand in the industry, buying equipment when it's available at low prices and reselling it months later to small and mid-size construction companies when needed for projects, since those companies typically don't

have the physical space to store unused equipment themselves. "Brokers have filled the space-time continuum," she says. (Did we mention she's an unabashed geek?)

That revelation was just one of several that prompted Fandozzi's push to transform the 60-year-old company from its auction-house roots into a comprehensive marketplace for the used-equipment sector, offering an array of analytics tools; services like parts, appraisals and financing; and new platforms for selling used machinery that go well beyond auctions.

The goal: to capture a much larger slice of the giant used-equipment market than the roughly US\$6 billion in transactions Ritchie Bros. will handle this year. "The easier we can make it for customers, the more transparency we can give them, the more inventory we can make available, then the more the market can run efficiently. And that feeds into growing our core transaction business," she says. "A rising tide lifts all boats."

To get there, Fandozzi, 50, has embarked on a structural and cultural revamp of the company, instilling a test-and-learn mindset and putting analytics at the heart of decision making. "Analytics is a word that today is in our daily vocabulary with our customers in a way it wasn't before," says Rob Giroux, senior vice-president of sales for Canada, who has been with the company since 1997. "Numbers tell

by **JASON KIRBY**

photographs by **RYAN COLLERD**



the truth. Ann has brought that to the forefront.”

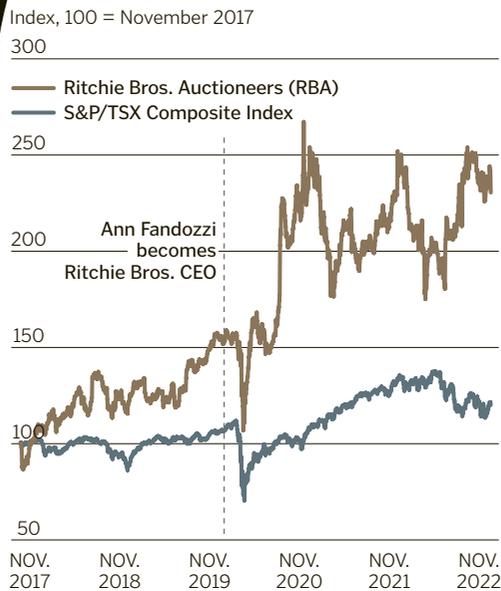
At the same time, she’s been building the foundations of the new Ritchie Bros. marketplace with some key acquisitions. In fact, on Nov. 7, the day this magazine went to press, the company announced a US\$7.3-billion deal to buy IAA Inc., a Chicago-based online auctioneer of damaged vehicles. (Ritchie Bros. shares initially fell 20% on the news.) And all of this has been undertaken against the backdrop of a pandemic, supply-chain disruptions in the heavy-equipment sector and now, it seems increasingly likely, a recession that will test the company’s reputation as a counter-cyclical haven in bad times.

Ritchie Bros. has long been one of Canada’s quietest global corporate success stories. In the unglamorous world of second-hand tractors, bulldozers and cranes, it’s the largest auction company, operating 42 permanent auction sites in 12 countries, including the United States, the U.K., Germany, Japan and Australia, with 2,700 full-time employees worldwide.

Its core business is simple: helping companies unload heavy equipment for the best price. When construction companies finish projects, they often dispose of machinery rather than hold onto it for the next project. In October, more than 2,000 pieces of equipment used to build the Muskrat Falls power station in Labrador were auctioned off in Truro, N.S. Similarly, rental firms with surplus equipment rely on the company’s auctions.

Ritchie Bros.’s most high-profile annual auction, where more than US\$200 million in equipment regularly changes hands, is in Orlando, on a 200-acre stretch southwest of the city, drawing thousands of buyers from around the world and featuring concerts and fireworks—a bit like Disney for the dirt-moving crowd. It’s a far cry from the company’s origins in the 1950s, when brothers Ken, Dave and John needed to come up with money for a loan payment on their family’s furniture store and auctioned off surplus furniture to raise cash. Toward the end of the last decade, the company had fallen out of favour with investors,

RITCHIE BROS. VS. THE INDEX (up to Nov. 3, 2022)



who were growing impatient with the pace of change under former CEO Ravi Saligram. When Saligram announced his plan to leave in mid-2019 after five years, Ritchie Bros.’s shares were stuck at the same level as three years earlier. Saligram, in his own bid to modernize Ritchie Bros., had finalized a deal in 2017 to buy IronPlanet, an online-only equipment auctioneer, for US\$760 million. The deal massively expanded Ritchie Bros.’s digital footprint, but internally the teams remained at odds, and integration efforts stalled.

Enter Fandozzi. Born in the Soviet Union, in what is now Belarus, to an engineer father and classical pianist mother—“I had two worlds surrounding me,” she says, “but I only resided in one, much to my mother’s chagrin”—she grew up in the U.S. after the family immigrated there when she was a child. Having earned a bachelor and master’s degree in engineering, along with an MBA, she went on to work for several years at Ford Motor Co. and what was then DaimlerChrysler.

Then, in 2012, TPG Inc., the private equity firm, hired Fandozzi to turn around vRide, a Michigan-based van-pooling business it had recently acquired. Four years later, with sales on the rise, TPG sold vRide, and Fandozzi was tapped by another private equity firm to fix one of its struggling portfolio companies, ABRA Auto Body & Glass. “I don’t get calls when things are going well,” she says. “My phone only rings when a company has stagnated or is down.” Less than three years later, in 2019, with the chain’s fortunes improving, ABRA’s investors sold the business.

As Fandozzi speaks, she’s sitting in a sparse boardroom at the Ritchie Bros. office in Philadelphia, where she lives (her daughter is in her last year of high school). It’s a small brick-

and-glass building tucked onto a leafy side street that’s used mostly for meetings, and the only identifiable sign this is a Ritchie Bros. office is a small decal on the front door. Fandozzi negotiated the same living arrangement with her previous two companies, and the same leased space served as the Philadelphia office for ABRA and vRide before this.

It’s clear the back-to-back experiences with private equity left Fandozzi frustrated. In both cases, she believes the investors sold before her long-term growth plans could be fully realized. Which leads her to make a remarkable statement at a time when so many public-company CEOs complain about the short-termism of stock markets. “I vowed the next company would be public, so nobody could flip it out from under me,” she says. “I still hit the quarter every time, but I do it because you can’t set up the next decade of success if the next year isn’t working, and the next year won’t work if the next quarter doesn’t work. That’s my approach.”

While she’d never heard of Ritchie Bros. before a recruiter reached out to her in mid-2019, she was immediately intrigued by the potential scale of the used-equipment market and the relatively small sliver the company controlled. Over the next six months, she listened to a decade of quarterly conference calls, scoured boardroom presentations and absorbed industry research to prepare before starting the new job in January 2020.

What Fandozzi wasn’t prepared for was the extent to which the used-heavy-equipment industry lags the used-car industry in innovation. Today, a potential car buyer can easily find the value of a used vehicle online through Kelley Blue Book or check a vehicle’s maintenance history through a service like Carfax, both of which rely on the unique vehicle identification numbers assigned to each car. “We don’t even have a VIN system in this industry,” Fandozzi says. “I thought I was being punked when they told me there’s no universal system.”

It was an early “aha” moment for the new CEO, and Fandozzi began to envision a seamless marketplace for used equipment modelled on

the automotive sector, one she and Ritchie Bros.'s top executives would begin to hash out in the coming months. But before they could do that, COVID-19 would force a different kind of transformation on the company.

It's mid-September, and inside a vast hangar-like building on the Ritchie Bros. auction site in Bolton, Ont., on the outskirts of Toronto, the disembodied yet unmistakable rat-a-tat voice of an auctioneer rings out with updated bids on a Kenworth semi-trailer truck. As the auctioneer rapidly calls out new offers—that lively, rhythmic style of speaking is called “auction chant,” by the way—dollar figures on a large screen tick higher. Yet, aside from three people huddled in a corner, all 500 or so of the red fold-down chairs facing toward the rows of backhoes and trucks sit empty. Nearly all of the 7,900 registered bidders from 59 countries are submitting their bids online.

Ritchie Bros. had made big inroads into online auctions even before the pandemic hit. Roughly 60% of bids for its physical auctions were coming through the internet. But auction days still buzzed with activity, with crowds gathering in person to place their bids. The pandemic immediately changed that.

At the company's Burnaby head office, the decision was made to send everyone home to protect the dozen or so employees who work in its online-auction “nerve centre.” With Ritchie Bros. about to switch entirely to online bidding, an outbreak would be devastating. That never happened, and by April the company held its first fully online auction of equipment in Houston.

It soon became clear that whatever might be lost by not having a live auctioneer drum up bids from the crowd was more than made up for by gaining full visibility into who was bidding and for what—a powerful asset that allowed Ritchie Bros. to approach auction losers with other equipment they might be interested in. “As bad as COVID-19 was, it was a magical opportunity that forced us to pivot and clean the decks,” says Fandozzi.

Despite the disruption from COVID, Fandozzi set about instill-



ing a test-and-learn culture at Ritchie Bros. It's an experimental approach to innovation in which new ideas and products are tried out on a small, controlled scale and the results measured to determine if the innovation should be adopted more widely. As she'd done at all the companies she's run, she established monthly video town halls, using them to provide regular updates on initiatives underway across the company. Several have shown promising

In Texas, for instance, the company has been running a pilot project for a new sales structure to attract more business from the so-called long tail of the industry—the small contractors and construction companies that own 80% of the heavy-equipment inventory out there. Likewise, in various countries Ritchie Bros. has set up dozens of small, local auction yards on leased land in underserved areas so owners and consignors don't have to take their equipment as far to sell. Both are a significant break from how the company has targeted new business for decades, and based on early results, each initiative is being expanded to other markets.

Even the question of what the live component of an auction should look like is being tested. While few customers seem keen to return to in-person bidding, they do like the social aspect and the opportunity to meet with other contractors. To that end, the company is trying different types of customer-appreciation events. At the Bolton auction, for instance, hundreds turned out for a catered lunch of ribs and chicken, and to kick the tires and smell the hydraulic fluid—yes, some buyers do that—of the equipment on offer.

“We've moved away from being a company where people would instinctively say, ‘But we've always done it this way,’” says Darren

Watt, senior vice-president and general counsel and an 18-year veteran. “Some things will work, some won't, and that's alright.”

Upon arriving at Ritchie Bros. in early 2020, Fandozzi wasted little time in assembling her new executive team, several of whom are fellow Americans she has worked with before. They include Ritchie Bros.'s first chief operating officer, Jim Kessler, and Baron Concors, chief information officer, both of whom reported to Fandozzi at ABRA. “The number of people that can be very successful in a given role is very small, but the number of people who, no matter what the industry or situation, find a way to succeed is even rarer,” she says. “When I see that in people, I never let them go.”

The new team of Ritchie Bros. veterans and newcomers spent much of 2020 crafting their vision for a marketplace where customers could access analytics tools, in-house and third-party services, and more choices in how to sell equipment, such as direct listings rather than auctions. Several parts have already fallen into place. It launched a self-serve listing service last year—like classified ads, but for cranes—and introduced a free inventory management system that large and small equipment owners can use to track the usage, condition and value of their equipment.

Other elements of the marketplace are coming through acquisitions. In October 2020, the company bought Beverly Hills-based Rouse Services, a dominant firm in the data-intelligence sector for equipment markets. Through its relationships with equipment-rental companies, it regularly ingests more than US\$100 billion in fleet-value data, rental revenue rates and equipment-sales data directly from rental companies, info its clients use to manage their fleets more efficiently. Ritchie Bros. moved its own data scientists to the new subsidiary, and while Fandozzi says Rouse will continue with its “day job” of serving the equipment-rental market, she sees the company's valuation tools becoming the Kelley Blue Book of bulldozers and tractors.

At the end of 2021, Ritchie Bros. acquired SmartEquip, a Connecticut company that connects equip-

ment owners with manufacturers and dealers, enabling them to dramatically cut down on the time it takes to order replacement parts. As Fandozzi sees it, SmartEquip will allow Ritchie Bros. to offer a parts replacement service to equipment buyers at the time of checkout—what she calls a “Would you like fries with that?” strategy.

Not all Fandozzi’s acquisition attempts have worked out. Last year, Ritchie Bros. agreed to buy U.K.-based Euro Auctions, one of Europe’s largest heavy-equipment auction houses, for more than US\$1 billion. However, resistance from competition regulators in the U.K. prompted Fandozzi to abandon the deal earlier this year.

