

REPORT ON BUSINESS

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Inuit group to oppose Baffinland expansion, says livelihoods at risk

NIALL MCGEE
MINING REPORTER

The regional Inuit organization that represents the Inuit on Baffin Island is signalling it will likely oppose the proposed expansion of the Mary River iron ore mine because of the damage it believes would be wreaked on the environment and on the livelihoods of the Indigenous population.

Privately held Baffinland Iron Mines Corp. has proposed doubling its production at Mary River to 12 million tonnes a year.

The Oakville, Ont.-based miner also wants to build a railway that would transport ore from its complex in North Baffin to Milne Port, about 100 kilometres away. Baffinland says the expansion is crucial to turn a marginal operation into a profit-making one.

But the proposed expansion has enraged many local stakeholders, including a group of Inuit hunters who recently staged a blockade at the mine site.

Almost all of Baffinland's operations are on Inuit-owned lands that were negotiated as part of a landmark settlement agreement with the federal government in 1993.

Royalties and land lease fees paid by miners are managed by the regional Inuit organization, called the Qikiqtani Inuit Association, or QIA. It is tasked with distributing tens of millions of dollars to the Inuit.

■ BAFFINLAND, B10

Canada's boards must reflect changes in ESG era: report

TIM KILADZE

A dramatic shift in cultural norms and a growing list of intergenerational risks, such as climate change and income inequality, demand the attention of corporate directors – yet Canadian boards are trapped in the past, according to a substantive new paper.

The work, to be released Monday, is aptly summarized by its title: "Where are the directors in a world in crisis?"

Co-authored by University of Toronto professor Sarah Kaplan and Bay Street veteran Peter Dey, who wrote a famous report on weak boards almost 30 years ago, the paper argues "Canada must upgrade its governance standards or risk being left behind."

The report lands at a pivotal moment, when the corporate orthodoxy that has persisted for decades is getting turned on its head.

In 2019, nearly 200 top CEOs in the U.S. signed a statement of purpose that eschewed the once-widespread belief that companies need only maximize shareholder value.

Instead, they demanded a wider lens for the companies they run, arguing they must also value investing in their employees and protecting the environment.

■ GOVERNANCE, B6

SECURITY SERVICES

GardaWorld CEO has chance to pull off huge deal as bidding for G4S set to begin ■ B3

RITA TRICHUR

U.S. is steps ahead in fighting financial crime and Canada must play catch-up ■ B4

COMPANIES

AMERICAN EXPRESS	B3
AT&T	B3
COMCAST	B3
G4S	B3
MICROSOFT	B3
WALMART	B3

FINANCING



'I like to think of us as the FedEx of cells and drug delivery,' Dr. Molly Shoichet says of AmacaThera Inc., which has raised \$10.3-million to take its product to safety trials. CHRISTOPHER KATSAROV/THE GLOBE AND MAIL

Out of the lab, into the marketplace

One of Canada's most celebrated scientists is bringing her new discovery to market: a pain-reducing alternative to opioids ■ B2

Resolute CEO sees 'tailwind' in lumber markets as home construction in Canada and U.S. thrives

BRENT JANG VANCOUVER

Resolute Forest Products Inc. chief financial officer Remi Lalonde recalls tense times for the company last spring, when the outlook seemed bleak for lumber demand.

"I think that when you look at 2020 and the pandemic-induced challenges that we had, there were some pretty scary moments, especially in March, April and May," he said in an interview, days before he becomes Resolute's new chief executive officer next week.

Mr. Lalonde remembers the forestry sector's widespread fears last spring

that U.S. housing starts would plummet in 2020, as they did during the 2008-09 recession.

Instead of crashing, however, lumber markets soared in the second half of 2020 amid a surprisingly brisk pace of U.S. housing starts.

Mr. Lalonde said while there is bound to be volatility in commodity prices in the cyclical forestry industry, he sees promising signs for the momentum in North America's lumber sector to carry through 2021. "There's going to be a tailwind in lumber markets for at least some time to come," he said.

