Canada 2030.
The Defining Forces Disrupting Business
Preface

Over the next decade, the world is facing political, social, environmental, and technological transformations that will have profound implications for investors and businesses operating in Canada. We produced this report to help Canadian businesses and investors understand the disrupting forces likely to affect organizations, address the risks associated with them, and capitalize on the opportunities they may bring. Ten overarching trends are explored in detail, (chapters 2 to 11) using findings from government institutions, independent think tanks, non-profits, consulting firms, academic institutions, and other professional organizations.


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About the Corporate Responsibility & Sustainability Institute

The Corporate Responsibility & Sustainability (CR&S) Institute brings together a diverse group of business leaders to explore corporate responsibility and sustainability challenges. The Institute focuses on five areas: workplace, marketplace, environment, community, and governance. The Institute hosts regular events and webinars. It also conducts research to help accelerate business and societal outcomes, and scale next-generation CR&S practices in Canada. Institute members convene twice a year to discuss current trends and to network with like-minded individuals. Members also have access to corporate community investment networking events.

If you would like to find out more about sustainability trends and their implications for your business, we’d be happy to help.

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EXECUTIVE SUMMARY

Canada 2030: The Defining Forces Disrupting Business

At a Glance

- Over the next decade, the world is facing political, social, environmental, and technological transformations that will have profound implications for investors and businesses operating in Canada.

- Ten key forces have been identified: each is explored throughout the report.

- Disruption is the overarching trend, with trend lines pointing to greater and more diverse disruption across all sectors.

- To succeed, corporate leaders will need to think ahead, make bold decisions, and innovate to improve prospects for themselves, for the communities in which they operate, and for Canada as a whole.
Executive Summary

Over the next decade, the world is facing political, social, environmental, and technological transformations that will have profound implications for investors and businesses operating in Canada. The future success of these companies will be dictated by how they react to these defining forces.

We have produced this report to help Canadian businesses and investors understand the disrupting forces likely to affect organizations, address the risks associated with them, and capitalize on the opportunities they may bring.

Canada’s population is growing, aging, and becoming progressively urban. Canadians are becoming increasingly financially vulnerable, with household debt-to-income rising. The prevalence of obesity in Canada is expected to increase until at least 2030, supporting the expectation that cardiovascular disease is likely to remain the leading cause of death over this time period. Canada will see growing job losses resulting from robotic automation, with white-collar workers increasingly impacted. A legacy of harmful policies, legislation, and injustice will continue to impact Canada’s Indigenous peoples. Meanwhile, Canada’s gender pay gap is slowly closing. Generation Z (those born after 1997) will play a stronger role in Canada’s workforce, move into leadership positions, make higher-value purchasing decisions, influence the economy, and shape society.

Climate change is expected to have significant implications for Canada as we look to 2030. Canada is likely to experience more frequent and intense wildfires, heat-related human mortality, and increased damages from river and coastal floods, while properties in the highest flood-prone areas may ultimately become uninsurable. Canada is transitioning away from coal-fired power, pricing carbon pollution, investing in clean technology, and increasing the amount of electricity generated from renewable sources. Meanwhile, the movement to divest from coal, oil, and gas companies is gaining momentum.
Despite being a water-rich country, water scarcity is expected to become a greater problem for some regions of Canada, including significant parts of the breadbasket in Central Canada. Without adequate access to fresh water, supply chains could be disrupted, industries shut down, and business growth limited. In addition, crops could fail, ecosystems could be destroyed, health could worsen, and global conflicts could become more frequent. Meanwhile, Canada's agriculture, fishing, forestry, food and beverage, pharmaceutical, and tourism industries will increasingly be at risk of being impacted by ecosystem decline and loss of biodiversity. As competition for the earth’s finite natural resources intensifies, an increasing number of companies will choose to replace the “take, make, dispose” approach of traditional business models with a circular approach where products, components, and materials are repaired, reused, and recycled.

As we look to 2030, economic power will continue to shift away from Canada and other developed counties to emerging market nations. The renegotiation of NAFTA, the introduction of a Trans-Pacific Partnership (TPP) agreement, and talks of bilateral trade deals with China and post-Brexit Britain are likely to impact Canada’s trading relationships. Cryptocurrencies are expected to disrupt aspects of traditional financial systems, while developments in artificial intelligence should bring us autonomous cars and trucks, remotely controlled delivery vehicles, and home robots. The Internet of Things (IoT) has the potential to transform everything from products and services, to manufacturing, supply chains, and waste management. Meanwhile, sharing economy platforms are set to continue disrupting the ways in which we use, consume, and pay for goods and services. Cyber security is a growing concern, but the evidence suggests that businesses are not typically well-prepared to respond to it. Meanwhile, breaches of trust have left investors and consumers calling for increased corporate accountability and transparency.

Looking forward, disruption is the overarching trend. Canadian businesses will be subject to a multitude of forces with the potential to disrupt their entire value chain and the environment in which they operate. To succeed, corporate leaders will need to think ahead, make bold decisions, and innovate. In doing so, they have the potential to
improve prospects not just for themselves, but for the communities in which they operate and Canada as a whole. Failure to anticipate disruption or act and adapt will threaten long-term viability. Navigating this disruption will be easier to do if companies have a compelling purpose that guides their work.

This report is intended to help readers understand the disruptive forces likely to affect organizations, address the risks associated with them, and capitalize on the opportunities they may bring. Two other reports in our “Canada 2030” series should help readers embed sustainability considerations into corporate governance, and understand the trends impacting corporate sustainability reporting.

Welcome

Discussions involving sustainability megatrends continue to increase in frequency and prominence. And while there is always a degree of uncertainty associated with any long-term forecast, it is apparent that these issues present material operational risks and opportunities for companies globally. Examining certain gaps in information and analysis—as they pertain specifically to Canadian businesses and investors—will provide valuable insight, helping to identify the elements that may become increasingly more vital for sustainable growth.

• Are there potential trends, or perspectives, that are more uniquely Canadian?
• How are Canadian businesses positioned relative to the range of potential outcomes in the context of these global trends?
• What can Canadian businesses do to become better prepared?

As an investment manager and steward of clients’ assets, we believe that the effective management of material environmental, social, and governance (ESG) issues is accretive to business resiliency and long-term value creation. The Jarislowsky Fraser Partners Foundation is pleased to support The Conference Board of Canada in developing this research, and acting as a catalyst to accelerate the next generation of practices in corporate sustainability in Canada.

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CHAPTER 1

Introduction

Chapter Summary

• Over the next decade, the world is facing political, social, environmental, and technological transformations that will have profound implications for investors and businesses operating in Canada.

• We produced this report to help Canadian businesses and investors understand the disrupting forces likely to affect organizations, address the risks associated with them, and capitalize on the opportunities they may bring.

