



# The Transformation Initiative

Global markets are facing a new level of challenges, Canada will need to step up the pace. It all starts now.



We will develop a plan for collaborative action, that can drive experienced industry leadership, reaching across sectors, to create solutions at a scale that will ensure lasting results.

This is about re-evaluating how our sectors are responding to the social and environmental conditions impacting the market. Its about transforming our priorities and how we respond to issues and conflict. Climate change, population growth, resource depletion, food security, and energy management are just a few of the imperatives pushing societies beyond the capacity to adapt at the pace required. We know there is a problem, and we are all trying develop solutions within our sectors, but we really do not understand how to respond as a united market to effectively drive lasting results.

## Engaging “Core Sector” Leaders for First-to-Market Solutions

Core sectors can be defined as the primary or key industries of the economy. In most countries, these industries are the backbone that support development across the marketplace.

The “Transformation Initiative” is intended to engage representatives from across the core sectors in Canada that are impacted the most by today’s disruptive market and environmental challenges.

Canada’s 5 core sectors identified for this initiative include:

- Finance
- Energy
- Resources
- Insurance
- Agri-Food

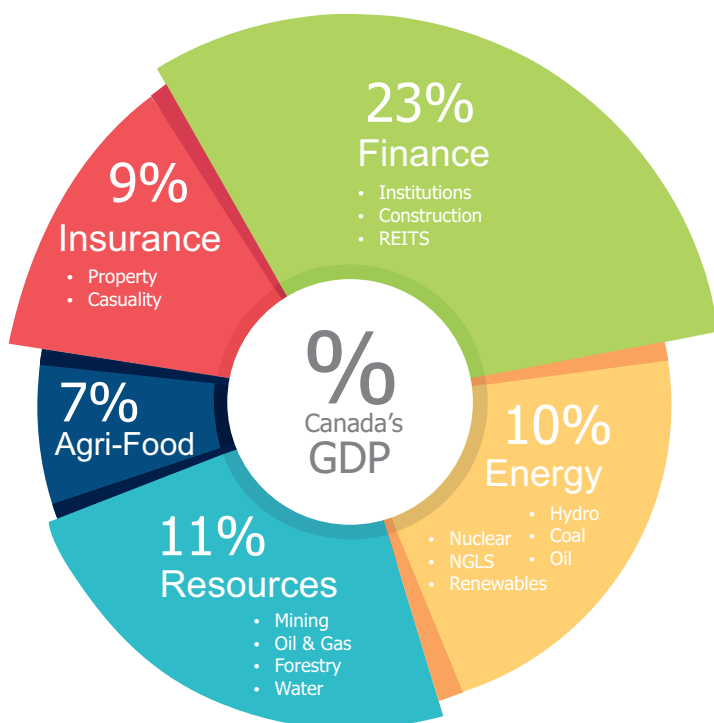
We propose the development of a new strategy that can bridge opportunities across these sectors for large scale results. Its about driving first-to-market solutions. If we can support these core sectors, markets will shift.

Through this process, we will also engage with higher education to ensure emerging leaders have the tools needed to continue our efforts for future generations.

## Building a New Strategy through a Proven Process

- **The Collaboration** - We are bringing executive leaders together from across Canada’s core sectors to explore the opportunities and barriers. We will need thought leadership to provide answers to some hard questions. We need you there.
- **The Plan** - This Initiative builds on a proven strategy that works. We will apply the thoughts and perspectives compiled through the workshop to identify the opportunities, and explore lessons learned. To be clear, this is about listening to our experts and developing a course of action.
- **The Outcome** - Our work must be focused on delivering project results at a scale that will command attention. For too long, the efforts to affect change in the market have been fragmented and sector specific. We need to learn from past efforts and then develop the types of policies, projects, and strategies that have the greatest potential for long-term prosperity.