The lumber rally in the second half of 2020 more than offset weak demand for

Resolute's newsprint production and a lacklustre performance on the pulp and paper side. "It turns out that with folks having to work remotely and adjust in the pandemic, it really pushed an increase in demand for housing starts," Mr. Lalonde said. "It also drove a lot of demand into repair and remodelling activity."

Benchmark two-by-fours made from Western spruce, pine and fir sold in mid-February for US\$992 for 1,000 board feet, compared with US\$402 at the same time last year, according to industry newsletter Madison's Lumber Reporter.

■ RESOLUTE, B10

Alberta can no longer afford to have no sales tax, and now is the time to make a plan

DAVID PARKINSON

OPINION

Alberta Premier Jason Kenney says that despite his province's deep fiscal hole, he has no intention of proposing a provincial sales tax in this Thursday's budget. "This would be the worst possible time" for such a measure, he said last week.

He's right. But the current crisis shouldn't be an excuse for keeping your head in the sand. Alberta needs a provincial sales tax – if not now, then soon. And the postpandemic recovery might be an opportune time to finally face that reality.

Mr. Kenney made his comments in

response to a report published last week by the Business Council of Alberta, which argues the province needs to fix its badly broken revenue structure. One of the council's key recommendations is that the province adopt a retail sales tax – which Albertans have long and proudly rejected, even though every other province has had one for decades.

Alberta could afford that luxury as long as its ample royalty revenue from oil and gas production paid the bills. That's no longer the case, and hasn't been for more than half a decade. Even as oil prices now recover to pre-pandemic levels, the longer-term outlook is tilted to the downside, as the world looks increasingly to reduce fossil fuel consumption. The revenue riches the province enjoyed in the early 2010s

may be gone forever.

But the problem is not just that resource royalties have shrunk; they are also notoriously unstable, and always were. As the report notes, most years in the past two decades, the province's royalty revenue swung up or down more than \$1-billion; eight times in those 20 years, the swing has been more than \$3-billion. That's dreadful for fiscal planning – particularly for a government that says it wants a long-term investment strategy to foster economic growth, as Mr. Kenney talks about.

Consumption taxes, by contrast, are a particularly stable and reliable revenue source, which is exactly what Alberta needs to shore up its increasingly unsustainable finances.

■ PARKINSON, B10

SPORTS

■ B13-B18

TENNIS Bianca Andreescu withdraws from three tournaments because of leg injury ■ B15

SOCCER Man City earns 18th straight win, Spurs lose again in EPL ■ B17

Startup brings 'transformative' work to market

AmacaThera Inc., spun out of a U of T lab, has raised millions from investors for discovery of gel that targets postoperative pain relief

SEAN SILCOFF
TECHNOLOGY REPORTER

One of Canada's most celebrated scientists, Molly Shoichet, is stepping up plans to take a key discovery out of her lab and into the marketplace.

On Monday, AmacaThera Inc., the third startup spun out of Dr. Shoichet's University of Toronto lab, is announcing it has raised \$10.3-million from investors in Canada, the United States and Europe to take its product – an injectable gel that can improve post-surgery pain treatment – into human safety trials this year.

Dr. Shoichet is chief science officer, while her former postdoctoral research student and co-founder, Michael Cooke, is chief executive officer.

Dr. Shoichet holds the Canada Research Chair in Tissue Engineering and was Ontario's first chief scientist. She has won two of Canada's top science prizes – the \$1-million Gerhard Herzberg Canada Gold Medal for Science and Engineering in 2020 and the Killam Prize for engineering in 2017.

"She's the reason we did the deal," said Peter van der Velden, managing general partner with Toronto's Lumira Ventures, which led the financing, backed by Viva Biotech, BDC Capital Women in Technology Venture Fund, Invevready, MBX Capital, CR Capital Management, StandUp Ventures and MaRS Investment Accelerator Fund.

"The work out of that lab is truly transformative and she's a leader in the space. We thought there was an opportunity to build an interesting platform company based on her core technology."