Fandozzi knows Ritchie Bros. faces hurdles in building a seamless, one-stop marketplace. Externally, the heavy-equipment industry tends to be slow to evolve, though she believes the prospect of a recession is already prompting change. “What a recession buys you is time and people’s openness to do things

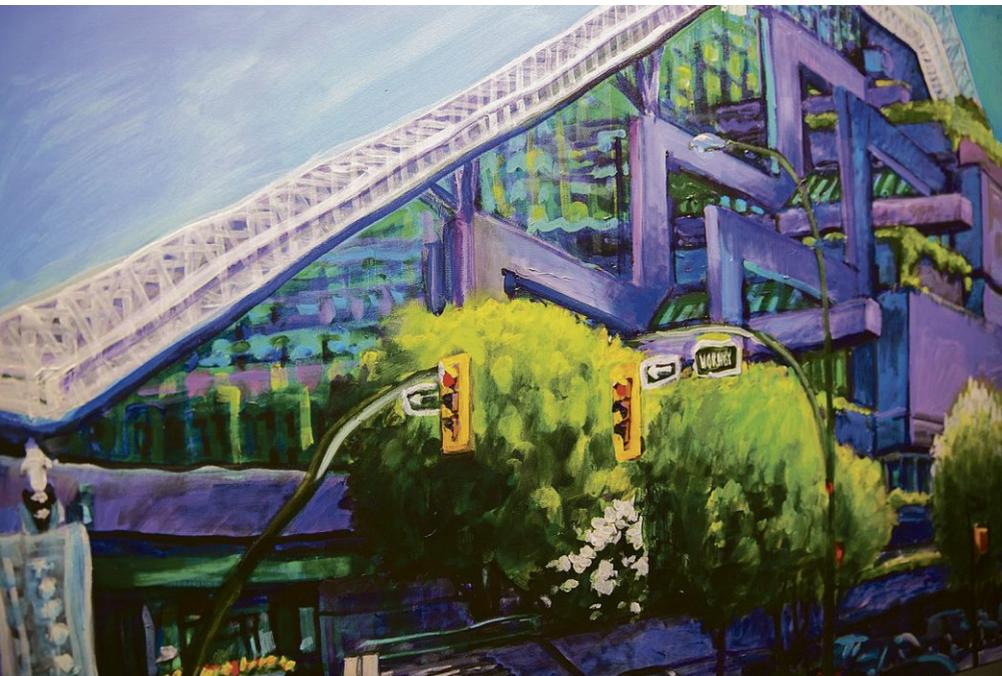
differently, because they’re ultrasensitive to how they can save money and make more money,” she says.

The internal hurdles are perhaps more pronounced. Over the decades, Ritchie Bros. has accumulated a lot of tech debt—different technologies piled on through acquisitions and projects that were never fully integrated. Fandozzi says the company began a process in 2021 of “unravelling the spaghetti,” but she admits she “underestimated the level of spaghetteness” in its systems. So in February, Ritchie Bros. signed a two-year contract with Thoughtworks, a global consultancy that has worked with companies like automotive auctioneer Manheim Auctions and equipment manufacturer Caterpillar, to fast-track the development of its new digital platform.

In the meantime, Ritchie Bros. has started to see results from its efforts. Revenue in the first six months of the year climbed nearly 21%, to US\$878.5 million, from the same period in 2021. And after stagnating for several years, Ritchie Bros.’s share price is up 60% since Fandozzi took over, compared to a 13% return for the S&P/TSX Composite Index. That said, the company’s shares have largely moved sideways over the past year, a sign that investors may be taking a wait-and-see approach

to how the company executes on its plans, says Bryan Fast, an analyst with Raymond James who has a “market perform” rating on the stock based on its valuation. “The strategy definitely makes sense, and they have the moat and brand recognition to capture a greater piece of the pie, but implementing these kinds of digital transformations are always difficult,” Fast says. “These things tend to end up being more costly than originally planned.”

Fandozzi has gotten used to facing questions about elevated costs on quarterly conference calls. And her response is always the same: The investments Ritchie Bros. is making are prudent but necessary. “We have completely turned the corner on the growth trajectory for the company, but the investments are growing at a faster pace than the top-line growth because those are investments we’re doing for the next decade,” she says. “If all you’re interested in is saving \$1 million this quarter, this isn’t the company for you, or I’m not the CEO for you.” •



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THE GLOBAL VISIONARY

ALEXANDRE L'HEUREUX

WSP GLOBAL INC.

L'HEUREUX MIGHT NOT HAVE A HEAD FOR ENGINEERING, BUT WITH HIS STRATEGIC SENSIBILITY AND ACUMEN FOR ACQUISITIONS, HE HAS STEADILY GROWN WSP'S GLOBAL FOOTPRINT—AS WELL AS ITS REVENUES

When Alexandre L'Heureux became CEO of WSP Global Inc. in 2016, there was a minor concern at the back of his mind. Even though he'd been with the engineering consulting firm for close to six years by that point, he worried that employees wouldn't embrace him as the leader of the company. L'Heureux had been the chief financial officer, a numbers guy—not an engineer by training.

As it happens, he once tried to be an engineer. Growing up on the south shore of Montreal, L'Heureux, now 50, harboured a fantasy of working for the National Aeronautics and Space Administration, otherwise known as NASA. The dream didn't last long. "I discovered very early on that I found engineering very boring," he recalls. "I said, 'There's no way I'm doing this.'" L'Heureux pursued accounting instead, embarking on a career that led him to Deloitte, a hedge fund in Bermuda, a private equity firm and, finally, ironically, to the C-suite at WSP, leading a company of engineers.

But L'Heureux's mix of skills was exactly what WSP needed at the time. "When you start to get to the scale we're at now, the qualities you want in your leader are actually not engineering," says Christopher Cole, chair of WSP's board. "They are strategic skills, they are financial, they are risk analysis. I'm an engineer, so I say that with some reluctance."

It turned out employees didn't care about L'Heureux's lack of formal training, either. The market, however, was not so keen on the day of his promotion. "Our stock price, if I'm not mistaken, lost 2% or 3%," the CEO says.

Since then, the market has come around on L'Heureux. And quickly. Shares in WSP have surged more than 340% since his appointment, employee headcount doubled to 66,350, and the company has far surpassed rival SNC-Lavalin Group in terms of market cap. (WSP is worth \$20 billion on the TSX, compared to just \$4 billion for SNC.) Much of the growth is due to L'Heureux's approach to acquisitions, honed over some 80 deals since he joined as CFO in 2010—carefully considered and price conscious—something that isn't taught at any engineering school.

Perhaps most notably, WSP has expanded its international footprint. Only 17% of WSP's revenue is derived from Canada, according to the company's 2021 annual report, with the largest chunk coming from the United States and Latin America, followed closely by Europe, Africa, India and the Middle East. WSP's catalogue of work is as deep as it is eclectic: project management of the renovation of Centre Block on Parliament Hill; a flood-control plan for a river basin in China; a net-zero strategy for a hospital in the United Kingdom; assessing bat habitats in Ontario and Quebec; devel-

by **JOE CASTALDO**

photographs by **ALEX LYSAKOWSKI**



oping and evaluating congestion pricing for the Swedish Transportation Administration; and figuring out how to reduce vortex shedding—when wind causes a building to vibrate—at one of the tallest residential condos in the world, located in Manhattan.

The reputation WSP enjoys with both analysts and investors nevertheless creates high expectations, with pressure on L’Heureux to deliver consistent growth, expand margins and not bungle the integration of its largest-ever buy—the \$2.3-billion purchase of the environmental and infrastructure division of British company John Wood Group earlier this year.

WSP grew out of a boutique engineering and construction firm in Quebec called Genivar, which was itself initially formed through the merger of two local companies founded in the late 1950s. Genivar mostly stayed confined to its home country, working on projects such as the renovation of B.C. Place in Vancouver, completed in 2011. The following year, the company purchased WSP Global, then a British professional services firm, helping set the stage for the global expansion of the past decade. (Genivar renamed itself WSP in 2014.)

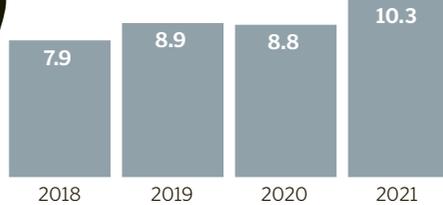
Over the years, the company moved into consulting services and away from fixed-price construction projects, which are prone to delays, cost overruns and losses. “They were very smart to essentially get out of the [construction] business,” says Dimitry Khmelnskiy, an analyst at Veritas Investment Research. Meanwhile, SNC-Lavalin reports a massive loss every few years, he points out.

WSP is benefiting from a few larger trends, too. Governments in Canada, the U.S., the United Kingdom and Australia are planning to invest billions of dollars in infrastructure over the next few years, while countries around the world are trying to decarbonize their economies—retrofitting buildings, developing renewable energy projects and so on—which requires the kind of environmental consulting expertise WSP provides.

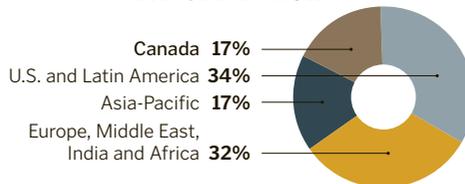
But the trends alone aren’t enough to raise WSP’s fortunes. Everything still comes down to



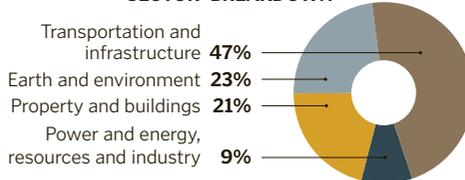
WSP REVENUE GROWTH
(\$ BILLIONS)



REVENUE BREAKDOWN



SECTOR BREAKDOWN



execution, which is where L’Heureux comes in. His time as an accountant at Deloitte in the 1990s is more influential on his thinking than one might expect. The accounting and consulting world is essentially dominated by the four major firms, and the engineering and professional services space looks to be heading in the same direction. It’s highly fragmented, with an untold number of boutique and mid-size firms poised for consolidation. “It’s not by accident that I’ve spent an enormous amount of time looking at what I believe are the most successful professional services firms in the world,” says L’Heureux. “How are they operating globally? How could we replicate something?”

Global growth inevitably means acquisi-

tions, and L’Heureux has a simple framework for buying a company. To start, there has to be a good reason for the deal, and a potential buy must fit within his three-year strategic plan for the firm. Price is crucial—WSP has a track record of staying disciplined, analysts say—as is culture fit. Indeed, in some cases, L’Heureux has spent years talking to executives at other firms to understand their values and motivations. Engineering is a vocation, he points out, not unlike medicine or science. “If I don’t find a sense of this vocational mindset,” he says, “and they’re there for the money or because of other reasons than building a better tomorrow, we’re not going to do the deal.”

Lastly, L’Heureux has to be convinced he can sell the deal. “I need to look at myself in the mirror, and I imagine myself on stage in front of all of our employees,” he says. He asks himself whether he can explain the merits of the transaction. Sometimes he can’t. “A number of times, I have passed on superb deals on paper,” L’Heureux says, describing the exercise as one last “sanity check.”

This past August, when WSP announced a deal to buy a British firm called RPS Group, the sale seemed to check all the boxes. RPS conducts a lot of work in the environmental sector—an area in which L’Heureux wants to grow, as per his latest strategic plan—particularly in water and wastewater management, where WSP is underrepresented. Its offer valued the company at just under \$1 billion—not an unreasonable price, even if some analysts noted it was on the loftier side.

But then another bidder emerged. U.S. rival Tetra Tech Inc. put forward a deal with an even richer valuation attached to it. L’Heureux wasn’t surprised another bidder was waiting in the wings, and his next step was obvious. RPS was fully valued, in his opinion, and there was no good reason to pay more. “You need to stay true to your DNA, to discipline,” L’Heureux says.

Just because the decision was obvious doesn’t mean it was easy. L’Heureux had already spent time convincing the board it was a good deal. Now he had to explain why the company should walk away. Cole

says L'Heureux's decision-making process on the deal is typical of him as CEO. His gut instinct was not to get into a bidding war, Cole recalls, but L'Heureux then spent the time to test and prove his intuition. "He returned with a very reasoned response to the board why the intuition was now validated in his mind," Cole says.

L'Heureux figured that while the purchase would expand WSP's capabilities in a few areas, it wasn't crucial. Other opportunities would arise, and the company already had its hands full integrating some 6,000 employees from the environmental division of John Wood, a deal that closed in September.

That ability to absorb a company into the larger entity is one of those things L'Heureux maps out beforehand. It's partly why he frets so much about culture, but the structure of the organization is equally important. WSP is arranged by geography, not by business line. There's a CEO for Asia, for example, but no CEO of transpor-

tation infrastructure. Acquiring a company arranged differently would require immense reorganization of people and resources, so L'Heureux looks for firms that can be absorbed with minimal fuss. He describes himself as "beyond hands-on" as a CEO, and the company has no chief operating officer so that he can have a direct relationship with the executives running each division.

L'Heureux will need to keep in touch with those leaders in the months ahead. Whereas macroeconomic factors have worked in WSP's favour in recent years, the risk of recession is looming, and inflation is driving up the cost of building projects. About half of WSP's work is for the public sector, according to Khmelnitsky, which is better insulated in a downturn. But private-sector clients are more likely to postpone projects, which could be problematic for WSP since its work tends to be short-term and therefore requires a constant flow of new orders.

For his part, L'Heureux says WSP is lean, especially after cutting about \$100 million in costs during the early months of the pandemic, and has little in the way of fixed costs today. Plus, the company's order backlog is still growing. As of the second quarter of 2022, it stood at a record \$11.4 billion, a 19%

jump from the same period last year. Given WSP's strong balance sheet, economic uncertainty could also present an opportunity for the firm to strike more deals, says RBC analyst Sabahat Khan. "Recall that WSP has not been shy about undertaking sizeable acquisitions during past periods of uncertainty," Khan wrote in a recent note. During the depths of the pandemic in December 2020, for example, WSP announced a deal to buy environmental consulting firm Golder Associates.