• Ten overarching trends (chapters 2 to 11) are explored in detail, using findings from government institutions, independent think tanks, non-profits, consulting firms, academic institutions, and other professional organizations.
Over the next decade, the world is facing political, social, environmental, and technological transformations that will have profound implications for investors and businesses operating in Canada. Looking forward to 2030, there are major trends that will have an impact on businesses and their operations. Demographic shifts, urbanization, climate change, natural resource constraints, and technological advances are changing stakeholder needs and impacting profitability.

The world appears increasingly uncertain, with economic and public policy turmoil reshaping the context in which businesses operate. Social issues—including Indigenous reconciliation, changing consumer values and expectations, and trends in health and diet—are also affecting businesses. How companies react to these defining forces will dictate their future success. Several reports examining sustainability megatrends have been produced by various organizations over recent years. But, to date, no report exists that focuses on the Canadian context. The Conference Board of Canada has produced this report to help Canadian businesses and investors understand the disrupting forces likely to affect organizations over the next 10 years, address the risks associated with them, and capitalize on the opportunities they may bring.

Methodology

Approximately 200 participants attending The Conference Board of Canada’s “2017 Business [Un]Usual: Profit From Purpose” conference were polled to identify trends affecting corporate sustainability in Canada. This scoping exercise was followed by an extensive review of relevant literature to identify further trends having the potential to impact corporate sustainability as we look toward 2030, both globally and in Canada. Ten overarching trends were identified in total: each is explored in detail, using findings from government institutions, independent
think tanks, non-profits, consulting firms, academic institutions, and other professional organizations.

Organization of the Report

The defining forces affecting the success of companies and the societies in which they operate are laid out across 10 chapters. Each chapter outlines the major trends in the area and identifies a set of key questions for readers to reflect upon. The report concludes with a list of Conference Board of Canada resources to guide business professionals and investors to respond to the trends effectively.

The trends identified in this report will impact various areas of a business’s value chain from raw materials and suppliers, to direct operations, and customers and consumers. (See Exhibit 1.) These trends also have the potential to impact a business’s operating context, including the environment and society. Considering how these trends will impact operations presents an opportunity to stress-test current strategies against emerging risks and opportunities to identify ways to mitigate, manage, or adapt.

Exhibit 1

Business Value Chain

Source: The Conference Board of Canada.
The nine questions listed below can be used to examine how the trends may impact business over the coming decade, address the risks, and help capitalize on the opportunities they may bring.

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## Questions for Business Professionals and Investors

### Governance

1. Which trends will materially impact the business, including its value chain and operating context?
2. Has the board evaluated how these trends may impact the business and its value chain or operating context, from both risk and opportunity perspectives?
3. Is the company disclosing the risks associated with these trends?
4. What is the company’s risk appetite for each of these trends?

### Strategy

5. Has management identified the risks and opportunities associated with these trends over the short, medium and long terms, and are they considered in the company’s approach to enterprise risk management?
6. Has management used these risks and opportunities to shape the organization’s strategy and financial planning?
7. Has management evaluated the resilience of the organization’s strategy, taking the trends into consideration?
8. Which metrics and targets are management using to assess and manage relevant risks and opportunities, where such impacts are material?
9. How is management measuring and incentivizing performance against targets?

Source: The Conference Board of Canada.
CHAPTER 2

Demographic Shifts

Chapter Summary

• Canada’s population is growing, its inhabitants are aging, and immigration is increasing. Such demographic shifts could impact Canadian businesses in a multitude of ways depending on their sector, location, and size.

• These changes present great opportunities. Business leaders would be wise to assess how these shifts could affect their operations and respond accordingly, through changes to product and/or service offerings, sales and marketing strategies, and HR practices.
A Growing Population

By 2030, the world’s population is expected to grow by 13 per cent, reaching 8.6 billion (from 7.6 billion in 2017). Growth in a small number of developing countries will drive the increase.¹ Meanwhile, Canada’s population is expected to grow by 20 per cent to reach 42 million² (up from 35 million in 2016).³

Since the mid-1990s, immigration has been the main source of Canadian population growth. By 2036, over 80 per cent of the increase in Canada’s population will be due to immigration.⁴ The populations of Ontario and British Columbia are expected to grow above the national average, as people move to areas with greater economic opportunities. However, the populations of Quebec, the Atlantic provinces, and Nunavut are expected to grow below the national average. For the other provinces and territories, the forecasts are less certain. Newfoundland and Labrador is the only province that is expected to see its population decrease over the coming years.⁵ While a growing population could put a strain on schools, health care systems, housing, and natural resources, it also presents great opportunities for business growth. Conversely, a decreasing population could result in labour force challenges, reduced customer demand for products and services, and reduced public service provisions.

⁴ Statistics Canada, *Immigration and Diversity.*
⁵ Statistics Canada, *Section 3: Analysis of the Results.*
An Aging Population

Canada’s population is aging: the country’s percentage of seniors (aged 65 years and older) has been growing steadily since the 1960s, when it made up just 8.0 per cent of the population.6 By 2016, seniors comprised 17.0 per cent of the population.7 By 2036, seniors are forecast to represent 25.0 per cent of the population.8

In 2016, seniors outnumbered children aged 14 years and younger for the first time.9 An aging population is not unique to Canada—it is being felt around the world and is set to continue.10 As we look toward 2030, seniors will represent a growing consumer group and their lobbying power will increase. There is a major concern that Canada’s workforce will shrink if seniors exit the workforce without being replaced in equal numbers. Immigration is seen to be the most likely way of growing the population as the fertility rate has dropped below the replacement fertility rate. Addressing this shortfall will require greater workforce participation by immigrants, women, and seniors. Other challenges associated with an aging population include social care costs, the provision of medical services, and accessibility for buildings and transportation. These will put significant strains on public finances and likely result in increased accessibility regulation affecting infrastructure and capital expenditures.

Greater Immigration

Globally, immigration is driven by a mix of pull factors (associated with better job prospects and prosperity) and push factors (associated with natural hazards, conflict, unemployment, political instability, and poverty). These pull-and-push factors compel people to leave their homes in search of a better life. Meanwhile, with its fertility rate

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6 Ibid.
7 Statistics Canada, Age and Sex Highlight Tables.
8 Statistics Canada, Section 3: Analysis of the Results.
9 Statistics Canada, Age and Sex, and Type of Dwelling Data.
in decline, Canada is actively encouraging immigration to fuel economic growth. Attracting skilled immigrants, and ensuring they are able to quickly integrate and contribute to Canadian society, is a major competitive priority for Canada. The importance of immigration to Canada is depicted in Exhibit 2. Canada should be prepared for an increase in immigrants who choose to come to Canada for a better life and those who are forced to move due to circumstances beyond their control, such as climate change, famine, and conflict.\textsuperscript{11}

\textbf{Exhibit 2}

\textbf{The Importance of Immigration to Canada}

- **WHY IS IMMIGRATION IMPORTANT TO CANADA?**
  - 25% of Canada’s population will be over 65 by 2035
  - 5,000,000 Canadians set to retire by 2035
  - 1.6 Canada’s fertility rate, which is ranked 181st globally, is well below Canada’s replacement rate of 2.1
  - Immigrants TODAY make up 65% of Canada’s net annual population growth
  - Almost 100% of Canada’s net population growth will be through immigration by 2035
  - 350,000 Estimated number of immigrants Canada will need annually by 2035 to meet its workforce needs

- **IMMIGRANTS...**
  - boost trade ties between Canada and the world
  - strengthen culture and diversity
  - are motivated, innovative, and entrepreneurial

Source: The Conference Board of Canada.