Dr. Shoichet's lab uses materials called hydrogels to surround and protect drugs or stem cells when injected in the body, enabling them time to do their job. Work from her lab has led to applications to treat cancer, strokes



Michael Cooke, CEO and co-founder of biotech company AmacaThera, is seen in Toronto on Friday. The company has raised \$10.3-million from investors in Canada, the United States and Europe to take its discovery of an injectable gel that can improve post-surgery pain treatment into human safety trials this year. CHRISTOPHER KATSAROV/THE GLOBE AND MAIL

and blindness.

AmacaThera's core material is an invention licensed from the lab that combines hyaluronic acid, commonly used in anti-wrinkle cosmetics, and methyl cellulose, which turns into a gel when heated. On its own, methyl cellulose gels at 90 C; combined with the acid, it does so at body temperature, making it useable in humans.

When existing drugs are mixed into the concoction, "we can control how quickly they are released" in the body, Dr. Shoichet said. "I like to think of us as the FedEx of cells and drug delivery. FedEx provides the packaging

and figures out how to get what's inside where and when it needs to be there."

AmacaThera's initial target is postoperative pain relief. Doctors typically use local anesthetics such as bupivacaine for surgeries. But the drugs wear off in 12 to 18 hours, at which point opioids are prescribed for pain relief. Studies have shown that leads to millions of cases of opioid dependency annually.

Dr. Shoichet and Mr. Cooke say they believe that if their hydrogel can hold and gradually release a larger dose of the anesthetic over three days, it can get postsurgical patients to the point where they

don't need opioids. That could improve pain management, cut hospital stays and reduce opioid addictions. "The economic effect [would be] huge, and on top of that there's the benefit to the patients and society," Mr. Cooke said.

Hance Clarke, an anesthetist who directs pain services at Toronto General Hospital, said a product for sale in the United States called Exparel can extend the anesthetic effect to 24 hours.

"There's no doubt this would be a significant breakthrough if [AmacaThera] could come up with a therapeutic option" lasting 72 hours after surgery. "If they can

get this across the finish line there's certainly a home for this to land in clinical medicine."

A growing number of research academics have warned to the idea of commercializing their work in recent decades, although Canada has been slower to embrace the trend.

That was never the case for Toronto-born Dr. Shoichet, the daughter of two entrepreneurs, who worked early in her career at a U.S. biotech startup. She was keen to spin out inventions from her lab after starting at the University of Toronto in 1995, making her "an anomaly" at the time, she said.

She was concerned her graduate students were leaving for the U.S. "because there were very few opportunities here. So I became motivated to make a difference and help create more opportunities" in Canada.

The first startup spun out of her lab in 1998 was called BoneTec Corp. She sold her shares to co-founder John Davies three years later. In 2002, she founded MatRegen Corp. and served as president, raising more than \$2-million before the company wound up in 2008.

By the time she and Mr. Cooke co-founded AmacaThera in 2016, Dr. Shoichet had learned a few lessons as an entrepreneur: Keep early stage commercial technology in an academic setting as long as necessary and "make your mistakes in as safe a place as possible."

The company also needed a full-time CEO she could trust, she said. She couldn't fill that job herself and also run a lab, but Mr. Cooke, who had joined her lab in 2008 while pursuing his PhD, was game.

AmacaThera, which raised US\$1.8-million in seed funding in 2018, hopes to pass the safety trials and move to efficacy trials involving 100 postsurgical patients next year, Mr. Cooke said.

The hope is that the technology can eventually be used to deliver a range of drugs, providing greater benefits with its time-release properties. "We really like that approach," said Michelle Scarborough, managing partner with the BDC fund. "It solves a really big problem with a line of sight to commercial potential."

Federal advisory committee will consider Indigenous rights in energy projects

WENDY STUECK VANCOUVER

A new Indigenous Advisory Committee, part of the Canada Energy Regulator, will raise the bar for how Indigenous rights are considered in relation to energy projects, the committee chairman says.

The committee was set up in August, 2020, under legislation that created the Canada Energy Regulator, formerly the National Energy Board. The IAC has a mandate to help shape the regulator's approach based on standards including those set out in the UN Declaration on the Rights of Indigenous Peoples, chairman Tyrone McNeil said.

"If any proponent is considering something, they're going to be fully aware of that bar – knowing that if they come in under the

bar, it's not going to be considered," said Mr. McNeil, a Sto:lo tribal chief and a member of the Seabird Island Band in British Columbia.