A potential recession and inflation are not even at the top of L'Heureux's list of worries. He's more concerned about preserving the culture at WSP. Not surprisingly, he draws an example from the accounting world: Arthur Andersen, which collapsed amid scandal two decades ago. "They got cocky, they got complacent, and they thought they were better than others," he says. "We need to make sure we remain humble. The day you think you're too big to fail, that's when problems emerge." ■

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THE NEWCOMER

SOPHIE BROCHU

HYDRO-QUÉBEC

NOT LONG AFTER TAKING OVER THE PROVINCIAL UTILITY IN 2020, BROCHU SIGNED ITS LARGEST-EVER EXPORT DEAL, WHICH WILL KEEP THE LIGHTS ON IN NEW YORK CITY FOR THE NEXT TWO DECADES. AND THAT'S NOT BROCHU'S ONLY POWER MOVE

It's a bright autumn morning in New York. A storm has just passed, and the locals are walking their apartment dogs and picking up breakfast amid the whooshing of street sweepers.

We're across from Queensbridge, the largest public housing complex in North America, and Bishop Mitchell G. Taylor, a chisel-faced pastor who wears tinted eyeglasses and a silver cross around his neck, is delivering a rapid-fire rundown of his flock: Some 16,000 or so people live in the complex's 3,100 apartments, roughly half of them employed. Two-thirds of households are headed by single women. NBA stars Ron Artest and Lamar Odom grew up here. So did rappers Nas and Havoc.

Queensbridge sits on the flank of the East River, in the shadow of the Ravenswood oil-and-gas-fired plant, the largest of several aging generating stations that power New York City. The housing development's six-storey brown-brick dwellings and the area's industrial buildings aren't much to look at. But it's what you *can't* see that's the problem.

The air spewing from Ravenswood's red-and-white stacks has contributed to breathing problems for scores of residents since the 1960s, says Taylor, himself included, earning the area the nickname Asthma Alley. "Manhattan gets the power, and we get the pollution," he says. "For us, anything that reduces pollutants in our population is a good thing."

Salvation is coming, starting with the Champlain Hudson Power Express (CHPE), a 545-kilometre transmission line that will carry Canadian hydropower from Quebec's far north to New York City (Taylor calls it "Chippie" for short). It's one of the biggest renewable-energy projects in New York since the state tapped Niagara Falls more than half a century ago. And it's happening in no small part thanks to Hydro-Québec CEO Sophie Brochu, who built a wide band of stakeholder approval for what will be the utility's biggest-ever export contract—a 25-year pact could generate more than \$20 billion in revenue for the provincial Crown corporation.

Brochu, who was named CEO in 2020, came at New York with a fresh set of eyes. And she quickly got busy getting the deal done. Many of her predecessors had adopted a take-what-we-can-get view of New York, obsessing instead over New England, where the utility has historically done the bulk of its spot-market electricity sales. In New York, however, Brochu found political leaders and communities hungry for change. "Sophie was special in her ability to engage, listen and be truly passionate about seeing this project to fruition," says Bilal Khan, a senior managing director at private equity giant Blackstone, the project's main promoter. "Not to say prior leadership wasn't. It's that Sophie took it to a different level."

In New York, Brochu is providing

by **NICOLAS VAN PRAET**
photographs by **KARENE ISABELLE**



a model for how Canada can be a leader in exporting clean energy. But more than two years into a five-year term, the deal is only part of her leadership record. Brochu is rewriting the book on the Crown corp's relations with Indigenous communities. She's pushing back on decades of supply-and-demand dogma that says the best way to meet future power demand is always to build more generating stations. And she's plotting a five-year strategy that some leading environmental policy experts say is far ahead of other Canadian utilities.

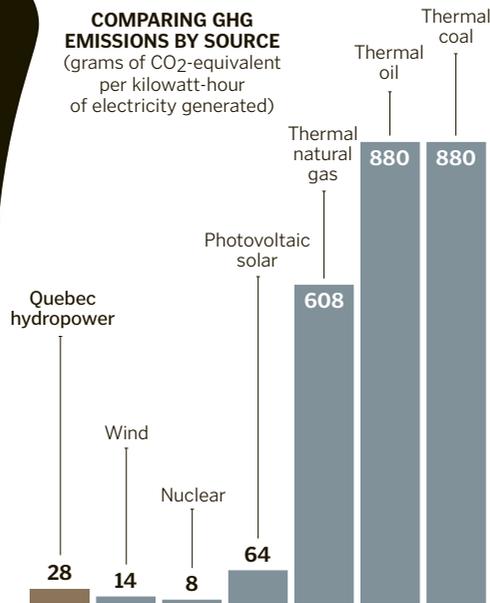
In many ways, Quebec has a head start in the coming energy transition. More than 90% of its electricity mix comes from hydroelectric dams and from the partly owned Churchill Falls project in Labrador. With an installed generation capacity of 37,231 megawatts from 61 hydroelectric stations and 24 thermal generating stations, its grid stretches over 261,578 kilometres. Brochu delivered record earnings of \$3.5 billion for Hydro-Québec last year as the utility sold an unprecedented volume of power within the province and increased exports.

A big chunk of Quebec's power is going south. In part, that's because Americans will pay well for it. But it's also because the provinces just don't collaborate well on energy. Ontario's reliance on nuclear power means it has its own priorities. Hydro-Québec has swapped power with New Brunswick for 50 years, but other talks with Atlantic provinces have yielded few results.

And so Canada's dysfunction is America's gain. Blackstone says CHPE will create US\$23 billion in new economic output, another US\$23 billion in carbon dioxide reduction benefits and \$1.4 billion in new tax revenue. A pair of high-voltage cables, each no wider than an adult hand, will provide 1,250 megawatts to New York, enough to supply more than a million homes, or about 20% of the city's needs.

New York authorities officially selected CHPE as a winning project in September 2021, and annual delivery of 10.4 terawatt hours of electricity to America's biggest city was approved this past spring. The project is now fully permitted, and construction on the first section is

COMPARING GHG EMISSIONS BY SOURCE
(grams of CO₂-equivalent per kilowatt-hour of electricity generated)



cleared to begin. Brochu placed her full trust in Hydro-Québec's negotiators, but when they were locked in disagreement with state counterparts over a point in the contract, the CEO stepped in. "We had lost sight of the objective," she says. "I just widened" the lens.

Brochu is an energy economist by training. Before joining Hydro-Québec, she ran Montreal-based natural-gas distributor Énergir. Friends and associates describe her as a dynamic leader with a seemingly bottomless well of emotional intelligence, a measured thinker with a long-term view who can rally people behind her. She describes herself as "much more intuitive than analytical" and says the difference between success or failure for Hydro-Québec almost always hinges on what she calls "la capacité d'avoir un supplément d'âme." Roughly translated, it means bringing an extra measure of humanity to a problem or project.

That became clear during the New York negotiations. Brochu visited elected officials and residents at low-income housing developments, swapped views with local environmental-justice leaders and participated in roundtable discussions. She did media interviews and podcasts with the goal of making sense of Hydro-Québec's purpose.

The concept of its hydroelectricity being used as a natural battery to power the northeast, and supplementing intermittent generation sources like wind and solar, isn't new. Hydro-Québec has been talking about it for years, calling for closer collaboration between the region's states and provinces. But a long-term power contract with Massachusetts has been stymied because new transmission lines flowing from *la belle province* require the approval of border states. In a referendum last

year, Maine voters rejected a plan put forward by Hydro-Québec and its commercial partner, Avangrid, that would carry hydropower to Massachusetts through Maine. The project is now in legal limbo. New York offered a more direct path.

The stars were already aligning for the CHPE project when Premier François Legault's government named Brochu Hydro-Québec's CEO in April 2020. Governments in Washington, D.C., Albany and NYC were all receptive. The state had just passed a law mandating 70% of its electricity come from renewable sources by 2030 and recognized existing hydropower (as distinct from yet-to-be-built production) as eligible for its credit system.

Perhaps the biggest catalyst was when the state closed the Indian Point nuclear plant, says Dan Zarilli, chief climate adviser to former New York City Mayor Bill de Blasio. That instantly took the city grid from roughly two-thirds fossil fuel-based to about 90%, which sharpened the focus on alternatives. CHPE and Canadian hydropower are a "big part of digging ourselves out of that hole," Zarilli says.

For the Mohawk Council of Kahnawake, the project is a game-changer. Hydro-Québec will share ownership of the power line on this side of the border with the Indigenous group, who claim the territory as their own. (The connection to the project runs even deeper because many Kahnawake Mohawks helped build New York's skyscrapers in the 1920s and '30s; they were known as "skywalkers.") The Mohawk will contribute to the costs of the project in return for a variety of economic spin-offs over 40 years—the first time the utility has agreed to share the returns from its export transmission infrastructure.

Kahnawake Chief Kahsennenhawe Sky-Deer credits Brochu for a change in mindset. "I honestly feel she was very sincere and passionate about wanting to change the status quo and thinking outside the box," Sky-Deer says.

Brochu has shifted Indigenous relations in other ways. Last year, the Legault government announced it would proceed with a \$600-million wind-power project called Apuiat, located near Port-Cartier

and owned 50-50 by renewable-energy producer Boralex and Innu communities. Hydro-Québec has, in a reversal of roles, agreed to purchase power from Apuiat, becoming the First Nations' customer. Brochu also struck a deal with the Inuit of Nunavik, whose Tarquti Energy will become Hydro-Québec's exclusive partner for renewables projects in their communities.

In New York, meanwhile, Blackstone and Hydro-Québec are committing \$117 million to improve the environmental health of Lake Champlain and the Hudson and Harlem Rivers, including restoring oyster reefs around New York. They'll spend another \$40 million to retrain workers and \$9 million on community initiatives. They've also done less formal outreach, such as inviting Queensbridge-area kids to Quebec to see its installations there.

"Where does it stop? It never does," Brochu says as she explains Hydro-Québec's business-with-a-conscience approach, which mirrors her own sensibility. "When you get there, it has to be with a philosophy of saying, 'This all has to make sense.' There are things that will be very structured. Beyond that, you just become a partner of the place."

Hydro-Québec is deeply entwined with Quebec's modern history, the product of a radical coming-of-age that culminated when Premier Jean Lesage nationalized private electricity distributors in the 1960s. As the utility put its faith in a hydroelectric future, it also became a symbol of francophone power. It's been a money machine and source of pride for the province ever since.

Many of the same themes are at play today. Demand for power is still growing fast, as Quebecers continue their energy-intensive habits and companies search for clean electricity. The province wants to use hydropower to spur investment and close the wealth gap with Ontario. It must also wean itself off oil and gas. Wrenching choices need to be made about how much energy to provide, to whom and at what price. And there's a related decision: how and when to build new generating capacity.

Brochu has some well-formulated thoughts on these questions—and



they break with orthodoxy in Quebec, which is best described as: "Need power? Just build more dams."

Hydro-Québec already offers the cheapest rates in North America for power from its decades-old legacy dams. Montrealers, for example, pay just \$76 a month for 1,000 kilowatt hours of electricity, roughly half what Torontonians pay and close to five times lower than rates in New York and Boston. Industry benefits from low rates and clean-power bragging rights, and Brochu says the Crown corp should be properly paid for it. "I don't want to become the Dollarama" of utilities, Brochu says. "We need to support our businesses. But at a time when our costs are rising, and the value of their green product is rising, our rates have to rise."

When Brochu was first approached about the Hydro-Québec job five years ago, she turned it down—she wanted to complete execution of a new plan at Énergir. Then COVID-19 happened just as Hydro-Québec CEO Eric Martel left for Bombardier. As a director on the board of Bank of Montreal, Brochu could see the scale of the looming crisis. So when Hydro-Québec knocked again, she couldn't refuse. "When the call came, I said this is probably the only place I can contribute, because this is my zone of talent," Brochu says. "I don't have many. I have this one."

She's the first woman to lead Hydro-Québec in 78 years, a fact she alludes to when we head into the chief executive suite at its Montreal headquarters. "Have you seen the wall of white men?" she says, pointing at a row of framed photos of past CEOs, 13 in all. Brochu's isn't there yet. "It's way too soon."

Born into a family of entrepreneurs from the Beauce region, Brochu is the kind of person who will ask 10 questions about how you're

doing before volunteering anything about herself. She's a team-builder who prefers comfy sweaters to formalwear, and has a penchant for analogies related to growing vegetables, one of her passions. Talk to her staff and you get the sense they feel she's a once-in-a-generation leader. They use words like "lucky" and "privileged" to describe how they feel about working with her. It's gushy stuff, but it's genuine.

As much of Quebec languished in lockdown, Brochu rolled out emergency measures. She also launched a new battery storage subsidiary and signed a deal with renewable power producer Innergex.

Most importantly, Brochu has plotted a new five-year plan to prepare for a future other utility CEOs have barely acknowledged. Its basic conclusion: Quebec will need over 100 terawatt hours of additional clean power to achieve neutrality by 2050. That's more than half of all of Hydro-Québec's current annual generating capacity. To get there, it proposes to significantly step up energy efficiency efforts, modernize existing equipment to crank out more output, and develop more wind power. The plan also pledges to explore whether building more hydro capacity makes sense and how that could be done.

The math has changed on building new power facilities. Future production costs, from things like wind and solar, and even new hydroelectric projects, are pointing three or four times higher. That's why Brochu is pushing hard on energy efficiency (a new unit called Hilo, helps homes and businesses cut their usage)—because getting the most out of Quebec's existing power makes more economic sense than building anything new.

New projects could also get messy. The Innu of Labrador are suing the utility for \$4 billion in damages from when their traditional territories were flooded to build reservoirs decades ago. "Hydro-Québec refuses to acknowledge the power they have come from destroying our land," say Etienne Rich, Grand Chief of the Innu Nation. "This is not ethical."