\textsuperscript{11} European Strategy and Policy Analysis System, \textit{Global Trends to 2030}.
If current immigration levels continue, nearly half of Canada’s population will be first- or second-generation immigrants by 2036, up from 38.0 per cent in 2011. The immigrant population will continue to be concentrated in metropolitan areas, particularly Toronto, Montréal, and Vancouver. By 2036, more than half of all immigrants in Canada will be from Asia and over a third of the working-age population will be from a visible minority group. Furthermore, the proportion of the Canadian population whose mother tongue is a language other than English or French could be as high as 31.0 per cent (up from 23.0 per cent in 2016). Increasing numbers of immigrants will impact demand for products and services: meanwhile, marketing such products and services will need to take immigrants’ values and needs into consideration. Diversity and inclusion will also be important themes for businesses to address.

### Questions for Businesses and Investors

1. Which opportunities does an increasing population present for business growth?
2. Does the company have strong diversity policies and programs?
3. What is the business doing to help older workers participate in the workforce?
4. How does the business attract skilled immigrants to address skills shortages in its workforce? How does it help immigrants integrate into the workforce and local community?

Source: The Conference Board of Canada.

12 Statistics Canada, *A Look at Immigration, Ethnocultural Diversity and Languages.*
13 Ibid.
CHAPTER 3
Urbanization

Chapter Summary

● The percentage of Canadians living in urban areas is rising and we’re seeing greater densification around urban centres and transit corridors.

● As a result of increasing urbanization, rural communities may find it increasingly challenging to access certain goods and services, while increased investment will be needed to repair and modernize Canadian cities’ infrastructure to meet the needs of growing urban populations.

● Smart cities have the potential to improve all aspects of their inhabitants’ lives, from how they move around and use energy, to how they make a living and interact with the natural environment.

● Meanwhile, cities will have a critical role to play in tackling climate change and air pollution.

● Businesses impact job creation, service delivery, health and well-being, and economic prosperity. Therefore, businesses have a crucial role to play to ensure communities (urban and rural) survive and thrive as we look to 2030.
Growing Urban Populations

Around the time of Confederation, approximately 84 per cent of Canada’s population lived in rural areas and the country’s economy was based on agriculture and natural resources.1 By 2016, this had completely flipped, with 81.0 per cent of the population living in urban areas.

Growing urban populations typically mean increased traffic congestion and challenges associated with transporting people and goods in a sustainable manner. By 2030, the percentage of Canadians living in urban areas is forecast to reach 84 per cent.2 However, virtual work opportunities, housing affordability challenges, work-life balance considerations, and personal safety concerns could all impact where Canadians choose to live.3 The potential locational trade-offs could impact a business’s ability to recruit and retain staff, the distribution of its products and services, and the demand for such products and services.

Reduced Service Provisions in Rural Areas

With the percentage of Canadians living in urban areas forecast to continue rising, rural communities may find it more and more challenging to access certain goods and services. Rural areas across Canada could see more businesses closing their doors, more schools closing, and more youth moving away. For example, in 2017, Greyhound Canada announced its intention to end services in northern British Columbia, blaming increased urbanization for making its operations in this part of the province unsustainable.4 If their populations fall low enough, small communities could struggle to generate enough municipal tax revenue to maintain or upgrade aging infrastructure and could face ongoing

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1 Statistics Canada, Canada Goes Urban.
3 Policy Horizons Canada, Canada 2030: Scan of Emerging Issues.
4 Kurjata, Greyhound Canada Applies to Stop Serving Northern B.C.
challenges replacing older workers when they retire. Despite their challenges, rural areas provide great opportunities for businesses: rural areas contain a wealth of natural resources, including minerals, lumber, and food; they offer an attractive pace of life and could support growing numbers of remote workers or virtual workplaces; and the cheaper cost of property can be attractive for entrepreneurs and employees. While businesses may need to consider the viability of operating in rural areas as they look to 2030, the opportunities associated with operating in rural areas should not be overlooked.

An Increasing Need for Infrastructure Investment

To meet the needs of growing urban populations and adapt to climate change, increased investment will be needed to repair and modernize Canadian cities’ buildings, roads, bridges, railways, ports, airports, and energy, water, and sanitation systems. The Government of Canada is doubling its investment in infrastructure, amounting to more than $180 billion over 12 years. To support this investment, a federal infrastructure bank is being created to attract private sector and institutional investors to help fund the infrastructure that Canadian cities need. As we look to 2030, we expect to see cities enjoying the benefits of upgraded infrastructure. Investment will likely drive growth in the construction sector (along with other associated sectors) and should support the creation of good, well-paying jobs. Increased infrastructure investment creates huge opportunities for businesses, particularly in the engineering, construction, and utilities sectors. Businesses may also need to make upgrades to their own buildings and infrastructure.

5 Strengthening Rural Canada, Challenges.
6 Strengthening Rural Canada, Opportunities.
7 Infrastructure Canada, Investing in Canada Plan.
8 Infrastructure Canada, Canada Infrastructure Bank.
9 Government of Canada, Chapter 2—Communities Built for Change.
The Growth of “Smart Cities”

New digital technologies are being used to help cities manage congestion, improve public safety, reduce energy consumption, and allocate resources based on real time data. A “smart city” is an urban area that uses different types of electronic sensors to collect data, which are then used to manage assets and resources efficiently.\(^\text{10}\)

The components that make up smart cities are displayed in Exhibit 3. Smart cities have the potential to improve all aspects of their inhabitants’ lives, from how they move around and use energy, to how they make a living and interact with the natural environment. In 2017, the Government of Canada launched the Smart Cities Challenge, providing $300 million

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\(^{10}\) Hamblen, Just What IS a Smart City?
in financial and in-kind support to transform cities to smart cities.\textsuperscript{11} With cities and companies putting their creative minds together, we can expect to see new and innovative uses of state-of-the-art information and communication technology throughout our urban environments as we look ahead to 2030. The growth of smart cities could present opportunities for businesses, particularly around the distribution of products and services, and for those working in the industrial and technology sectors.