Mr. McNeil is one of nine members of the IAC, which was implemented as part of an overhaul meant to improve relations between regulatory agencies and Indigenous groups.

Industry opposed the new legislation, federal Bill C-69, saying it would drive away investors and make it more difficult to get approval for new projects, but it became law in June, 2019.

The advisory committee does not have the authority to make decisions, but CER says it will be more than window-dressing. Terms of reference were released this past Thursday.

"Now we have a really strong advisory committee as part of our

governance," CER board chair Cassie Doyle said.

"So from the very get-go, on anything, from a strategic level, including our strategic plan, we have nine amazing advisers. We see this as a partnership between that [committee] and the board of directors," Ms. Doyle said.

In practical terms, that will result in Indigenous people being involved much sooner in the process, said Gitane De Silva, chief executive officer with the regulator.

"So, as opposed to waiting until we have something fully thought out and then taking it to communities, we are using the committee as an opportunity to incorporate Indigenous world views and perspectives as we develop a policy or process," Ms. De Silva said.

"And that allows us hopefully

to remove some of the blind spots that we have had in the past."

To date, disagreements over how Indigenous concerns and perspectives are taken into account – or, allegedly, dismissed or ignored – have often wound up in court. In August, 2018, for example, the Federal Court of Appeal quashed the federal government's approval of the proposed Trans Mountain expansion for reasons that included inadequate consultation with Indigenous groups.

Ottawa approved the project in June, 2019, after another round of consultations. The project is owned by the federal government, which in 2018 bought it from former proponent Kinder Morgan.

In an e-mail Friday, Trans Mountain Corp. chief executive officer Ian Anderson called the

regulator's Indigenous Advisory Committee "a welcome step forward," saying Trans Mountain's approach to Indigenous engagement is consistent with the new committee's mandate.

Representatives for LNG Canada, a Shell-led joint venture that is building an LNG-export facility in Kitimat, B.C., and the Canadian Association of Petroleum Producers, which represents oil and gas producers, also welcomed the committee.

Angel Ransom, director of operations at the First Nations Major Projects Coalition, said groups like the IAC may help build trust and provide First Nations with a better understanding of the positive and negative effects of proposed developments.

But she said the CER's IAC has limitations because it is not a decision-making body.

CARNEY JOINS BOARD OF U.S. DIGITAL PAYMENTS COMPANY STRIPE

Mark Carney, former head of the Canadian and British central banks, has joined the board of U.S. digital payments company Stripe Inc., days after the company was reported to be planning a primary funding round valuing it at over US\$100-billion.

"Regulated in multiple jurisdictions and partnering with several dozen financial institutions around the world, Stripe will benefit from Mark Carney's extensive experience of global financial systems and governance," the company said on Sunday, confirming a report by The Sunday Times newspaper.

In a statement posted on company's website, Mr. Carney recognized that the very nature of commerce has changed over the past decade, saying Stripe had been at the forefront of enabling the new digital economy. "I look forward to supporting Stripe over the coming years as they build the global infrastructure that enables the internet to become the engine for strong and inclusive economic growth," Mr. Carney added.

Forbes magazine reported on Wednesday that investors were valuing Stripe at US\$115-billion in secondary-market transactions.

A senior Stripe executive told Reuters in December that the company, with dual headquarters in San Francisco and Dublin, plans to expand across Asia, including in Southeast Asia, Japan, China and India. It offers products that allow merchants to accept digital payments from customers and a range of business banking services.

Stripe raised US\$600-million in April in an extension of a Series C round and was valued back then at US\$36-billion.

Mr. Carney, who headed the Bank of England and the Bank of Canada, had a 13-year career at Wall Street bank Goldman Sachs Group Inc. in its London, Tokyo, New York

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Weekly Appointment Review

The following appointments have been announced by companies and organizations during the past week.

All Globe and Mail appointment notices are archived and available online at www.globeandmail.com/appointments



Tom Knoepfel
to Senior VP, Retail
Cadillac Fairview



Scott Pennock
to Senior VP, Office
Cadillac Fairview

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