# A Review of the Five Core Sectors

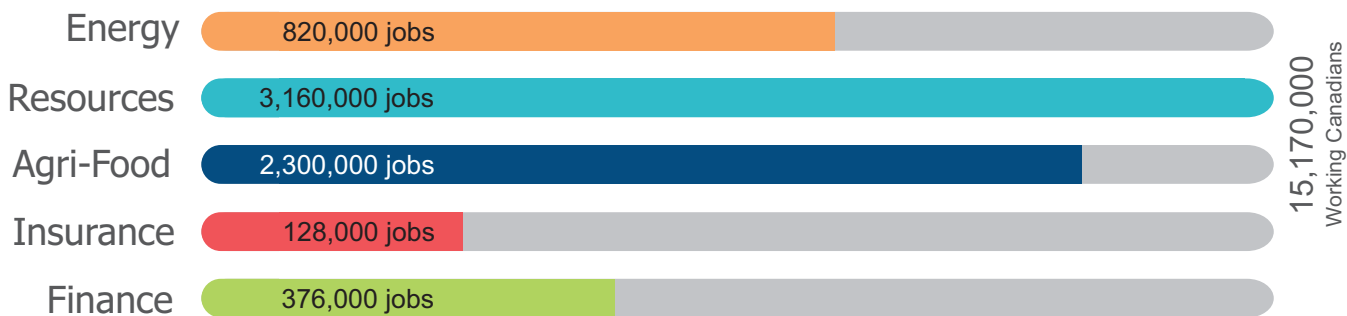


By 2020, the five core sectors accounted for 60% of Canada's Gross Domestic Product

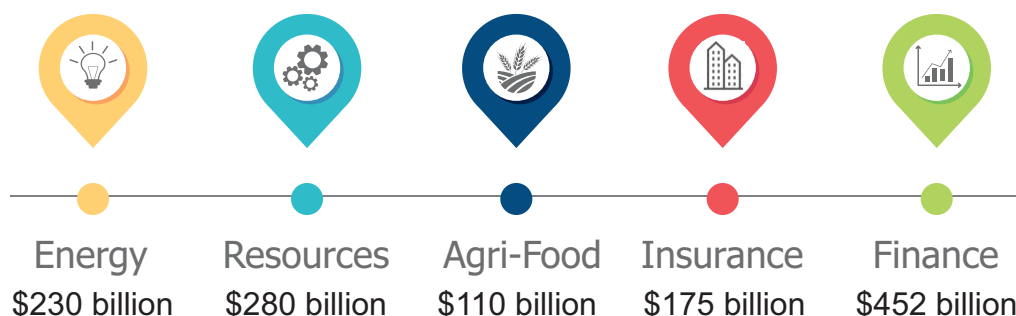
- The economy of Canada is the 10th largest GDP by nominal\* in the world, and 16th largest GDP by Purchasing Power Parity.
- Canada is considered an "energy superpower" due to our abundant natural resources and a small population of 37 million inhabitants relative to land area.
- We have the fourth highest total estimated value of natural resources.
- We have the world's third largest proven petroleum reserves and we are the fourth largest exporter of petroleum.
- Canada is the 5th largest agricultural exporter in the world.



## Employment



## Revenues by Sector



\* Nominal GDP does not take into account differences in the cost of living

## Opportunities for Industry to Lead through Cross-sector Collaboration

Imagine the potential if we combined efforts to invest in solutions. By working together, the core sectors impacted the most by climate change and resource depletion could have a dramatic impact on Canada's future health and prosperity, setting an example for the rest of the world.

As global markets shift in response to social, environmental and economic conditions, we will be required to build more with less impact. Governments can develop the policy to guide development, NGO's can provide the education and advocate for change; but neither of these sectors can lead the long-term solutions alone. It will take collaborative efforts with private sector leaders from across sectors to develop the response strategy needed to transform markets.

- We will need a renewed commitment and investment in the solutions that can drive change
- And we will need to prove the value - and celebrate the successes - of the projects we invest in so that the marketplace can learn from example and prosper from the opportunities.

This will be no easy task; we understand the issues, but only when industry leaders are ready to step up and lead the marketplace can we drive the level of change required.

## Imagine the possibilities. What if...

**What if** the environmental value of natural systems we assessed for risk by insurance companies (not government) before human development was permitted?

The introduction of compulsory insurance inspection of natural systems could provide a powerful incentive to improve environmental management, and focussed ecological research.

**What if** local energy companies were given the tools and resources needed to develop localized, integrated, "smart" micro-grid systems?

Electrical reliability would be improved, greenhouse gas emissions would be reduced, renewable energy sources would be efficiently integrated, and rising demand for electricity could be met by embedding advanced applications and technological equipment in the electrical grid.