Greater Densification

Throughout the second half of the 20th century, Canadian cities sprawled outwards, suburbs grew, and city planning revolved around the use of the car. Today, cities are recognizing the benefits of densification, including:

- reducing reliance on cars;
- the proximity of amenities;
- fostering healthier and more active lifestyles;
- more vibrant communities;
- greater energy efficiency;
- greater housing choices.\textsuperscript{12}

Denser neighbourhoods are cheaper for cities to maintain too, relative to sprawling suburbs.\textsuperscript{13} As we look ahead to 2030, we can expect to see greater densification around urban centres and transit corridors.

Cleaner, Greener Cities

Cities consume almost two-thirds of the world's energy and account for over 70 per cent of greenhouse gas emissions.\textsuperscript{14} Cities are also particularly vulnerable to the effects of climate change, such as flooding, fires, and extreme weather events. As we look ahead to 2030, cities will have a critical role to play in tackling climate change and air pollution.

\textsuperscript{11} Infrastructure Canada, \textit{Smart Cities Challenge}.
\textsuperscript{12} Smarter Growth Initiative, \textit{Urban Densification}.
\textsuperscript{13} PWC UK, \textit{Rapid Urbanisation}.
\textsuperscript{14} World Bank, \textit{Urban Development}. 
We can expect to see more energy-efficient buildings, greater use of renewable energy, thousands more electric vehicles on the road (along with the associated infrastructure to support them), plus new infrastructure to encourage walking and cycling. We can also expect:

- higher carbon pricing;
- new restrictions on the use of gas-powered vehicles;
- road use charges;
- greater restrictions on the emissions of other pollutants;
- greater use of ride-sharing services;
- more stringent waste regulations;
- a move away from the culture of “making, using, and disposing of products” to a culture of “recovering, reusing, repurposing, and recycling” (as is already happening in many countries, especially in Europe).

Questions for Businesses and Investors

1. How could increasing urbanization impact the business's ability to recruit and retain staff? How could this affect the distribution of a business's products and services, and the demand for such products and services?
2. How could the information and communication technology associated with smart cities be used to improve the distribution of the business's products and services?
3. How could greater densification around urban centres and transit corridors impact the business?
4. How is the business preparing for increasing carbon pricing and regulations associated with climate change and air pollution?

Source: The Conference Board of Canada.
CHAPTER 4

Indigenous Reconciliation

Chapter Summary

- A legacy of harmful policies, legislation, and injustice continues to impact Indigenous peoples in Canada.

- The 2015 Truth and Reconciliation Commission report contains 94 calls to action to redress this legacy and advance the process of reconciliation with Canada’s Indigenous communities.

- While most calls to action are directed to the federal government, one is directed specifically to the business sector.

- If these are acted upon in a timely, thorough, and committed manner, the socio-economic gaps between Indigenous and non-Indigenous peoples should begin to close.

- Meaningfully engaging and partnering with Indigenous people on projects, and pursuing effective recruitment and retention practices/strategies, make good business sense.
The Enduring Legacy of Policies, Legislation, and Injustice

A legacy of harmful policies, legislation, and injustice continues to impact Indigenous peoples in Canada. This legacy was perhaps most prominently manifested within Canada’s residential school system.

Church-run schools were established for Aboriginal children from the 1840s onwards. In 1883, the federal government established the first large residential schools in Canada, to “kill the Indian in the child” (in the words of the Truth and Reconciliation Commission). In 1920, it became compulsory for Indian status children, aged 7 to 15, to attend residential schools. It wasn’t until 1996 that the last of the residential schools closed its doors. Over the years in which the schools were operational, an estimated 150,000 children passed through them. During that time, thousands of children were physically and sexually abused, and 3,200 children died from tuberculosis, malnutrition, and other diseases resulting from poor living conditions. Poor burial records mean that the real death toll could be much higher. The mortality rate at some schools reached 60.0 per cent.¹

The legacy of harmful policies, legislation, and injustice is evidenced by the large socio-economic gaps between Indigenous and non-Indigenous peoples across a wide variety of indicators, including:²

- educational attainment
- income
- employment
- infant mortality
- maternal health
- suicide
- mental health
- rates of addiction

¹ Canadian Press, The, “Residential Schools by the Numbers.”
² Truth and Reconciliation Commission of Canada, Honouring the Truth.
The Truth and Reconciliation Commission of Canada report contains 94 calls to action, with number 92 directed specifically to the business sector.

• fetal alcohol spectrum disorder
• substance abuse
• life expectancy
• birth rates
• infant and child health issues
• chronic diseases
• access to health services
• domestic and family violence
• sexual abuse
• homicide
• victimization of women and girls
• children in care
• criminal victimization
• representation in the justice system

Truth and Reconciliation Commission’s Calls to Action

In 2015, the Truth and Reconciliation Commission of Canada published a report documenting the history and legacy of Canada’s residential school system. The report contains 94 calls to action to redress the legacy of harmful policies, legislation, and injustice impacting Indigenous peoples, and advance the process of reconciliation with Canada’s Indigenous communities. While most of the calls to action are directed to the federal government, number 92 is directed specifically to the business sector:

Call to Action 92: Business and Reconciliation

“We call upon the corporate sector in Canada to adopt the United Nations Declaration on the Rights of Indigenous Peoples as a reconciliation framework and to apply its principles, norms, and standards to corporate policy and core operational activities involving

3 Ibid.
Indigenous peoples and their lands and resources. This would include, but not be limited to, the following:

i. Commit to meaningful consultation, building respectful relationships, and obtaining the free, prior, and informed consent (FPIC) of Indigenous peoples before proceeding with economic development projects.

ii. Ensure that Aboriginal peoples have equitable access to jobs, training, and education opportunities in the corporate sector, and that Aboriginal communities gain long-term sustainable benefits from economic development projects.

iii. Provide education for management and staff on the history of Aboriginal peoples, including the history and legacy of residential schools, the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), Treaties and Aboriginal rights, Indigenous law, and Aboriginal–Crown relations. This will require skills based training in intercultural competency, conflict resolution, human rights, and anti-racism.4

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**United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)**

UNDRIP is the most comprehensive international framework on the rights of Indigenous peoples.5 It sets minimum standards for the survival, dignity, and well-being of Indigenous peoples. It also elaborates on existing human rights standards and fundamental freedoms as they apply to Indigenous peoples. It includes the requirement for “free, prior, and informed consent” to be obtained prior to developing on Indigenous land or using resources within an Indigenous territory. Canada has supported UNDRIP since 2016, but some of its principles may prove difficult to reconcile with the country’s constitutional framework and legal system. As a result, implementing UNDRIP’s principles may not always be straightforward. UNDRIP already has huge implications for Canada’s mining, forestry, food, and energy sectors; these are set to continue as we look to 2030.

Source: The Conference Board of Canada.

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4 Ibid.
5 United Nations, *Declaration on the Rights of Indigenous Peoples*. 