Brochu understands the anger coming from First Nations. But she adds that certain issues can only be

resolved by the Quebec government. In the meantime, she insists Hydro-Québec will build relationships with Indigenous leaders.

Bruce Lourie says Brochu's five-year blueprint is "very forward-looking and very smart." He's president of the Ivey Foundation, a non-profit that supports Canada's net-zero transition. "Nobody else in the country is thinking even close to that, in terms of recognizing the extent of the challenge we're going to be facing with electrification," he says. Meeting Canada's climate targets means using way more renewables to power our everyday activities. It's a massive investment that will require more power generation and bigger grids to carry it. And Lourie says that when you look at utilities across the country, only Hydro-Québec has really begun to think about it.

History plays a role there. Half the power Quebec uses already comes from renewable sources like hydro and wind. But it has yet to figure out how to wean itself off oil, three-

quarters of which is used for transport. Brochu wants to speed up deployment of heat pumps and other high-performance energy solutions. She also wants to dramatically expand the province's electric-vehicle charging system but insists government has to build out public transit, as well.

To help make her plan a reality, she reorganized the utility's internal operations, combining three main operations that had long been separated: production, transmission and distribution. Brochu says this will encourage collaboration among employees.

She's also bringing government more deeply into the tent. The province is the utility's sole shareholder and has a seat on Hydro-Québec's board. But Brochu is sharing information with her political masters in a way that hasn't been seen in years, according to Hydro-Québec's chair, Jacynthe Côté—even if it triggers significant discord. And it has. But Côté insists Brochu's detailed airing of the facts is helping. "She's opening the books to a level I don't think was made before," Côté says. "Assuming that when people share the same information, there's a good chance they're going to reach similar conclusions."

Still, observers like Pierre-Olivier Pineau of HEC Montréal believe Brochu's long-term

vision will collide with the Legault government's short-term imperatives. He says that the government wants to use the utility to do business and bring green industries to Quebec. Brochu, however, believes Quebec's buffet of cheap electricity is over. "They have to prepare the population to pay differently for electricity, and probably pay more," says Pineau. "That will be a problem with the government. Questions about rates and prices become very political very fast."

All of Quebec is now watching as Legault begins his second mandate. Brochu isn't going anywhere—not yet, anyway. She hinted she'd resign if the government implemented a growth agenda that ignored the complex realities of energy decarbonization. But the day the premier named his new cabinet and created a new superminister of the economy who will oversee the utility, Brochu sent an email to staff saying she'd stick around. She won't be joining the "wall of white men" quite yet. ●



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Stephanie Bergman at home.

How a life-changing treatment relieved one woman's debilitating depression

At Sunnybrook Health Sciences Centre, researchers use innovative, minimally-invasive procedures to treat the most challenging brain disorders

IN DECEMBER 2019, Stephanie Bergman could no longer manage her depression with talk therapy and medication.

"It hit hard and I just couldn't keep it together anymore," recalls Stephanie, 52, who was first diagnosed with depression in her 20s. The Toronto-based audiologist says she always finds winter difficult.

Stephanie's depression became so bad that she was hospitalized at Sunnybrook Health Sciences Centre in Toronto.

She began receiving care at Sunnybrook's Harquail Centre for Neuromodulation – a world-leading research and treatment centre that specializes in the most challenging brain disorders. After careful assessment of her condition, Stephanie's medical team recommended she receive electroconvulsive therapy (ECT), which delivers electrical stimulus to the brain, causing a controlled seizure. But it affected her memory before it could improve her depression symptoms, so the treatment was halted.

The Sunnybrook team then suggested a newer treatment called repetitive transcranial magnetic stimulation (rTMS), in which magnetic pulses are delivered to specific areas of the brain. Over time, repeated stimulation of high frequency pulses on specified regions of the brain which have been shown to be underactive can alter networks in the brain and alleviate treatment-resistant depression.

In early 2020, Stephanie had treatments five days a week for a month. She was awake during the treatments, which take just over three minutes. The pulses aren't comfortable, she says, but they're quick.

As the days passed, Stephanie found herself feeling calmer. "I was able to focus on what I needed to do to get better," she says. Her medications, plus the intensive therapy offered as part of the inpatient treatment at Sunnybrook, started to improve her mood. By March, she was back at work.

"This is the kind of dramatic change neuromodulation procedures can have on lives," says Dr. Nir Lipsman, neurosurgeon and director of the Harquail Centre for Neuromodulation at Sunnybrook.

"Neuromodulation is the future of brain therapy," he says.

INFLUENCING BRAIN CIRCUITRY

The aim of neuromodulation is to influence brain circuitry by delivering a stimulus, or any other specific therapeutic agents, directly to targeted areas of the brain.

In the case of rTMS, that stimulus involves magnetic pulses. In another form of neuromodulation called deep brain stimulation (DBS), small amounts of electricity are delivered via implanted electrodes to treat a range of disorders, including depression, OCD, post-traumatic stress disorder (PTSD) and alcohol use disorder.

In focused ultrasound (FUS), another form of neuromodulation offered at Sunnybrook, sound waves are delivered directly through the skull to precise regions of the brain, creating lesions or opening the blood brain barrier. FUS can be used to treat debilitating disorders such as essential tremor and Parkinson's disease as well as depression and OCD.

Neuromodulation techniques are often minimally invasive, with quick recovery times and fewer side effects than conventional

surgical interventions. Dr. Lipsman notes that the demand for better treatments for brain disorders is substantial.

“These are common diseases and challenging concerns that take a major toll on patients, their families and on public health more broadly,” he says.

At Sunnybrook’s Harquail Centre, a global leader in clinical neuromodulation treatment and research, an interdisciplinary team works together to develop new treatments and perfect existing procedures, all to help patients like Stephanie have a better quality of life.

The team is investigating innovative approaches to measuring the effectiveness of its treatments – including those targeting mental health conditions. The goal of this work is to develop new measures to more accurately track symptom improvement, allowing the team to switch patients to the most effective treatment as quickly as possible, says Dr. Jennifer Rabin, neuropsychology lead of the Harquail Centre.

“Many of the standard measures we use for tracking symptoms of depression are self-reported measures,” says Dr. Rabin. “Many of them were developed many decades ago and do not always capture improvement in our patients. For this reason, there is a need for objective markers that can help to optimize the treatment selection process for individual patients.”

Dr. Rabin says she is trying new approaches to assess the success of treatments like rTMS, such as using an app that measures a person’s speech. Negative words, pauses and speed of talking appear to track well with depression symptoms, she says.

A MENU OF TREATMENT OPTIONS

Patients like Stephanie have an option to receive a range of neuromodulation treatments available at Sunnybrook. This allows doctors to adjust the treatment approach if needed.

“We have a unique, single-centre pathway where you don’t have to leave and



ABOVE: Registered practical nurse Natasha Conklin prepares Stephanie Bergman for rTMS treatment at Sunnybrook.

BELOW: The team at Sunnybrook’s Harquail Centre for Neuromodulation, including clinical head Dr. Peter Giacobbe (left) and interventional psychiatrist Dr. Sean Nestor, are investigating whether rTMS can effectively treat conditions such as multiple sclerosis and ALS.

ALL PHOTOS BY KEVIN VAN PAASSEN/
SUNNYBROOK HEALTH SCIENCES CENTRE



go elsewhere,” says Dr. Peter Giacobbe, psychiatrist and clinical head of the Harquail Centre. “We can deliver sequential treatments to patients in our care pathway to get them to their best outcomes.”

The Harquail Centre will expand in its new home: the Garry Hurvitz Brain Sciences Centre, which is currently under construction at Sunnybrook. This three-storey, state-of-the-art facility will bring together leading brain science experts across disciplines under one roof, including neurologists, neurosurgeons, psychiatrists, ophthalmologists and more.

In this exciting new hub of multidisciplinary collaboration, researchers will work to accelerate the discovery of the next generation of treatments for devastating brain disorders including dementia, Alzheimer’s disease, ALS, stroke and mood and anxiety disorders.

It will be a unique facility unprecedented in the field of brain sciences. Donors are a key part of the success of this important project, and there are opportunities to support it now.

“Philanthropy has played a critical role in research and development at Sunnybrook and in providing wider access to neuromodulation treatments,” notes Dr. Lipsman.

Dr. Giacobbe and other researchers continue to fine-tune their approach to rTMS, working to better understand the process and make sure patients like Stephanie do as well as possible. They are also currently involved in trials to see if rTMS can effectively treat other conditions, such as multiple sclerosis or ALS.

As for Stephanie, two years after she began her first rTMS treatments, she’s thriving.

During winter 2021-22, she went back to Sunnybrook as an outpatient for additional treatments when her depression worsened. But this past winter, she didn’t need those extra appointments. She’s loving her new job and she says she has a more positive outlook on life.

“I’m in a good place right now,” she says.

To learn more about the Garry Hurvitz Brain Sciences Centre visit sunnybrook.ca/brain

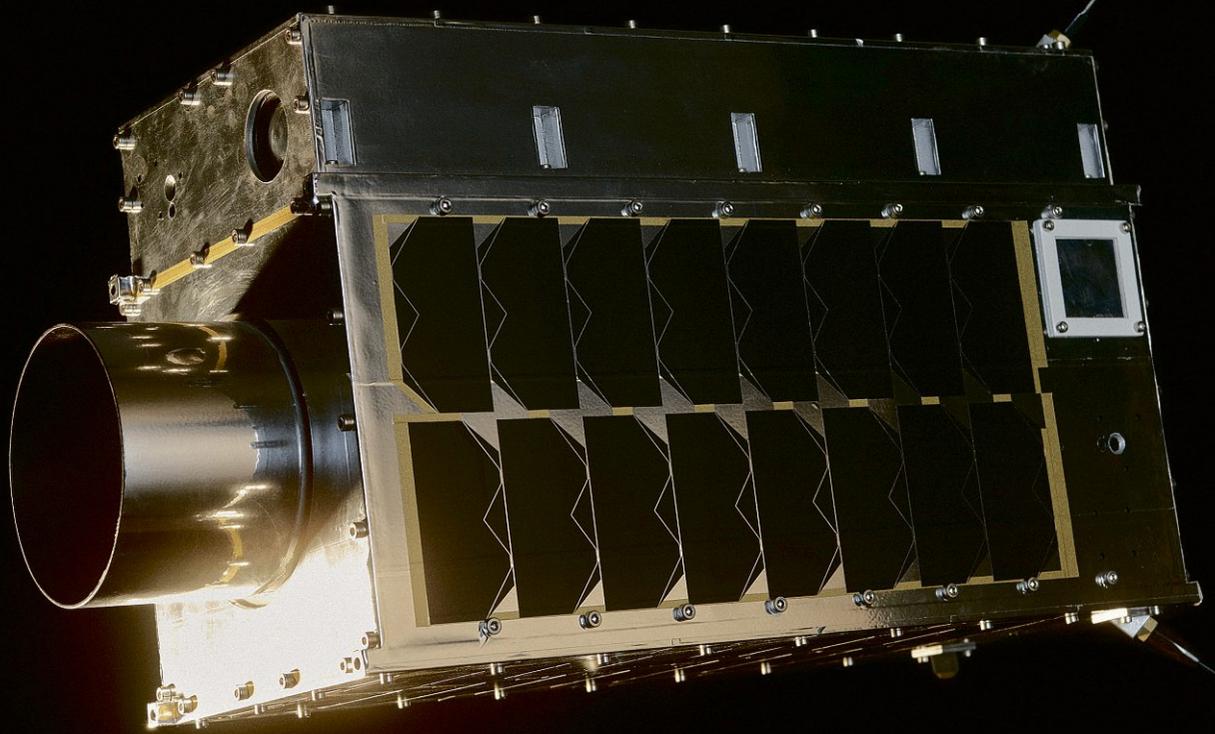
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CEO Stephane Germain with a scale model of a GHG satellite

ONE GIANT LEAP

SATELLITE MAKER **GHGSAT** HAS BUILT A BUSINESS TRACKING GREENHOUSE GAS EMISSIONS FROM SPACE. ITS MISSION: TO HELP MITIGATE THE WORST EFFECTS OF CLIMATE CHANGE

BY SUSAN NERBERG

PHOTOGRAPHS BY RICHMOND LAM

Germain (right) shows off an imaging spectrometer built to detect gases from space. Bottom right, monitoring GHGSat's satellites in real time from the control centre in Montreal



The rocket launch from Cape Canaveral is scheduled for 2:35 p.m., and anyone with a vested interest—heck, anyone geeky enough to get excited about space—would be forgiven for being a tad nervous. Besides the weather, which can thwart a launch mere moments before liftoff, extraterrestrial travel, even when unmanned, is risky business. But at T-50 minutes, you'd never suspect that the Montreal party that's gathered on this sunny late-May day to watch the SpaceX event in real time via video conference might be worried. Instead of nail-biting, the 70 or so staff from GHGSat and some of its suppliers—including astrophysicists, data analysts, quantum optics specialists and aerospace engineers in plaid shirts, jeans and sneakers—are busy chatting and laughing over beer and wine from the open bar. There's a palpable sense of excitement. No wonder: When that rocket reaches orbit, it'll deploy three satellites that these people have poured their minds and hearts into creating. If all goes well, there will be champagne.