**What if** financial institutions prioritized sustainable food production by supporting indoor urban agriculture centres in local communities?

Crops would be protected from climate impacts; water, land, pesticide use, as well as transportation costs would see significant savings and a new market for local food production would emerge.

**What if** new policies, procurement models, technologies, and production methods could further reduce GHG emissions from Canada's energy and resource sectors even as global demand continues to escalate?

For Canada, as globally recognised resource leaders, the opportunities would be virtually unlimited. We would set the example for the rest of the world to follow and our lessons learned would influence global production methods for generations.

# The Challenge

## We are hitting a wall, with no clear strategy for collective action

The primary challenge we face in today's market is the level of effort, and access to the resources required to move an opportunity over the juncture point from opportunity to implementation.

We are so focussed on successes in our own markets that we do not look beyond for bigger picture opportunities and new business models. Our current siloed, compartmentalized market structure is making it difficult to resolve our global imperatives in the time frames needed, but we can introduce a new level of leadership that can communicate across sectors and facilitate solutions.

We will need to adapt to change together as we strive to respond to variabilities in the market like climate change and population growth. A new level of leadership will need to transcend market barriers; It will need to broker new opportunities, create a means to effectively turn ideas into large scale solution-based results, and celebrate successes to the marketplace.



## Mark Carney: In Conversation

An excerpt from BBC.com, by Roger Harrabin, December 2019

“A question for every company, every financial institution, every asset manager, pension fund or insurer: what’s your plan?”

Four to five years ago, only leading institutions had begun to think about these issues and could report on them. Now \$120tn worth of balance sheets of banks and asset managers are wanting this disclosure [of investments in fossil fuels]. But it’s not moving fast enough.”

## Stress Tests for Businesses

Under Mr. Carney’s leadership, the Bank of England recently launched a “stress test” to determine which firms and sectors would be worst-hit by climate change. The question is how fast financial institutions can change course.

## Raising Awareness: Global Issues

- Recently, investment bank **Goldman Sachs** ruled out future finance for oil drilling or exploration in the Arctic. The bank said it would not invest in new thermal coal mines (for power stations) anywhere in the world. It also announced plans to help its clients manage climate impacts by selling weather-related catastrophe bonds.
- Insurance giant **AXA** said it would stop insuring any new coal construction projects, and totally phase out existing insurance and investments in coal in the EU, by 2030.
- The **World Bank** states that rapid urbanization and large scale food production are arguably the most significant contributors to climate change. They are also increasingly recognized as potential tools in mitigation and adaptation. Climate change has already affected food production systems leaving loss of crop, grain shortages, and increased commodity prices in its wake, all of which undermine food security as a fundamental human right.

## Canada is not Immune

### Bank of Canada Report: A 2019 review of our financial system

The Bank of Canada's 2019 Financial System Review listed climate change as one of six major vulnerabilities facing Canada's economy.

An issue highlighted as a particular concern, is the limited understanding of climate-related risks in financial markets. The bank warns that the lack of transparency around carbon exposure – with much of it left up to companies to disclose on a voluntary basis – could lead to mis-pricing and ultimately increased costs of transitioning to a low-carbon economy.

### Insurance Bureau of Canada Report: The growing impact of catastrophic loss

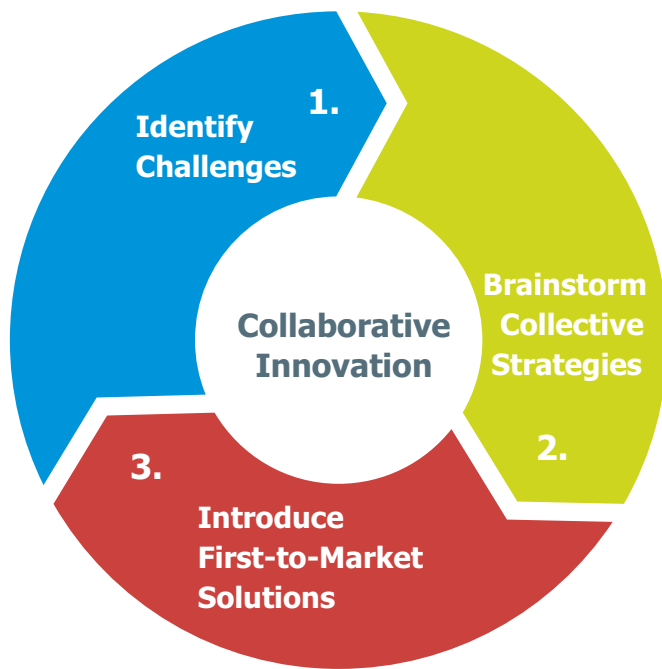
Insured losses for a given disaster are deemed catastrophic when they total \$25 million or more. Catastrophic losses in Canada due to natural disasters have increased dramatically over the last decade.