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The Importance of Reconciliation Moving Forward

The Truth and Reconciliation Commission of Canada’s report argues that the socio-economic gaps between Indigenous and non-Indigenous communities should begin to close if the calls to action are acted upon in a timely, thorough, and committed manner. Reconciliation is not only important for Indigenous peoples themselves—meaningfully engaging and partnering with Indigenous peoples and pursuing effective recruitment and retention practices/strategies make good business sense also. These can lead to improved decision-making, financial performance, and outcomes for the stakeholders and communities in which they operate. Conversely, when businesses fail to engage with Indigenous peoples and communities, they risk major disruptions potentially costing tens of thousands of dollars a day. As we look to 2030, businesses could expect to receive more requests for transparency around their policies, practices, and relations regarding Indigenous peoples.

Questions for Businesses and Investors

1. What is the business’s approach to reconciliation? Does the business apply the principles associated with the United Nations Declaration on the Rights of Indigenous Peoples to corporate policy and activities?
2. Which opportunities has the business identified to build trusting and respectful relationships, partnerships, and collaborations with Indigenous peoples?
3. How can the company better inform and educate its personnel on the principles of reconciliation?

6 Truth and Reconciliation Commission of Canada, Honouring the Truth.
7 Indigenous Works, Business Case for Inclusion.
8 Jeffrey and Gladu, Aboriginal Representation Will Boost Corporate Canada’s Bottom Line.
4. Which steps is the business taking to integrate Indigenous peoples’ knowledge and perspectives into corporate and boardroom decision-making?
5. Are Indigenous perspectives embedded in the organization’s diversity policies?
6. How could the business improve transparency regarding its policies, practices, and relations regarding Indigenous peoples?

Source: The Conference Board of Canada.
CHAPTER 5

Climate Change

Chapter Summary

• The next decade will see the world mobilizing to tackle climate change, as the risks associated with it become more apparent and its effects are increasingly disruptive.

• The impacts of climate change will be felt across Canada, with more frequent and intense wildfires, river and coastal floods, and heat-related human mortality being the greatest risks.

• Meanwhile, expectations around corporate reporting on climate-related matters are increasing and the movement to divest from coal, oil, and gas companies is gaining momentum.

• The “green economy” presents many opportunities for businesses; those that choose to act could create a key strategic advantage, positioning themselves well for the years ahead.

• Tackling climate change will require a collaborative effort across businesses, governments, and society as a whole.
The World Mobilizes to Tackle Climate Change

In 2016, the World Economic Forum cited that the failure to mitigate and adapt to climate change is the top global risk by significance of impact to the economy.¹ The next decade will see the world mobilizing to tackle climate change, as the risks associated with it become more apparent and its effects are increasingly disruptive.

All 197 United Nations (UN) member states² have signed up to the Paris Agreement, with the aim of keeping this century’s global temperature increase well below two degrees Celsius (a threshold at which scientists believe significant and potentially irreversible environmental changes will occur). The need to act on climate change has also been recognized in the UN’s Sustainable Development Goals, adopted by 193 member states in 2015.³ As we look toward 2030, tackling climate change will be a key strategic priority for countries around the world.

The Impacts of Climate Change Will Be Felt Across Canada

Businesses and their value chains could be directly and/or indirectly impacted by climate change. The surface temperature of the planet is projected to rise over the course of the 21st century, under all greenhouse gas emissions scenarios.⁴ As we look ahead to 2030, it is likely that Canada will experience:

- more frequent hot and fewer cold temperature extremes over most land areas;

² The United States has stated its intent to withdraw from the Paris Agreement, but it can’t formally do so until 2020.
⁴ Intergovernmental Panel on Climate Change, Climate Change 2014 Synthesis Report, 10.
As the effects of climate change become more pronounced, the world could have as many as 200 million climate migrants by 2050.\(^5\)

As the effects of climate change become more pronounced, the world could have as many as 200 million climate migrants by 2050.\(^6\) Climate migrants seeking to resettle in Canada could have a big impact on the country’s immigration program, labour market, and society. The cost of natural disasters (both weather-related and geophysical) to Canadians is forecast to reach $5 billion per year by 2020 and $21–$43 billion by 2050.\(^7\)

As we look ahead to 2030, the greatest climate change-related risks for Canadian businesses are: \(^8\)

- increased damage from more frequent and intense wildfires;
- heat-related human mortality;
- increased damages from river and coastal floods.

Many major Canadian cities are situated in areas vulnerable to extreme weather events. Vancouver is vulnerable to ocean flooding, while Calgary, Edmonton, Winnipeg, Montréal, and Ottawa are vulnerable to river flooding. Toronto is vulnerable to flooding from Lake Ontario, and the Prairies are vulnerable to drought. Canada’s main ports (Vancouver, Montréal, Prince Rupert, and Halifax) are at risk from storm surge and rising sea levels. Meanwhile, wildfires pose a risk to towns and

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\(^5\) Ibid., 10–15.
\(^6\) Brown, Fighting Climate Change.
\(^7\) Alexander, Natural Catastrophes, 1.
\(^8\) Intergovernmental Panel on Climate Change, Climate Change 2014 Synthesis Report, 14.
cities across Canada, particularly those in close proximity to highly combustible conifer forests, such as Fort McMurray, Timmins, and Prince George.

As we look toward 2030, many properties in high-risk areas for flooding may become uninsurable, or the premiums to insure them may become unaffordable. Those without suitable insurance may risk defaulting on their mortgage payments if their properties become flooded and they must move out while the damage is repaired. Climate change-related events are also likely to impact the international and Canadian financial markets. Indeed, Mark Carney, Governor of the Bank of England, has issued a stark warning that climate change will lead to financial crises and falling living standards unless countries do more to ensure companies reduce their climate impact.

In addition to the direct risks associated with climate change, businesses may also be subject to indirect risks. These include new government regulations, taxes, tariffs, challenges to their social licence to operate, and potentially even litigation.

Rising Expectations for Climate-Related Financial Disclosures

Expectations around corporate reporting on climate-related matters are increasing. In 2016, the Financial Stability Board (an international body that makes recommendations regarding the global financial system) commissioned a select task force (the Task Force on Climate-related Financial Disclosures) to propose climate-related financial reporting standards. Recommendations published by the task force advise businesses to disclose:

- their governance around climate-related risks and opportunities;

9 Joseph and Alini, *Flooding, Flooding Everywhere.*
10 Natural Resources Canada, *Global Issues.*
11 Carney, “Breaking the Tragedy of the Horizon.”
• the actual and potential impacts of climate-related risks and opportunities on their organization’s businesses, strategy, and financial planning where such information is material;
• how they identify, assess, and manage climate-related risks;
• the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.12

As we look to 2030, investor, lender, and insurer interest in climate-related financial disclosures will gain momentum. There is speculation that regulators may introduce climate disclosure requirements too. This should enhance the ways in which climate-related risks are assessed, priced, and managed.