GHGSat's business proposition goes beyond rocket science. The Montreal-based company, with offices in Ottawa, Calgary, Houston and London, U.K., is more into saving the future by helping to fix the climate crisis. It's the only business in the world to offer high-resolution satellite-collected empirical evidence of greenhouse gas emissions, particularly methane, on a commercial basis. Its satellites were the first to get high-resolution imagery of the massive methane leak from the Nord Stream 2 pipeline—the biggest leak from a single-point source the company has detected so far—in the Baltic Sea at the end of September. And the constellation also pinpointed a continuous emission in Central Asia that posed a challenge to the Paris Agreement on reducing emissions and limiting climate warming to 1.5°C. While some of GHGSat's clients are governments and institutions, between 60% and 70% are from the oil and gas sector—corporations looking to comply with sustainability goals, and increasing demands from regulators and financial markets to demonstrate concrete steps to shrink their carbon footprints by detecting and plugging, for instance, fugitive emissions from compressor stations, pipelines and extraction sites. Indeed, at the café where the SpaceX launch event is being held, three large video screens run a loop of infomercials, including visualizations of emissions the company has detected in different parts of the world.

At 2:05 p.m., Stéphane Germain, GHGSat's president, joins the crowd via speakerphone. He's in Florida, looking out over the launch pad and SpaceX's Falcon 9 rideshare rocket. "This is a big moment. I never thought this could happen 12 years ago," he says about the imminent expansion of the compa-

ny's constellation with three satellites, adding to the three already in orbit. "Fingers crossed for a successful launch!" There's applause before the group goes back to mingling. Then someone yells "One minute to go!" People turn their attention away from the smoked-salmon bagels, blue lollipop cakes with stars and Astronaut ice-cream sandwiches to the video screens in the room. At T-10 seconds, the room goes quiet. It's the final countdown.

STEPHANE GERMAIN LEANS FORWARD, RESTING HIS

S elbows on one of the tables in GHGSat's light-filled lunchroom. He twirls a retractable ballpoint pen, and for each rotation, presses its button against the tabletop. Click. Click. "I was building moon bases with Lego when I was a kid and always knew I wanted to do something with space. I also knew early on I wanted to be an entrepreneur." So in addition to his 1991 engineering degree from Queen's University, three years later he got an MBA from INSEAD in Paris.

"In the 1990s, space was about big money and big robotic arms, and projects took decades to develop," says Germain, whose CV includes work on multiple Space Shuttle missions, the Canadarm and satellite projects with the likes of Spar Aerospace in Toronto and EMS (now part of MDA) in Montreal. "Then in the mid-2000s, we saw the miniaturization of tech," he says, waving his iPhone in the air. "You could finally do something useful with something small."

That's when Germain, the son of a businessman (his father is a civil engineer, working in construction), started seeing a real potential for merging his own space ambitions with his passion for the environment. (The 1992 Rio Earth Summit, the predecessor to the United Nations Conference

of the Parties, or COP, meetings, took place just before he did his MBA.) “I said to my dad, ‘Getting into space will cost at least \$100 million, so that’s not going to happen.’”

But the shrinkage of everything from satellite buses and payloads to computers and optics meant the path he’d set for himself since he was a kid was no longer a mirage. And when Quebec linked its carbon cap-and-trade program with California’s in 2014, his optimism grew. The program put a price on carbon emissions to encourage industry to bring greenhouse gases down to 1990 levels by 2020. But to reduce emissions, companies would need to know where those happened and when, and how big they were. Germain saw a market for data.

He called up François Rodrigue, a former colleague at the aerospace arm of the defence contractor now called L3Harris, where Rodrigue was vice-president of finance. Germain wanted help developing a business plan, and Rodrigue took on the role of finance partner and is now CFO. They funnelled some of their personal savings and money from friends and family into a holding company to acquire Xiphos Technologies, a Montreal-based developer of radiation- and vibration-resistant computer processors and software for lunar rovers, space stations and satellites. Eric Edwards, then Xiphos’s owner, joined forces with Germain and Rodrigue as chief technology officer, and in 2011, GHGSat was born.

To get the company up and running, the three founders bootstrapped the firm using profits from Xiphos. It wasn’t enough capital for an office and staff, so they prioritized R&D. Piggybacking on Xiphos, in 2014 they hired a physicist with experience in quantum optics and gas-sensing instru-

mentation to spearhead the development of systems and instruments for detecting and quantifying greenhouse gases from space. In 2016, GHGSat launched its own demo satellite to test the technology they’d been working on. “There was a lot of skepticism from the scientific and business communities,” says Germain, “but we were able to prove you could detect emissions from space.”

A S SEEN FROM 500 KILOMETRES ABOVE THE EARTH’S SURFACE,

there was one particular image that stood out. Its urgent message was simple: Turkmenistan, you have a problem. That, basically, was what GHGSat wanted to convey to the central Asian nation when, in 2019, the company’s constellation detected a methane emission larger than anything it had ever picked up before. (Belching up to 43,000 kilograms of gas per hour, it now pales in comparison with the Nord Stream 2 disaster, which was spewing up to 79,000 kilograms per hour when detected on Sept. 30.) “We’d been asked by some scientists to check out a mud volcano close to the Caspian Sea that they believed was emitting methane,” says Germain. “When our satellites flew over the area, we focused the lenses on the volcano’s coordinates. We didn’t see the mud volcano. But at the edge of the field of view, there was this huge methane plume. Instead of burning the gas, [the operator of the oil field] was venting it,” recalls Germain. (Burning methane, customary when flaring, is less harmful than venting it, because burning converts it to water vapour and CO₂, which is not as potent a climate warmer as methane.) “We were completely blown away.”

His team called the Turkmen government repeatedly, but the alerts fell on deaf ears. It took several months of diplomatic efforts involving the Canadian, U.S. and EU ambassadors before the leak was finally plugged. Mitigating the fugitive methane from that oil field had a CO₂ equivalent of five megatonnes, or five billion kilograms, which is like taking one million cars off roads for a year. “The impact we can have is real,” underscores Germain, loudly clicking his pen.

That sway is possible thanks to the proprietary technology developed by GHGSat. Jason McKeever, the head of science and systems and the physicist hired in 2014, explains that the secret sauce is in the light-sensitive high-resolution optical technology that, unlike any other remote-sensing satellite in use today, can pick up a tiny leak in a pixel as small as 25 by 25 metres. And thanks to ongoing R&D, in August the company detected emissions above water that were 100 times weaker than anyone else had been able to detect. Water looks even darker on infrared, which until then made the spectrometry particularly tricky, if not impossible. This means offshore oil and gas rigs can now be added to the monitoring from space.

Over tea in the conference room at the company’s science hub, three floors up from the main office area, McKeever explains that different gases absorb light that’s reflected from the Earth’s surface differently, creating a unique spectral signature for each gas. GHGSat’s constellation, which follows a sun-synchronous polar orbit to make use of consistent sunlight, is kitted out with spectrometers tuned to pick up the signature of methane. “It’s a bit like a prism,” he says. The backscattered light that enters a column of methane in the atmosphere is not the same as the light that exits it; that difference is used to determine how much of the gas is present in a given geographic area. (The equipment can, if needed, be adapted to parse out wavelengths from other gases, like



PHOTOGRAPHS RICHMOND LAM/RODEO PRODUCTION



This satellite will self-destruct (but not really—it's only a gag)

data—including measurements from the European Space Agency's Sentinel-5P satellite, which captures a larger geographic area but offers a coarser image of emissions—GHGSat sells different subscriptions and custom packages. An oil company working toward reducing its carbon footprint and reaching ESG goals needs to be able to attribute an emission to an individual facility and source (a flare, a compressor area or a well). With that data, GHGSat can aggregate facility-only information or data for a company's full slate of operations. A subscription can be for, say, twice-monthly, monthly or quarterly reports plus alerts, or for a single measurement of a site to verify that a plugged leak has indeed been fixed. The common denominator for these products is how clients access the aggregated data. Developed by GHGSat, the online platform Spectra, as it's called, allows them to view data pertaining to their operations, with images, graphs and statistics. A methane flare will appear as a yellow circle or, if it's an emission, as a red triangle.

Financial clients, on the other hand, don't need the same complexity to verify a corporation's sustainability performance. "Investors and hedge funds might be deciding whether they'll invest in a company that has set a goal of net-zero emissions; the data we provide shows whether the company is tracking toward that plan," says Lynch. Governments, on the other hand, might look for regional, national and global emissions and trends over time, or data that demonstrates compliance with environmental regulations and climate commitments. (Canada is set to introduce mandatory environmental, social and governance reporting for federally regulated financial institutions in 2024; this could include numbers on methane emissions for corporations included in investment products.) In Ingersoll's view, governments need to do more; they need to start demanding empirical emissions data from industry, because "you can't manage a problem you don't understand. Something like GHGSat is fundamental to this change."

nitrous oxide, which is even more potent than methane as a climate warmer over a 100-year period.)

McKeever does point out that other companies are developing or getting ready to deploy high-resolution methane tracking systems. "But we're scaling up in a big way and improving the sensitivity to detect smaller and smaller leaks," he says. "Even if others start doing what we're doing, we're years ahead of their game."

This is what has piqued the interest of external investors. Tom Ingersoll, a managing partner with New York-based Space Capital, which invests in space technology companies at the early stages, was an adviser to GHGSat and an early member of the board of directors. "I worked with Stephane sometime around 2016 or 2017 on securing Series A funding," he says. "I'm impressed by the company's wise deployment of capital, and I'm not worried about timing—it's not about going fast; it's about going well," he adds, alluding to the careful development and fine-tuning not only of the technology but also of the company itself. He won't disclose how much Space Capital has invested. But the total for the Series A2 funding round, which came through in 2018 and included the Business Development Bank of Canada and Schlumberger, was US\$10 million. Space Capital also pitched in with Series B funding in 2020-21 alongside Investissement Québec and OGCI Climate Investments for a total of US\$45 million. He's confident GHGSat will be able to manage growth. "But they also need to be able to manage the business model—money for data."

At the moment, GHGSat is the only private company in the world to commercialize high-resolution measurements of emissions from space. (The company also does aerial surveys.) Anna Lynch, vice-president of analytics, describes the company as a provider of "ground truth that simply didn't exist before." Her job is to understand the various markets—regulators, industry, investors—and pull together the emissions information that meets a particular client's needs. "The key thing is, data is data," she says via Zoom from the Ottawa office. "But what do people need the data for? What do they need to make decisions? It's all in how we aggregate it and how we alert different clients."

Using its own sensor data as well as third-party public

YOU ONLY NEED TO LOOK UP ON A CLEAR NIGHT TO see that the Earth's orbit is full of satellites. Since GHGSat's successful May launch, six of those form part of the company's current constellation, with four more scheduled for deployment by the end of 2023. A total of 10 satellites is a trifling number among the nearly 4,900 active ones circulating the planet. But GHGSat's tiny specks—the buses are about the size of a two-four of beer and weigh around 15 kilograms each—could make a big difference for the future of life as we know it on Earth.

There are five main naturally occurring greenhouse gases: water vapour, CO₂, methane, nitrous

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Embroidered patches commemorate each of the company's satellite launches

levels by 2030. At the same time, UNEP also initiated the International Methane Emissions Observatory to gather and verify global numbers on the gas. GHGSat was one of the first contributors of data to the initiative.

“GHGSat has the potential to change our understanding of methane emissions,” says Evan Sherwin, an energy and climate policy analyst at Stanford University. He started collaborating with the company in 2021 on several controlled methane leaks, where a few hundred kilograms per hour were released to test its tech and make sure measurements were accurate. (In contrast, the Turkmenistan mess at times spewed 10 tonnes per hour.) GHGSat’s targeted satellites, he says, are an important complement to measurements from planes and drones, and by ground sensors. He refers to an aerial survey of the Permian Basin in Texas and New Mexico, one of the planet’s most productive oil fields. Carried out by Kairos Aerospace, a California-based provider of aerial methane detection, the survey picked up fugitive emissions amounting to nearly 10% of total gas production in the Basin in 2019. While that kind of survey is clearly useful, it can only capture a fraction of global sites. GHGSat adds a crucial layer in the climate-change fight: ongoing high-level sensitivity anywhere in the world. “We need rapid screening technology and continuous monitoring to learn where emissions take place and how big they are,” says Sherwin. “With that data, we can reduce emissions by an order of magnitude.”

oxide and ozone. Each of these trap solar radiation in the atmosphere, creating the greenhouse effect that makes our planet habitable (without it, Earth would be too cold). But since the Industrial Revolution, CO₂ alone has nearly doubled, from 280 parts per million pre-industrialization, to 420 ppm today. More greenhouse gases in the atmosphere means more heat is trapped, increasing the global temperature, which in turn melts sea ice, causing dark ocean surfaces to absorb more heat, and thaws permafrost, releasing previously locked-away carbon.