In 2018, catastrophic losses accounted for approximately \$2 billion. This was the result of many smaller catastrophic losses right across the country. Unlike previous years, no one big event accounted for a large portion of this amount. What is noteworthy about 2018 is that over half of these losses (56%) were caused by wind, tornado and hurricane events, while from 2009 to 2017, the average amount of damage caused by these types of events accounted for less than a quarter of catastrophic losses (20%).

## Did you Know?

- **BlackRock**, the world's largest asset manager with nearly \$7 trillion investments, states that "the climate Crisis will reshape finance". As such, CEO Larry Fink is committing to only make investment decisions with environmental sustainability as a core goal.
- **Saudi Aramco's** corporate venture capital arm is preparing to launch a new \$500 million fund to invest in energy efficiency and renewable energy solutions.
- Global leader **Allianz insurance** has committed all tradable investments to be structured climate-neutral by 2050, to date investing:
  - € 11 billion in certified green buildings
  - € 6.8 billion in renewable energy projects
  - € 2.5 billion in green bonds
- We are running out of usable sand for concrete. There is now a black market in Asia pacific region.
- North America will require \$510 billion in infrastructure investment by 2030.

# The Opportunity



## Our Sectors and Industries are Interconnected

We should leverage our combined capabilities now to establish a unified objective. We can realize the benefits of this initiative in today's market, but also ensure the economic, social and environmental conditions are in place to support future prosperity.

If we work together, we can identify the fundamental challenges that are collectively impeding our ability to implement solutions.

We can determine the resources needed to drive innovation, ensure the returns on our investment are accounted for, and create plans to drive first-to-market solutions.

What do we need for next steps?

- We need an inclusive forum to facilitate discussions
- We need to explore strategic models that challenge the status quo
- We need to identify the resources required to meet objectives
- We need alignment with government, NGO, and academic efforts
- We need to invest in the projects and initiatives that can deliver results.

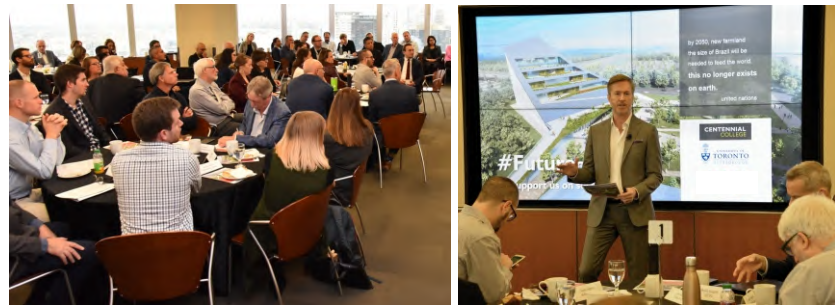


## Building on a Proven Process to Chart our Way Forward

The results speak for themselves

For the past 15 years, Andrew Bowerbank and his team have developed and refined a process for strategic planning and development that shows results, every time.

The process of tracking the emerging trends in the market established the foundation for this effort; this quickly grew into a series of initiatives that brought leaders from across sectors together to review the barriers and opportunities. Through a collaborative systems process, participants then created plans to develop the projects that would have the potential to transform the marketplace to a low carbon economy.



The process has always been about outcomes, each project learning from - and building on - the success of the previous. Highlights over the years include:

### 2004 - TRCA Living City Initiative

- Ontario's 1st LEED Platinum Building
- City of Vaughan Green Civic Centre
- Ontario's 1st Energy Star Community
- National Archetype House Design Competition

### 2010 - EC3 Initiative

- PowerStream Electric Vehicle/Micro-grid Program
- DCL Green Healthcare Centres

### 2016 - Carbon Impact Initiative

- Ontario's first Net-Zero Energy Institutional Building at Mohawk College
- Evergreen Zero-Carbon Retrofit Event Centre
- The Carbon Accounting Tool
- Centennial College Vertical Farm Innovation Centre

Its time to do it again,  
but at a much larger scale.