Increasing Fossil Fuel Divestment

As concerns about the impacts of climate change and environmental pollution increase, the movement to divest from coal, oil, and gas companies is gaining momentum. Over 800 institutions worldwide have committed to divesting $5.58 trillion in investments from fossil fuel companies13 and some insurers have even ceased underwriting fossil fuel operations.14 A growing number of investors—including governments, educational institutions, pension funds, faith-based institutions, and philanthropic foundations—are now divesting from fossil fuel companies in their portfolios.15 In some cases, divestment is being chosen as a way to more deeply align an organization’s investments with its values. In other cases, it is being carried out to protect against the long-term risk of having stranded assets. To that end, the Task Force on Climate-related Financial Disclosures has laid out a framework for businesses to disclose their climate-related risks in a way that will better inform investment decisions.16

13 Fossil Free, Divestment Commitments.
14 Unfriend COAL, Insuring Coal No More.
15 Fossil Free, Divestment Commitments.
By moving beyond boilerplate disclosures and providing enhanced transparency, businesses can help to create a more balanced dialogue around the economic risks and resiliency of the Canadian energy sector, as we look toward 2030.

Implementing the Pan-Canadian Framework on Climate Change

In 2016, Canada adopted the Pan-Canadian Framework on Clean Growth and Climate Change. The plan states how the country plans to meet its 2030 commitment of reducing greenhouse gas emissions by 30.0 per cent (compared with 2005 levels). This is the amount needed for Canada to play its part in keeping this century’s global temperature increase well below two degrees Celsius. The framework includes:

- adopting a nationwide approach to pricing carbon emissions;
- developing new building codes;
- deploying more charging stations for electric vehicles;
- expanding clean energy systems;
- phasing out the use of coal;
- reducing methane emissions;
- protecting carbon stored in natural habitats;
- driving emission reductions from government operations.17

Despite these initiatives, Canada is performing poorly when it comes to tackling climate change (ranking 51st on the 2018 Climate Change Performance Index, which compares the GHG emissions, renewable energy, energy use, and climate policy of 60 countries).18 Canada is currently on track to miss its 2030 greenhouse gas emissions target (510–580 MtCO₂ a year) by a wide margin.19 The country will need

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17 Prime Minister of Canada, Communiqué of Canada’s First Ministers.
18 Burck, Marten, Bals, and Hohne, Climate Change Performance Index, 7.
to reduce the carbon intensity of its energy industry, particularly the oil sands. And, Canada must “green” its transportation if it is to meet its target and successfully transition to a low-carbon economy. Tackling climate change will require a collaborative effort across businesses, governments, and society as a whole. The “green economy” presents many opportunities for businesses: those that chose to act could create a key strategic advantage, positioning themselves well for the years ahead.

Questions for Businesses and Investors

1. Has the business mapped the potential impacts of climate change to its assets, operations, and value chain; identified which risks are material; and developed long-term plans to mitigate and adapt for the likely impacts of climate change?

2. Has the business adopted the recommendations of the Task Force on Climate-related Financial Disclosures to help investors, lenders, and insurance underwriters understand its material risks from climate change?

3. Does the business factor carbon pricing into its decision-making processes?

4. Is the business collaborating with industry groups, governments, environmental organizations, and/or academic institutions to develop or advocate for climate change solutions?

5. Has the business set long-term, science-based targets for reducing its greenhouse gas emissions?

Source: The Conference Board of Canada.

20 OECD, OECD Environmental Performance Reviews: Canada 2017.

21 Targets to reduce greenhouse gas emissions are considered “science-based” if they are in line with the level needed to keep the global temperature increase below two degrees Celsius, compared with pre-industrial times.
Chapter Summary

- Countries around the world are experiencing increasing water scarcity, and Canada is no different: by 2030, a large area of Central Canada is expected to be at high risk of water stress.

- Wildlife populations in Canada are in serious decline and biodiversity is under threat; meanwhile, global use of natural resources is increasing rapidly.

- Many factors—some environmental, some strategic—are driving the replacement of the “take, make, use, dispose” approach of traditional business models with a circular approach. The circular approach prioritizes the repair, reuse, and recycling of products, components, and materials to keep them in use for as long as possible.

- Renewable energy use and production is expected to continue to increase its penetration throughout the economy over the next decade, and the clean-tech market is a growing opportunity for businesses in Canada.
Increasing Water Scarcity

While water covers 70.0 per cent of our planet, only 3.0 per cent of the world’s water is fresh.¹ Countries around the world are experiencing water scarcity as a result of climate change, increases in population, rapid urbanization, agricultural intensification, and industrial expansion.

Canada is no different: British Columbia, Alberta, and Saskatchewan are already facing extreme and exceptional levels of drought² and by 2030, a large area of Central Canada is expected to be at high risk of water stress.³ (See Exhibit 4.) Water supply constraints could be a major risk for many Canadian businesses, especially those in industry, agriculture, transportation, and energy. Without adequate access to fresh water, supply chains could be disrupted, crop yields could be impacted, ecosystems could be damaged, employee, supplier, and customer health could worsen, and global conflicts could become more frequent.

Ecosystem Decline and Loss of Biodiversity

Droughts, floods, fires, storms, rising sea levels, and ocean acidification, resulting from humankind’s greenhouse gas emissions, are devastating earth’s delicately balanced ecosystems.⁴ Wildlife populations in Canada are in serious decline: almost half of Canada’s 900+ monitored wildlife species reduced in number between 1970 and 2014, losing an average 83 per cent of their population over that time period.⁵ The World Wildlife Fund (WWF) has named habitat loss—caused by deforestation, agriculture, urbanization, and industrial

¹ World Wildlife Fund, Water Scarcity.
² Government of Canada, Canadian Drought Monitor.
³ World Resources Institute, Measuring, Mapping and Understanding.
⁴ Kolbert, The Sixth Extinction.
development—as the greatest threat to biodiversity in Canada. Climate change, pollution, overexploitation, and invasive species are also serious threats. A 2017 study, published in the peer-reviewed journal *Proceedings of the National Academy of Sciences*, worryingly forecasts a mass extinction eliminating 20 to 50 per cent of all living species on earth by the end of the century. As we look ahead to 2030, Canada’s agriculture, fishing, forestry, food and beverage, and tourism industries will be at a particular risk of being impacted by ecosystem decline and loss of biodiversity.