Of the main GHGs, carbon dioxide is the most abundant—the U.S. Environmental Protection Agency reported that in 2017, it made up 79% of total GHG emissions in the U.S. and 76% globally. But methane is more than 25 times more potent as a heat-trapper than CO₂ over 100 years and some 80 times stronger over the 20 years following an emission. That’s why the UN, scientists and regulators are urging the world to speed up the pace at which they reduce emissions of the gas. Methane is estimated to account for 30% of the climate warming seen since the Industrial Revolution, and atmospheric methane last year reached nearly 1,900 parts per billion, about 162% above pre-industrial levels. About a quarter of anthropogenic methane emissions come from oil and gas, with mines, landfills and feedlots making up most of the rest. So ahead of the November 2021 COP 26 climate summit in Glasgow, the UN Environment Programme launched the Global Methane Pledge. To date, 125 countries have agreed to voluntarily cut methane emissions by at least 30% from 2020

REMOTE SENSING FROM SPACE CHANGES CLIMATE ACCOUNTABILITY because finding and plugging methane leaks is one of the swiftest ways to mitigate climate warming. This reality isn’t lost on the 12-member Oil and Gas Climate Initiative (OGCI). Including giants Shell, Petrobras, ExxonMobil and Aramco, it churns out 30% of global oil and gas production. In 2016, two years after inception, it created OGCI Climate Investments, which since 2017 has made 29 investments in carbon-reduction technologies and projects, including GHGSat. As chief investment officer Josh Haacker says, “We have to solve methane to meet the 1.5°C target” in the Paris Agreement. (Besides, a peer-reviewed study published in *Science* magazine in September on a University of Michigan study shows that flaring emits much more methane than previously thought.) So in 2018, the US\$1.1-billion fund supported GHGSat’s Series A2 fundraising, and helped close Series B. And 10 of the 12 OGCI members are currently, or have been, clients of GHGSat. While Haacker admits zero methane for OGCI’s members may not be realistic, not trying is not an option. But it isn’t only about being a responsible corporate citizen. “As investors, we’re also looking for solutions that have financial applicability, and GHGSat is uniquely positioned for growth,” Haacker says. “It controls the only privately owned satellites in use today for remote sensing of methane emissions and has seen substantial sales growth in recent years, so the value proposition is clear.”

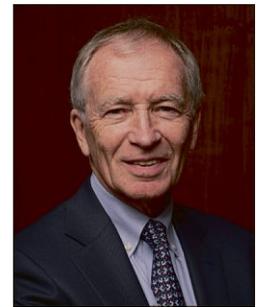
Exactly how substantial that growth has been is anyone’s guess; much like GHGSat guards its tech secrets, it also won’t divulge financials. “But in the past year,” says Rodrigue, the CFO, referring to the time between August 2021 and August

2022, “revenues increased by a factor of 2.5.” At the same time, the company added about 35 employees, up from around 70 at the beginning of that 12-month cycle. By November of this year, the number had grown to about 115. The firm has signed a US\$7-million, five-year agreement with NASA—a new client—to provide high-resolution Earth observation data to boost the agency’s own science-based work and data collection. It recently partnered with the Kingdom of Bahrain to provide data that will help the nation and its oil and gas holding company reduce methane emissions by 30% by 2030. And it has another three satellites, on top of the six currently in orbit, under construction by global tech company ABB in Quebec City (the plant has been specializing in space-based optical sensors for atmospheric, weather and Earth observations for the past three decades). To pay for further expansion, Rodrigue says Series C fundraising will be closing this month, capital the company will need if it’s to keep scaling up and adding satellites. Each one costs “more than \$1 million but less than \$10 million” to build, per Rodrigue, and, according to SpaceX’s calculator, roughly \$300,000 to launch with SpaceX’s rideshare program, which bases its price on the payload weight, the launch date and the desired orbit for delivery.

When Germain first started dreaming about launching a space company, there was no ridesharing service for getting into orbit. But at the livestreamed rocket launch in Montreal in May, the crowd seemed oblivious to that not-too-distant fact. What mattered was the future. As Luca, Penny and Diako—all of GHG-Sat’s satellites are named for staff members’ children—popped into space, champagne corks went flying, too. Diako’s mother (she was in the room with her son; Penny was there, as well) put it this way: “The work of the company gives hope, which is especially important having a small child.” Her sentiment mirrors one of the company’s important corporate goals. “We want to have a massive impact, to have an environmental activist role, as we continue with our rapid expansion,” says Germain. GHGSat is simultaneously working on being down-to-Earth and aiming for orbital domination. ❖

Congratulations to these recent appointees

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



Phillip Crawley



Ugur Gunaydin
to General Manager
Amgen Canada Inc.



Amy Ferguson
to VP, Business
Development
Desjardins Insurance



Dick Tuerlings
to VP, Consumer
Electronics Division
Gentec International



Jordan Seigel
to Senior VP,
Corporate Strategy
Gentec International



Jason Storah
to Chair of the Board
of Governors
Insurance Institute
of Canada



Jason Idler
to Chief Operating
Officer
PCL Construction



Rachel Huckle
to President and
Chief Operating
Officer
Staples Canada



Kathleen Taylor
to Chancellor
York University







PARTY DOWN

FROM RETENTION TO BONUSES TO LAVISH SOIREES, COVID-19 UPENDED JUST ABOUT EVERYTHING TO DO WITH THE LAW INDUSTRY. WILL IT EVER GO BACK TO THE WAY IT WAS—AND SHOULD IT?



BY DIANE PETERS

ILLUSTRATIONS BY PETE RYAN

ON A WARM NIGHT THIS PAST JULY,

Bay Street finally came back out to play. Over a glittering view of Toronto's entertainment district from the rooftop terrace of the TIFF Bell Lightbox, 300 guests—including lawyers, students, clients, bankers and businesspeople—enjoyed mini Jamaican patties, jerk shrimp, rum punch and ginger beer, while a steel-pan band and dancers in traditional Caribbean dress entertained the crowd. Caribbean Fête, hosted annually since 2018 by the Caribbean Practice Group at WeirFoulds LLP, made its long-awaited return after a two-year COVID-19 hiatus.

"We had people constantly asking us, when is this thing coming back? Are you guys ever going to do this party again?" says partner Kayla Theeuwen, who barely had a chance to enjoy the food and drink, flitting about as the consummate host and reconnecting with her network.

Indeed, WeirFoulds had been trying to get this popular shindig going again since it was last held in February 2020, to mark, per usual, Caribbean Carnival. Pandemic waves kept pushing the event forward, until the practice group finally put together an outdoor party to coincide with Toronto's Caribana. "The reception was amazing. Everybody was so excited to be social again, and in that setting," says Theeuwen.

While lawyers and their clients undoubtedly missed these soirées, lavish lunches and other opportunities to schmooze throughout the pandemic, the lack of in-person networking surprisingly didn't hurt firms' prospects. On the contrary, firms reported their best year on record in 2021, according to Law.com, with lawyers working "flat out" in private equity, litigation, and mergers and acquisitions, while simultaneously recording slim expenses related to social events, conferences, travel and court appearances—costs that can drag the bottom line. And that wasn't the legal profession's only silver lining of the COVID cloud. Staff shortages led to jacked-up salaries and generous bonuses, and the need to work remotely disrupted traditional office dynamics, levelling the playing field for a diversity of lawyers and creating more work-life balance.

But with a push to return to in-person work and a recession looming, will any of the benefits law firms gained over the past three years stick? Or will everything go back to the way it was before? We spoke with some of the legal industry's in-the-know recruiters and consultants to find out.

REVENUE GROWTH

There were several factors that made the pandemic period so lucrative for Canadian law firms, some of which won't be easy to replicate. For one, a lack of in-house counsel at the onset of the pandemic had businesses reaching out to their partner law firms for assistance. "The legal departments at companies had shrunk, they'd stop hiring," says Calgary-based Sameera Sereda, managing partner of legal recruitment firm The Counsel Network. By the time companies were ready to hire more lawyers, the staff shortage had hit the legal sector hard, and there was no one to take the jobs.



A surge in M&A deals and bankruptcies also came into play. M&A activity in Canada increased 117% in 2021, and deal volume was up 24%, according to PwC Canada. Meanwhile, bankruptcies and proposals under the Bankruptcy and Insolvency Act went up by 70.2% in the first quarter of 2022 compared to a year before.

Now, with M&A activity cooling and a possible recession on the horizon, the work may start to dry up. "We're already seeing a slowdown. The work isn't coming," says Toronto-based legal management consultant Deborah Glatter. "I think the glory days have come and gone." U.S. statistics concur with that assessment, as Thomson Reuters's Law Firm Financial Index shows a dire slowdown at American firms in the second quarter of 2022, charting the longest slide and lowest score ever recorded in the history of the index.

For her part, Sereda has a more sanguine outlook. "When you look at the legal market in its totality, it rides the wave. There are different areas that are busy at different times," she says, noting that bankruptcies can keep transactional groups in clients, while family law is "recession proof," and those who do environmental compliance will continue to be in demand.

HIRING, RETENTION AND SALARIES

The pandemic was a time of increased staff turnover for many industries, and law firms—along with in-house legal departments—were no exception. Junior lawyers, some of whom went straight to working from home, never got the chance to build

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2022

REPORT ON BUSINESS & statista

camaraderie with their colleagues in person, so they felt little connection to their firms. And since remote work removed the geographic limitations of a commute to the office, when U.S. firms offering big bucks came calling, young lawyers went for it. “When loyalty to the firm isn’t there, it’s much easier to leave and go to another job,” says Sereda.

Meanwhile, senior lawyers and support staff who found more work-life balance when commutes and travel were off the table began re-evaluating their lives, especially if they were worried about their health or that of family members during the pandemic. Many departed from the field or looked for greener pastures. A February 2022 survey by Thomson Reuters Institute, for example, found 64% of associates at law firms in Canada were likely or somewhat likely to leave their current employer, with compensation as the top deciding factor, followed by issues around career progression. (“Feeling underappreciated” and “lack of genuine regard for employees’ well-being” were also significant factors.) “It’s affected our ability to grow,” says Theeuwen about the impact of the skills shortage on her practice group.

Indeed, firms had to get creative around hiring, says Michelle Dunnill, regional director, Toronto, for recruitment agency Robert Half. Tactics included poaching new grads into support positions, for instance, and training them on the job. Of course, they also leveraged their ample profits to woo staff and get them to stick around. Data collected by The Counsel Network tracked lawyers’ salaries at the big firms going up an average of \$15,000 between 2020 and 2022.

But that trend is already starting to reverse, says Sereda, who has seen a slowdown in bonuses in the past few months. Even worse, young associates with jacked-up salaries now risk looking unworthy of their premium price tags. “You’ve got a number of people out there who are worried that they may have priced themselves out of a job,” says Glatter. “They know if a slowdown comes, they’re vulnerable.”



IN-PERSON VS. REMOTE WORK

During the pandemic, many professionals departed for new area codes, hoping to never commute to work again. Sereda recalls a de facto assumption that remote work was here to stay, with Canadian lawyers expecting they could work for overseas firms, or maybe keep their Bay Street jobs but do it all from a laptop in Muskoka or Costa Rica. “That is not what happened,” she says.

Big law firms with gorgeous offices adorned with the finest in art pieces now want their staff to come back. But it’s not just about real estate. “For young lawyers, their skills haven’t been developed in a way that they should,” says Sereda. “Firm loyalty and teamwork hasn’t been developed.”

Still, hybrid work arrangements risk becoming a sore point between partners and associates and

staff. “You can’t give someone a perk and then take it away,” says Glatter, especially when the revised rules aren’t applied equally. “If you’re being asked to come into the office and you’re the only person sitting anywhere around you, you feel like the firm is the puppet master.”

A return to the office also risks compromising some of the hard work many firms have done on equity, diversity and inclusion over the past two-plus years. Without the need to adhere to rigid in-office schedules or partake in the informal rituals that the legal profession has often relied on to identify partner material, women with kids and BIPOC lawyers had finally experienced a more level playing field. But if everyone must appear at their desks again, that equity could vanish, says Glatter. “With the resurrection of face time, you’re going to see proximity bias. If I’m an associate and I’m coming into the office, and I’m young and single and I have no childcare or eldercare responsibilities, and I live in a little condo nearby, I’m going to get more work because I’m physically present,” she says. That goes double if firms start to embrace the cutthroat ways of the past and hire on the golf course or shun lawyers who can’t work 24-7. “I think it’s going to be a struggle,” says Glatter.

Having said that, in practice areas where there are still shortages—Dunnill says family law is especially understaffed—a lack of commitment to a progressive culture could work against recruitment and retention efforts, so employers might have to reassess their return-to-work protocols. Similarly, Dunnill says an enduring shortage of support staff is causing firms to allow these workers to operate on hybrid schedules, a set-up that was unheard of in the past.



TRAVEL AND NETWORKING

In the few weeks between Jan. 1, 2020, and the shutdown that March, Theeuwen’s Google Maps Timeline reported she had travelled around the world one and a half times. “Then, in April, my next update was, you went to the grocery store.”

The respite of staying put came as a welcome change to many lawyers, and created an expectation to maintain a more life-friendly balance between travel and teleconferencing moving forward. Much of the litigation work Theeuwen does in the Caribbean, for example, continues to take place online, and she suspects it’ll become hybrid over time. “I think it’s refreshing to get to back to spending some time in other places, especially if it’s a happy medium,” she says.

Firms are also looking at a more moderate return to travel, retreats and conferences after realizing just how much they could save when lawyers had no flights, accommodation or client wine-and-dines to expense. Of course, while Zoom may be an adequate solution to keep in touch with existing clients, it doesn’t provide the networking opportunities critical to building new business—a serious problem in a slowing economy. The compromise for some firms is to invest in more selective events.

“For a retreat, instead of going to the Bahamas, you might be going to Niagara-on-the-Lake,” says Glatter, who adds that flying 200 people to a far-flung locale may not be in keeping with a firm’s commitments to corporate social responsibility, either. The ESG angle can also provide a convenient out, she says, noting such events sometimes do cost more than they’re worth, and firms dealing with a slowdown will want to curb unnecessary expenses without looking cheap.