We need to build on the lessons learned and develop a new initiative that can deliver the project results needed for transformation.

# The Next Stage: Building the Transformation Initiative

In response to the priorities society and the environment are placing on our cities, we are proposing to establish a new initiative to drive transformation through first-to-market solutions.

This new initiative will be led by the core sectors driving the Canadian economy. Together, we will establish our commitment to identify the solutions required to keep in step with the latest trends and global interests.

## Our Process for Development

### Stage 1

#### Executive Engagement

Toronto, Calgary, Vancouver, Ottawa

We will facilitate industry leader workshops and roundtable discussions to engage executives from across the core sectors to explore strategies that can advance innovative solutions in the marketplace. These events, hosted across Canada, will be by invitation only for executive decision-makers to ensure the information collected best reflects the ideas and interests of the Canadian marketplace.

#### Reporting on Outcomes

Findings from the executive engagement process will be published through a series of comprehensive articles and reports. These reports will highlight the perspectives and view points discussed, and present strategic options for business development.

#### Sponsoring Partners

We don't just want a logo,  
we need your leadership

We will be reaching out to selected core sector leaders and corporations to help us reach our Stage 1 objectives. If you would like to discuss becoming a sponsoring partner, please contact Andrew Bowerbank

This is a market outreach strategy designed to encourage the most influential companies in Canada to participate in the efforts required to meet our objective.

## Support is Building

As we explore opportunities to advance our initiative, we are fortunate to have the interest, insight, and in-kind support from the following companies and organizations.

This is an active list that will continue to expand over the course of development.

- **Actual Media**
- **Ameresco**
- **BASF Canada**
- **BOMA Canada**
- **Cement Association of Canada**
- **Canadian Stewardship Services Alliance**
- **Carpenters Union**
- **Dream Developments**
- **Forest Products Assoc of Canada**
- **Kontrol Energy Corp**
- **National Bank**
- **PCL Construction**
- **Sussex Strategy Group**
- **Sustainable Architecture**
- **Stantec**
- **Unilever**
- **Worely**



## Our objective for stage 1 must be focused on preparing for outcomes.

Core sector leaders will work together to identify the large-scale solutions required to transform markets to a low-carbon, circular and resilient economy.

### Workshops & Roundtables: By Special Invitation

It is crucial to have the right calibre of people in the room as we begin this process, we will be reaching out across our networks to identify specific decision-makers to participate.

Each Session will begin with a few guest speakers to set the perspective for the day; then it will be down to business.

To ensure we cover all of the issues and opportunities needed to plan our way forward, dedicated note-takers will be assigned to each table. Their sole purpose will be to capture details of the ideas, experiences, and opinions expressed.

### Attendance is so Important

An empty seat at these workshops would impact discussions, potentially diminishing the breadth of content. We will express the importance of these workshops to invited guests, ensuring a high-priority placeholder is kept in their schedules.

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## Stage 2

### Planning the Way Forward

A committee of core sector partners will be established to provide oversight and support developments. Together, we will build an action plan based on workshop findings. Through this process, we will also ensure our participating core sector partners can meet their individual corporate objectives; we will then identify the resources needed to proceed to the following stages of this initiative.

### Market Engagement

We will facilitate the search for corporate leaders and innovative solutions that can demonstrate to the market the level of development required to meet our objectives. The selected projects will be expected to adopt the recommendations identified through the action plan. A financial incentive program could be offered to encourage participation.

### Celebrating Successes

For too long, innovation strategies and sustainability objectives have had a difficult time finding the appropriate voice required to tip the Canadian market to a low carbon economy. But now opportunities appear to be aligning. Social demand, environmental impacts, and economic drivers are all calling for change. We have a unique opportunity now to support the best ideas and source the very best “emerging” technologies available to the market. We will develop a plan that will allow us to verify the opportunities showing the greatest promise and support their development. We will establish a marketing strategy that can aggressively promote the leadership driving transformation, and then support market integration for lasting results.

"We must be prepared for the rapid pace at which emerging trends and technologies are transforming our markets; and we must do so in a resource responsible way to ensure global populations have access to the tools and resources they need to succeed."

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