### A Growing Circular Economy

Global use of natural resources is forecast to double between 2015 and 2030. As the competition for the earth’s finite resources intensifies, accessing them becomes increasingly difficult and expensive. Many

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6 Ibid., 6.
7 Ceballos, Ehrlich, and Dirzo, “Biological Annihilation Via the Ongoing Sixth Mass Extinction.”
factors—some environmental, some strategic—are driving the replacement of the “take, make, use, dispose” approach of traditional business models with a circular approach. This circular approach prioritizes the repair, reuse, and recycling of products, components, and materials to keep them in use for as long as possible. Governments worldwide are introducing policies to promote the adoption of circular business models, particularly in Europe, China, and Japan. The circular approach reduces the need for extracting and processing raw materials and lowers the volume of waste to landfill. It can help a business build a resilient supply chain, lower costs, drive innovation, and build brand value. By 2030, the circular economy could generate an additional $4.5 trillion of economic output globally. In Canada, over 120 extended producer responsibility programs have been introduced by governments since 2009, requiring producers to take responsibility for certain products and materials from creation until disposal. As well, further programs are planned for the coming years. Increasingly, companies will need to explore opportunities to minimize product inputs and maximize the lifespan of goods to reduce the costs associated with securing increasingly rare natural resources.

Growth in Renewable Energy and Clean-Tech

Renewable energy use and production is expected to continue to increase its penetration throughout the economy over the next decade. One example of this is that vehicle manufacturers are shifting more resources and investments from conventional gasoline and diesel engines to electric vehicles. This shift is likely to gain speed as governments abroad announce plans to ban the sale of traditional combustion engine-powered cars. Indeed, electric vehicles are forecast to make up half of the global auto market by 2030. Renewable energy

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10 Lacy and Rutqvist, *Waste to Wealth*.
12 Holley, *Why 2017 Will Go Down as the Beginning of the End*.
13 Beene and Lippert, *California Considers Following China*.
14 Mosquet and others, *The Electric Car Tipping Point*.
Canada is one of the world’s largest producers of some of the crucial minerals needed for renewable energy systems. Currently, these minerals include copper, iron, and carbon, which are essential for the production of solar photovoltaic panels, wind turbines, and electric cars. These minerals are abundant in Canada, making the country a significant producer and supplier of these critical resources.

But, with Canada transitioning away from coal-fired power, pricing carbon pollution, investing in clean technology, and increasing the amount of electricity generated from renewable sources, the country’s share of renewables should increase. Canada is one of the world’s largest producers of some of the crucial minerals needed for renewable energy systems. These include 14 of the 19 minerals needed for the production of solar photovoltaic panels, copper used for wind turbines and electric cars, and iron and carbon for steel, used for wind turbines and light-rail transport systems. The clean-tech market is a growing opportunity for businesses in Canada, particularly those in the mining, manufacturing, energy, transportation, and technology sectors, along with those working in financial services.

Questions for Businesses and Investors

1. How could water supply constraints impact the business?
2. What more could the business be doing to manage its water use and reduce water consumption?
3. Which steps is the business taking to make more efficient use of scarce resources and reduce its environmental footprint?
4. Are the organization’s sustainability efforts being communicated to investors/stakeholders in a way that links them to the long-term value of the business?
5. Does the business use natural capital accounting?
6. Which opportunities might present to the business by keeping products, components, and materials economically productive at their highest utility for as long as possible? What are the risks to the business associated with not doing so?

Source: The Conference Board of Canada.

15 Natural Resources Canada, About Renewable Energy.
16 Government of Canada, Pan-Canadian Framework on Clean Growth.
17 Gómez-Cotta, Mining Firms Clean House.
Chapter Summary

- Advances in technology are transforming the way Canadians live and do business.

- Developments in artificial intelligence seem set to make some aspects of science fiction a reality.

- Digital sharing economy platforms are transforming the ways in which we use, consume, and pay for goods and services, while the Internet of Things (IoT) is accelerating rapidly.

- 3D printing is transforming what, where, and how products are designed, manufactured, distributed, consumed, and even serviced.

- Meanwhile, cryptocurrencies are on course to majorly disrupt traditional financial systems, and the adoption of advanced robotics is taking off.

- Rapid advances in technology provide a multitude of opportunities to businesses, but they don’t come without risks.

- Businesses are facing increasing challenges with cyber security and many Canadian jobs are at risk from automation.
Artificial Intelligence: Making Science Fiction a Reality

Advances in computing are enabling machines to “think” for themselves, using algorithms that learn and evolve on their own, over time. Artificial intelligence (AI) allows computers to process vast amounts of data to make meaningful decisions and to perform tasks that would normally require human intelligence.

There are many examples of AI in use today, from voice-powered personal assistants like Siri and Alexa, to content suggestions on Netflix. But, AI is still in its infancy and is developing rapidly. Ethical, legal, regulatory, and economic questions remain, as do serious concerns about cyber security. Nevertheless, by 2030, advances in AI could result in Canadians having autonomous vehicles, home robots, improved health outcomes, and greater educational opportunities.1,2 AI could replace people in certain professions, such as taxi and truck driving, but it will also create new types of jobs and lower the cost of many goods and services.3 AI promises to revolutionize many aspects of a company’s operations. The speed of adoption and the areas where AI is unleashed will determine how quickly its potential revolutionary impact will be felt. There is much promise in this area, but much work to do as well.

A Growing Sharing Economy

The “sharing economy” is a term applied to the sharing of underused assets, for the mutual benefit of the owner and user. Digital platforms are commonly used to connect owners with users who wish to share an asset. Perhaps the best-known examples of sharing economy platforms include the property-sharing platform Airbnb, with 150 million

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1 2015 Study Panel, Artificial Intelligence and Life in 2030, 7.
2 Ibid.
3 Ibid., 8.
Sharing economy platforms are transforming the ways in which we use, consume, and pay for goods and services.

users in 2017; and the ride-sharing platform Uber, which has enabled over five billion rides between its launch in 2009 and mid-2017. The concept of sharing is not new—people have been sharing goods and services throughout history. But, digital-sharing economy platforms are transforming the ways in which we use, consume, and pay for goods and services, and are disrupting industries such as transportation and tourism. By 2030, the culture of ownership is likely to have changed dramatically: people and businesses may not buy products the way they do today, but choose to rent or lease them instead. Developments in the sharing economy could have a major impact on a business’s product or service offering and customers. Sharing economy platforms are rewriting the rules around building trust and connection with customers. Leveraging the lessons of the sharing economy is something that will require close observation.

A Surge in the Number of IoT-Connected Devices

The Internet of Things (IoT) refers to the concept of embedding “things” (such as lights, fridges, coffee machines, heaters, engines) with sensors, then connecting them to mobile devices, people, or other “things” via the Internet. Broadband Internet is becoming cheaper, faster, and more widely available, while sensor and technology costs are decreasing, and smart phone ownership is increasing. The IoT is rapidly accelerating, with more and more devices being created with sensors and Wi-Fi capabilities. The number of IoT home devices in Canada is forecast to grow almost 60 per cent between 2017 and 2021 alone. By 2030, the IoT could add $14 trillion to the global economy and revolutionize everyday life. An increased wealth of information about how people live their lives will come with these new connected devices. Navigating the

4 Reuters, “Airbnb CEO Invites Some Property Hosts.”
5 Etherington, Uber Crosses The 5 Billion Trip Milestone.
6 Auken, Welcome to 2030.
7 Nargas, Taylor, and Wallace, Canadian Consumer Connected Mobility and Connected Home Devices.
8 Accenture, Winning With the Industrial Internet of Things.
opportunities without prompting significant privacy concerns will be a key component of the evolution of these products.