While a looming recession, a return to in-person work, and tighter purse strings on compensation and perks make it seem like the party’s over for the legal profession, Theeuwen is more optimistic, and hopes firms will permanently embrace a personalized approach to work. “That’s the thing with this pandemic—we have all experienced it in slightly different ways. What’s good for some people is not necessarily the best for others,” she says. “Now that things are getting better, we should have more flexibility to develop our businesses, our practices, our lives, in a way that suits us.”

KH P KIDS HELP PHONE



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Mental Health, Calgary Zone



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Kids Help Phone
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2022-2023 Board of Directors: champions of youth mental health

Kids Help Phone is Canada's only bilingual 24/7 e-mental health service offering free, confidential support to young people. As the country's virtual care expert, we give millions of youth a safe, trusted space to get support through phone or text and access to self-directed tools in any moment of crisis or need. Our incredible Board of Directors are shaping the vision of the future. We are well positioned to shift the e-mental health landscape in Canada.

Thank you to our departing Board directors for their dedication:

Kevin Chan, Senior Director, Global Policy Campaign Strategies, Meta | *former member, Youth Experience & Innovation committee*

Dr. Jules Koostachin, UBC, Institute of Gender, Race, Sexuality and Social Justice | *former Co-Chair, Indigenous Advisory Council & member, Youth Experience & Innovation committee*

Tim McGuire, retired CEO, Mobile Klinik | *former Chair, Development Committee*

Iven Zanardo, General Manager Foodservice, Ingredients and Export, Lactalis Canada | *former member, Development committee*

2022 Report on Corporate and Industry Leaders for Light The Night



Light The Night is Canada's largest annual fundraising event dedicated to the blood cancer community. Raising more than \$6,000,000 for critical research, community programs and advocacy for all 137 types of blood cancers, Light The Night is more than a celebration. Each October, the blood cancer community comes together, united as one nation from coast to coast, to shine a light for the blood cancer community and those affected by a blood cancer.

Thank You to our corporate teams for their undeniable impact on Light The Night 2022.

EMPLOYEE ENGAGEMENT



The **Jim Abernethy Challenge** is a 4-week physical and fundraising event started by **Marsh Canada** in honour of beloved, long-time Marsh employee Jim Abernethy who passed away from a blood cancer.

40+
Participating companies/
partners

2
Number of fundraising challenges

\$1M+
Total raised



Ellie's Champions for Change is a six-week movement and fundraising challenge supported by Moose Knuckles and other retailers in memory of the brave and beautiful spirit of Ellie White, who was diagnosed with Acute Myeloid Leukemia (AML).

8
Participating companies/
partners

1
Number of fundraising challenges

\$300K+
Total raised

COMMUNITY ENGAGEMENT



Steele Auto Group's Teddy Bear Campaign takes place annually from Labour Day until the Light The Night event in October. For every new or used car sold, \$50 is donated for Light The Night and a teddy bear is delivered to a local family affected by a blood cancer.

58
Participating dealerships

8
Years fundraising

\$1.3M+
Total raised



The Give A Little, Help A Lot Campaign is a nationwide fundraiser where customers donate \$2 upon checkout at Real Canadian Superstores, Extra Foods, Maxi, Provigo, select Your Independent Grocers and No Frills locations. Proceeds from staff-organized fundraisers such as barbecues and bake sales also contribute to the Light The Night fundraising.

140
Participating stores

7
Years fundraising

\$1.3M+
Total raised

INDUSTRY LEADERS

Building a World Without Blood Cancers. Leaders in the construction industry rally together in support of the blood cancer community with a fundraising initiative "Building a World Without Blood Cancers". While some members of this group have been fundraising for years, this initiative took shape only three years ago and expanded across Canada in 2022.

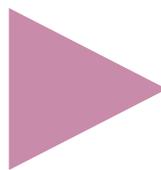
John Brandone, Montreal, Montreal, Capsol; **Dillon Buzan**, Calgary, Wilson M. Beck Insurance Services (Alberta) Inc.; **Hubie Splinter**, Ottawa, Graebeck Construction Ltd; **Ian Kirouac**, Montreal, Pomerleau; **Stephan Lacombe**, Vancouver, Pomerleau; **John Marcovecchio**, Montreal, Magil Construction; **Lorin Robar**, Halifax, Pomerleau; **Patrick Hébert**, Ottawa, Pomerleau

\$550K+
Raised in the last 3 years

8
Industry leaders

CANADA'S BEST LAW FIRMS

MOST RECOMMENDED FIRMS ACROSS 29 PRACTICE AREAS



LEGEND

- 1 Aboriginal Law and/or Indigenous Law
- 2 Administrative & Public Law
- 3 Banking & Finance
- 4 Cannabis
- 5 Capital Markets
- 6 Competition, Antitrust & Foreign Investments
- 7 Construction
- 8 Corporate & Commercial
- 9 Cyber Security & Data Protection
- 10 Dispute Resolution
(Litigation, Arbitration & Investigations)
- 11 Energy & Natural Resources (Mining, Oil & Gas)
- 12 Environment (incl. Climate Change)
- 13 Health Care & Life Sciences
- 14 Human Rights
- 15 Immigration
- 16 Infrastructure Projects
- 17 Insurance
- 18 Intellectual Property
- 19 International Trade
- 20 Labour & Employment
- 21 Media, Entertainment & Sport
- 22 Mergers & Acquisitions
- 23 Private Equity & Investments
- 24 Real Estate
- 25 Restructuring & Insolvency
- 26 Tax
- 27 Technology
- 28 Transportation
- 29 White-Collar Crime

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Adair Goldblatt Bieber	agblp.com	1	10
Addario	addario.ca	1	29
Aird & Berlis	airdberlis.com	1	4, 5, 8, 11, 18, 20, 22, 23, 24, 26
Aitken Klee	aitkenklee.com	2	18
Aldridge + Rosling	arlaw.ca	1	1
Alexander Holburn	ahbl.ca	2	17
Allen McDonald Swartz	amsbizlaw.com	1	8
Arvay Finlay	arvayfinlay.ca	2	1, 2
Babin Bessner Spry	babinbessnerspry.com	1	10
Baker McKenzie	bakermckenzie.com	1	20
Barteaux	barteauxlawyers.com	1	15, 20
BCF	bcb.ca	2	8, 12, 22
BD&P - Burnet Duckworth & Palmer	bdplaw.com	1	8, 10, 11, 25
Beard Winter	beardwinter.com	1	17
Bélanger Sauvé	belangersauve.com	3	17
Belmore Neidrauer	belmorelaw.com	1	18
Bennett Jones	bennettjones.com	5	3, 4, 5, 6, 7, 8, 10, 11, 12, 16, 18, 19, 20, 22, 23, 24, 25, 26, 27
Bereskin & Parr	bereskinparr.com	4	18
Bernard	bernardllp.ca	1	28
Blakes	blakes.com	5	1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 16, 17, 18, 19, 20, 22, 23, 24, 25, 26, 27, 28, 29
Blaney McMurtry	blaney.com	1	17
BLG	blg.com	5	1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 16, 17, 18, 20, 22, 24, 25, 27, 28, 29
Book Law	booklaw.ca	1	10
Bow River Law	bowriveremploymentlaw.com	1	14, 20
Boyneclarke	boyneclarke.com	1	8
Brazeau Seller Law	brazeauseller.com	1	4
Brenton Kean	brentonkean.com	1	17
Brisset Bishop	brissetbishop.com	1	28
Buchli Goldstein	buchligoldstein.com	1	21
Cain Lamarre	cainlamarre.ca	15	28
CaleyWray	caleywright.com	1	20
Canty Lutz Grant	cantylutzgrant.com	1	17
Carbert Waite	carbertwaite.com	1	20
Carter Gourdeau	cartergourdeau.ca	1	17
Casavant Bédard	casavantbedard.com	1	7, 17
Cassels	cassels.com	3	1, 3, 4, 5, 7, 8, 10, 11, 18, 21, 22, 24, 25
Cavalluzzo	cavalluzzo.com	1	14, 20
Chaitons	chaitons.com	1	25
Clark Wilson	cwilson.com	1	24
CLK - Cassidy Levy Kent	cassidylevy.com	1	2, 19
Clyde & Co	clydeco.com	3	10, 17
Conlin Bedard	conlinbedard.com	1	2, 19
Cooperwilliams Truman	cooperwilliamsllp.com	1	20
Corporate Immigration Law Firm	cilf.ca	3	15
Cox & Palmer	coxandpalmerlaw.com	10	7, 8, 10, 17, 20
Crawley MacKewn Brush	cmblaw.ca	1	10
Curtis Dawe	curtisdawe.com	1	7
Daoust Vukovich	dv-law.com	1	24

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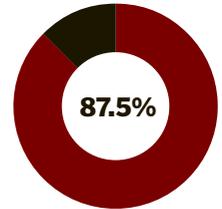
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Davies	dwvp.com	2	3, 5, 6, 8, 10, 11, 12, 16, 22, 23, 24, 25, 26, 29
Deeth Williams Wall	dww.com	1	9, 18, 27
Dentons	dentons.com	6	2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 16, 18, 19, 20, 21, 22, 24, 25, 26, 27
Dewart Gleason	dglp.ca	1	20
Dionne Schulze	dionneschulze.ca	1	1
Dipchand	dipchand.com	1	18
DLA Piper	dlapiper.com	5	3, 7, 12, 16, 18, 25, 28
DuMoulin Black	dumoulinblack.com	1	5, 22
Dutton Brock	duttonbrock.com	1	17
Emond Harnden	ehlaw.ca	2	20
Farris	farris.com	3	8, 10, 22
Fasken	fasken.com	7	1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 18, 19, 20, 22, 23, 24, 25, 26, 27, 28, 29
Felesky Flynn	felesky.com	4	26
Fenton Law Barristers	fentonlaw.ca	1	29
Fernandes Hearn	fernandeshearn.com	1	28
Field Law	fieldlaw.com	3	10, 20
Filion Wakely Thorup Angeletti	filion.on.ca	3	14, 20
Fillmore Riley	fillmoreriley.com	1	3, 8, 10, 20, 24
Fineberg Ramamoorthy	fineberg.legal	1	18
First Peoples Law	firstpeopleslaw.com	1	1
FM – Flaherty McCarthy	fmlaw.ca	3	17
Fogler, Rubinoff	foglers.com	1	3, 24
Foster & Company	fosterandcompany.com	1	17
Gardiner Roberts	grllp.com	1	10
Gasco Goodhue St-Germain	gasco.qc.ca	1	17
Glaholt Bowles	glaholt.com	1	7
Goldblatt Partners	goldblattpartners.com	2	2, 14, 20
Gomberg Dalfen	gombergdalfen.ca	1	15
Goodmans	goodmans.ca	1	3, 5, 6, 8, 10, 18, 21, 22, 23, 24, 25, 26, 27
Gowling WLG	gowlingwlg.com	8	4, 8, 10, 11, 12, 13, 16, 17, 18, 20, 22, 23, 24, 27
Green and Spiegel	gands.com	1	15
Greenspan Humphrey Weinstein	15bedford.com	1	29
Grosman Gale Fletcher Hopkins	grosman.com	1	20
Guild Yule	guildyule.com	2	17
Harper Grey	harpergrey.com	1	10, 17
Harris	harrisco.com	1	20
Hicks Morley	hicksmorley.com	5	14, 20
Hoffer Adler	hofferadler.com	1	18
Hunter Litigation Chambers	litigationchambers.com	1	10
IMK	imk.ca	1	2, 10
INQ Law	inq.law	1	9
Isaacs Odinocki	iolaw.ca	1	28
JFK Law	jfkaw.ca	2	1
JML – Jenkins Marzban Logan	jml.ca	1	7
JSS Barristers	jssbarristers.ca	1	10
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Kastner Lam	kastnerlam.com	1	20
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Lawson Lundell	lawsonlundell.com	4	1, 3, 8, 10, 11, 12, 25
Lax O'Sullivan Lissus Gottlieb	lolg.ca	1	10
LCM Attorneys	lcm.ca	1	10
Legacy Tax + Trust Lawyers	legacylawyers.com	1	26

LEGEND

- 1 Aboriginal Law and/or Indigenous Law
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- 5 Capital Markets
- 6 Competition, Antitrust & Foreign Investments
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- 9 Cyber Security & Data Protection
- 10 Dispute Resolution
(Litigation, Arbitration & Investigations)
- 11 Energy & Natural Resources (Mining, Oil & Gas)
- 12 Environment (incl. Climate Change)
- 13 Health Care & Life Sciences
- 14 Human Rights
- 15 Immigration
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- 23 Private Equity & Investments
- 24 Real Estate
- 25 Restructuring & Insolvency
- 26 Tax
- 27 Technology
- 28 Transportation
- 29 White-Collar Crime

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Lenczner Slaght	litigate.com	1	2, 10, 18
Lerners	lerners.ca	4	10, 13, 17
Loranger Marcoux	lorangermarcoux.com	1	20
Mandell Pinder	mandellpinder.com	1	1
Marks & Clerk	marks-clerk.com	2	18
Mathers McHenry & Co.	mathersmchenryandco.com	1	20
Mathews Dinsdale	mathewsdinsdale.com	7	20
McCarthy Tétrault	mccarthy.ca	5	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 18, 19, 20, 22, 23, 24, 25, 26, 27, 29
McCrea Immigration Law	mccrealaw.ca	1	15
McDougall Gauley	mcdougallgauley.com	2	3, 7, 8, 10, 17
McEwan Partners	mcewanpartners.com	1	10
McInnes Cooper	mcinnescooper.com	6	3, 7, 8, 9, 11, 17, 20, 22, 24
McKercher	mckercher.ca	2	1
McLean & Armstrong	mcleanarmstrong.com	1	7
McLennan Ross	mross.com	3	20
McMillan	mcmillan.ca	5	3, 4, 5, 6, 8, 10, 16, 19, 25, 28
MDS – Mogan Daniels Slager	www.mdslawyers.com	1	22
MEP – Michael, Evrensel & Pawar	meplaw.ca	1	21
Metcalfe & Company	metcalf.ns.ca	1	28
Miller Thomson	millerthomson.com	12	3, 7, 8, 10, 12, 20, 22, 24, 25, 26, 28
Minden Gross	mindengross.com	1	24
Maynard Kischer Stojicevic Immigration Lawyers	vancouverlaw.ca	2	15
MLT Aikins	mltaikins.com	6	1, 3, 7, 8, 10, 16, 17, 20, 22
MT+Co.	millertierle.com	1	1
Myers	myersfirm.com	1	20
Neuman Thompson	neumanthompson.com	1	20



OF RESPONDENTS BELIEVE THE PANDEMIC HAS IRREVOCABLY CHANGED THE LAW WORLD'S WORK CULTURE

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Norton Rose Fulbright	nortonrosefulbright.com	6	3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 16, 17, 18, 19, 20, 22, 23, 24, 25, 26, 28, 29
NST – Nathanson, Schachter & Thompson	nst.ca	1	10
Olthuis Kleer Townshend	oktlaw.com	2	1
Osler	osler.com	5	1, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 16, 18, 22, 23, 24, 25, 26, 27
Oyen Wiggs	patentable.com	1	18
Paliare Roland Barristers	paliareroland.com	1	2, 10, 14, 20
Pallett Valo	pallettvalo.com	3	8
Pape Salter Teillet	pstlaw.ca	2	1
Parker Sim	parkersim.com	1	20
Patterson Law	pattersonlaw.ca	6	24
Peacock Linder Halt & Mack	plhlaw.ca	1	10
Peck and Company	peckandcompany.ca	1	29
Pink Larkin	pinklarkin.com	3	20
Polley Faith	polleyfaith.com	1	10
Pulver Crawford Munroe	pcmlawyers.ca	2	20
Rae Christen Jeffries	rcjlaw.ca	1	20
Ratcliff	ratcliff.com	1	1
Reynolds Mirth Richards & Farmer	rmrf.com	1	24
Ridout & Maybee	ridoutmaybee.com	3	18
Robertson Stromberg	rslaw.com	1	8, 10
ROBIC	robic.ca	2	18, 27
Roper Greyell	ropergreyell.com	1	14, 20
Rose	rosellp.com	1	7, 10
Rosen Sunshine	rosensunshine.com	1	13
Ross & McBride	rossmcbride.com	2	14
Ross Nasser	rossnasser.com	1	10
RSS	rsslex.com	2	17
Seastone IP	seastoneip.com	3	18
Sheahan	sheahan-envlaw.ca	1	12
Sherrard Kuzz	sherrardkuzz.com	1	14, 20
Sherritt Greene	sherrittgreene.com	1	15
Shields O'Donnell MacKillop	somlaw.ca	1	20
Shores Jardine	shoresjardine.com	1	2
Singleton Reynolds	singleton.com	2	7, 16
Siskinds	siskinds.com	4	10
Smart & Biggar	smartbiggar.ca	5	18
Smockum Zarnett	smockumzarnett.com	1	17
Stein Monast	steinmonast.ca	1	28
Stewart McKelvey	stewartmckelvey.com	6	3, 7, 8, 10, 11, 16, 17, 18, 20, 22, 24, 25, 26, 28
Stieber Berlach	sblegal.ca	1	17
Stikeman Elliott	stikeman.com	5	3, 5, 6, 8, 9, 10, 11, 12, 16, 18, 20, 22, 23, 24, 25, 26, 27, 29
Stockwoods	stockwoods.ca	1	2, 10, 29

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METHODOLOGY

Canada's Best Law Firms 2023 is based on recommendations made by lawyers (peer-to-peer survey) and clients (corporate legal departments) in 29 different fields of law. Almost 25,000 lawyers, as well as in-house lawyers and legal executives in legal departments across Canada, were actively invited to take part in the survey. The sample was collected via research conducted by Statista on company websites and further publicly available sources. Invitations were sent by email with a personalized link that could only be used once.

In addition, lawyers and clients could participate in the survey via an open link. In these cases, the participants had to provide a personal company email address before their answers were included in the evaluation. The link was announced and made available online on The Globe and Mail's Report on Business magazine website (www.tgam.ca/BestLawFirms).

The survey, available in English and French, was conducted online between May 17 and July 10, and more than 3,100 professionals responded. Statista recorded 10,000 recommendations for law firms in different fields of law. Recommending one's own law firm was prohibited, and these recommendations were not included in the evaluation.

The participants were also asked to answer some optional editorial questions, along with ones specifically focused on developments in the Canadian legal world.

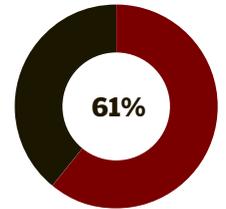
The Top 200 law firms in Canada were identified based on the number of recommendations they received and have been sorted in alphabetical order. In addition, top law firms for each legal field were identified according to the number of recommendations received.

The websites of these law firms, as well as their offices in Canada, have been additionally

researched and recorded.

The ranking is comprised exclusively of law firms that are eligible regarding the scope described. A mention in the ranking is a positive recognition based on peer recommendations at the time. The ranking is the result of an elaborate process which, due to the interval of data collection and analysis, is a reflection of the assessment of the participants during the survey period. Furthermore, events preceding or following the survey period and/or pertaining to individual persons affiliated/associated to the law firms were not included. As such, the results of this ranking should not be used as the sole source of information for future deliberations. The information provided in this ranking should be considered in conjunction with other available information about law firms. The quality of law firms that are not included in the ranking is not disputed.

NAME	WEBSITE	NO. OF OFFICES	AREAS OF DISTINCTION
Stohn Hay Cafazzo Dembroski Heim Finlay	stohnhay.com	1	21
Strigberger Brown Armstrong	sbalawyers.ca	3	17
Sugden, McFee & Roos	smrlaw.ca	1	2, 10
Taylor McCaffrey	tmlawyers.com	6	10, 20
TDS – Thompson Dorfman Sweatman	tdslaw.com	11	7, 8, 10, 17, 20
Tereposky & DeRose	tradeids.com	1	19
Terra Law	terralawcorp.ca	1	24
TGF – Thornton Grout Finnigan	tgf.ca	1	10, 25
Thorsteinssons	thor.ca	2	26
Torkin Manes	torkinmanes.com	1	7, 8, 24
Torys	torys.com	4	3, 5, 6, 8, 10, 11, 13, 16, 17, 18, 22, 23, 24, 25, 26, 27
Tyr	tyrllp.com	1	10
Ursel Phillips Fellows Hopkinson	upflaw.ca	1	14
Victory Square Law Office	vslo.ca	2	20
Waddell Philipps	waddellphilips.ca	2	10
Weintraub Erskine Huang	wehlitigation.com	1	10
WeirFoulds	weirfoulds.com	2	2, 7, 10
Whitelaw Twining	wt.ca	2	17
Whitten & Lublin	toronto-employmentlawyer.com	1	20
Wildeboer Dellelce	wildlaw.ca	1	8
Will Davidson	willdavidson.ca	6	17
Willms & Shier	willmsshier.com	4	12
Woods	litigationboutique.com	1	10
Woodward & Company	woodwardandcompany.com	2	1
Wright Henry	wrighthenry.ca	1	20
Zarek Taylor Grossman Hanrahan	ztgh.com	1	17



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Bittersweet symphony

Mark Williams took over the Toronto Symphony Orchestra in April, determined to ensure it reflects the city it serves

I never thought I'd be the first of anything. And the fact that I'm the first Black man to lead a major North American orchestra is astounding. I'm very proud. I know how important representation is, and my hope is that people will see me and think, *If he likes orchestra music, then maybe I could, too*. But I'm also quite sad, because it's 2022, and we're still talking about the first X. I'm not saying we shouldn't address it; we are where we are, and we have to talk about it. But it's difficult being the person in that role, because you're constantly balancing being a symbol and just being the person you are, with all your abilities and foibles.

There's a lot that people get wrong about orchestras. Many people believe this music is for certain kinds of people—rich people and white people, or a combination of the two. Or that the environment is incredibly rules-based or that you have to get really dressed up, or that all the music was written by dead white people. None of those things are wholly true. It's music for everybody, especially at the TSO. And it's an environment that gives you something you can't get anywhere else. You are experiencing

22%
Increase in the
TSO's revenue
in 2022, to nearly
\$25 million

27x
Increase in
revenue from
subscriptions
and ticket
sales in 2022
compared
to 2021

Making the orchestra accessible is incredibly important to me

something extraordinary that is being made by 100-plus people for you *right now*, and it will never be the same, ever again. How many experiences does one have like that?

Making the orchestra and classical music accessible is incredibly important to me. I didn't come from a family where classical music was played. I did come from a family that loved music, which helped me see that music is music. I'm very focused on how we break down barriers so that not only do people have access to what we do, but they feel welcome and wanted in our space. One of the things we're working on is a community access program, talking to local organizations to understand the barriers for their population coming into our hall. For some it's transportation. For some it's access and affordability. For some it's as simple as not seeing advertising in their language. The goal is to come up with bespoke solutions for each community to ensure there's a comfortable and sustainable path from where they are to Roy Thomson Hall.

Ultimately, my dream is that the audience for any TSO concert looks like Toronto—has the diversity, the texture, the fun, the depth that this city has. Because when that happens, I'll know this organization is serving everyone, and it's of the city. And that always has to be the goal for a large arts organization. And relevance will continue to drive ticket sales and philanthropic giving, too—both of which are critical parts of our revenue base.

We started our season with a free open house, during which we welcomed more than 3,500 people, many of whom had never heard an orchestra before. I pushed for the free concert at the end of it to be reflective of not just who we are, but also how we intersect and connect with the city. So, the program included a couple of pieces of died-in-the-wool classical music from old Europeans, if you will. We had an exciting young Canadian pianist. And the orchestra played three pieces commissioned by the TSO: one from an Indigenous composer, one from a Persian-Canadian composer and one from a Mexican-Canadian composer. And all three of those people are based here in Toronto. There was this moment of seeing all these people from our community, and hearing this music that reflected them, played by our orchestra in our space, that was just absolutely perfect. **/Interview by Alex Mlynek**



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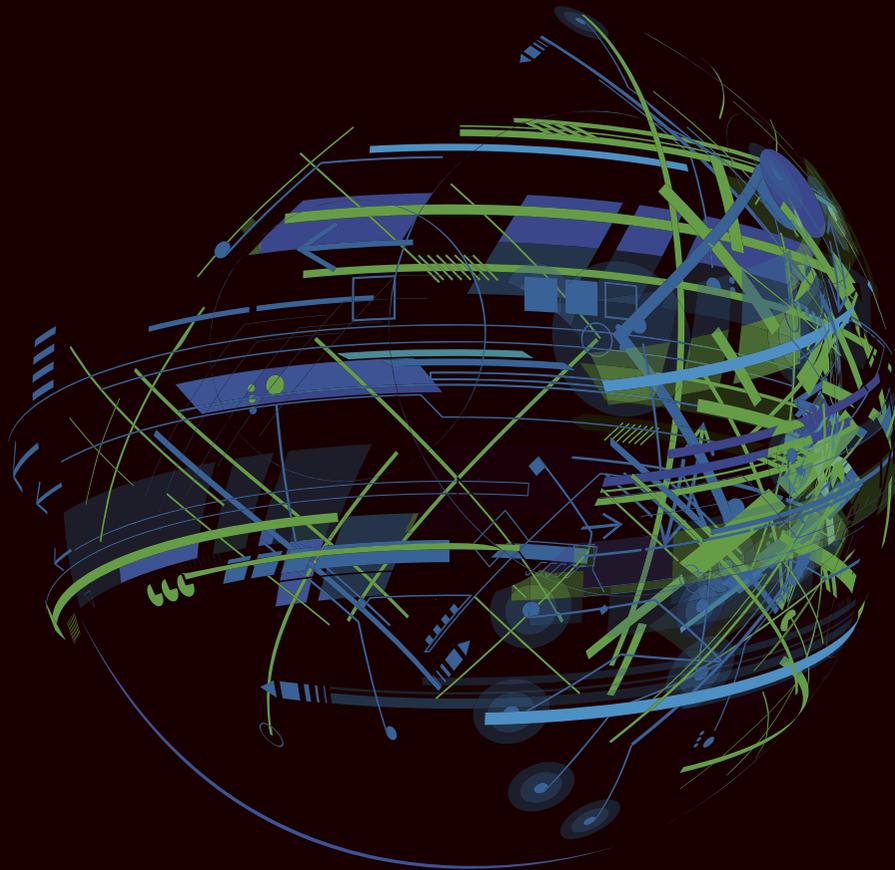
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