The Widespread Adoption of 3D Printing

3D printers apply layers of material—such as heated plastic, or powders in the case of metals and ceramics—to create anything from apparel and toys, to entire buildings. They have the potential to transform what, where, and how products are designed, manufactured, distributed, consumed, and even serviced. The automotive, medical, aerospace, and consumer products industries are currently the greatest adopters of 3D printing. The use of 3D printing is in its infancy when it comes to the medical profession, but it is expected to transform health care in the coming years. For example, human tissues could be printed, replacing the need for some organ transplants. In addition, customized pills containing multiple drugs, all with different release times, could be printed for patients with complex conditions, and customized prosthetics could be printed exactly tailored to a patient’s needs.

By 2030, the global 3D printing market could be worth US$70 billion annually. The cost benefits of 3D printing could even lead to the return of manufacturing to Canada from lower-wage countries. 3D printing has the potential to reduce waste and advance the circular economy, but 3D scanning and copyright infringement remain significant threats to business. Businesses may wish to examine how 3D printing could improve their manufacturing process and product offering, while considering how it could impact demand for their products, where products will be cheapest to produce, and where they will end up at the end of their life.

9 World Economic Forum, Technology and Innovation, 4.
10 Ibid., 17.
11 Trounson, Here’s How 3D Printing Could Change the Future of Medicine.
12 Mercer, Home 3D Printers Market Opportunities and Obstacles.
13 World Economic Forum, Technology and Innovation, 18.
14 Ibid.
The Rising Use of Cryptocurrencies

Cryptocurrencies (digital currencies that use cryptography for security) are on course to majorly disrupt traditional financial systems. The value of Bitcoin, the world’s leading cryptocurrency, soared by a whopping 1,330.0 per cent over the course of 2017\(^\text{15}\) before dropping significantly in early 2018. With the exponential rise in Bitcoin value, interest in alternative cryptocurrencies, such as Ethereum, Litecoin, and Ripple, has been growing too. Dubai recently launched its own cryptocurrency,\(^\text{16}\) Estonia is floating the idea of a national cryptocurrency prototype,\(^\text{17}\) and banks in Japan are hoping to launch their own cryptocurrency in time for the Tokyo Olympics in 2020.\(^\text{18}\)

As we look to 2030, the use of cryptocurrencies in Canada should increase significantly, but the Bank of Canada has not yet announced any plans to launch its own cryptocurrency.\(^\text{19}\) We can, however, expect to see greater regulation to help tackle some of the issues associated with cryptocurrencies, including tax evasion, money laundering, contraband purchases, the financing of terrorism, and extortion, as is already planned in the European Union.\(^\text{20}\) Businesses should explore how these new payment forms may affect them. They will need to determine if they wish to be early adopters or prefer a more cautious wait-and-see approach. There are certainly risks associated with both.

Increasing Job Losses Resulting From Robotic Automation

By 2030, up to 800 million workers (30.0 per cent of the global workforce) could lose their jobs due to robotic automation.\(^\text{21}\) Meanwhile, in Canada, nearly 42 per cent of the labour force is forecast to be at a high risk of

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15 Coinbase, *Bitcoin*.
16 Galeon, *This City Now Has Its Very Own Cryptocurrency*.
17 Cellan-Jones, *Tech Tent*.
18 Kharpal, *Japanese Banks Are Thinking of Making Their Own Cryptocurrency*.
20 Kollewe, *Bitcoin*.
being affected by automation in the next two decades. Robots have long been a part of the manufacturing process, but cheaper costs and improved capabilities (along with artificial intelligence) are leading to their greater adoption across industries where they have not traditionally been deployed. Worldwide spending on robotics and related services is forecast to double from $91.5 billion in 2016 to more than $188 billion in 2020. Adopting advanced robotics could boost productivity, improve safety, and cut labour costs. There will be new opportunities associated with designing, programming, and servicing robots, but routine and repetitive jobs will likely be lost to robots. Historically, it was blue-collar workers who were most impacted by automation. But, as we look to the future, we'll increasingly see white-collar workers being impacted too, placing significant pressures on governments and social systems. Businesses should examine how automation could affect their entire value chain and take steps to prepare their workforce for imminent changes, while looking for opportunities for value creation.

Growing Cyber Security Risks

Rapid advances in digital technology, connectivity, and artificial intelligence are associated with growing cyber security and privacy risks. Indeed, the number of cyber attacks globally is increasing. Cyber attacks could harm the electronic controls of our power grids, water treatment plants, and telecommunication networks; interfere with the production and delivery of basic goods and services; and undermine our privacy. These risks are increasing as those seeking to infiltrate, exploit, or attack our cyber systems are becoming more sophisticated and better resourced than ever before. Businesses are increasingly seeing their data threatened, at a significant cost. The average cost of a data breach to a company has been estimated as $4 million.

22 Lamb, *The Talented Mr. Robot*, 3.
24 International Data Corporation (IDC), *Worldwide Spending on Robotics*.
25 Lamb, *The Talented Mr. Robot*.
Despite a concerning track record, many company leaders are only just waking up to the risks associated with cyber attacks. A 2017 survey published by the Harvard Business Review found that only 38.0 per cent of board directors had a high level of concern regarding cyber security risks, and an even smaller proportion said they were prepared for them.\textsuperscript{29} Businesses would be wise to conduct a full cyber security risk assessment, consider potential emergency scenarios, and establish a risk management strategy.

They should consider boosting their technological capabilities for cyber security and ensure they are compliant with all data protection legislation.

Questions for Businesses and Investors

1. Which opportunities are there for the business to use artificial intelligence to perform tasks that would normally require human intelligence?
2. How could the sharing economy impact the way customers use, consume, and pay for the businesses goods or services?
3. How could IoT-connected devices improve the business's operations or service offering to customers?
4. How could 3D printing be used to transform what, where, and how a business's products are designed, manufactured, distributed, consumed, or serviced?
5. Which opportunities do cryptocurrencies present for the business?
6. How could the business help workers displaced by automation to minimize periods of unemployment and ensure they have a prosperous future?
7. How secure are the business's cyber systems and how well-prepared are they to respond to a cyber attack?

Source: The Conference Board of Canada.

\textsuperscript{29} Cheng and Groysberg, \textit{Why Boards Aren't Dealing With Cyberthreats?}
CHAPTER 8

Economic Uncertainty

Chapter Summary

- Economic power is continuing to shift from Canada and other developed countries to emerging market nations, while the income gap between Canada’s rich and poor continues to widen.

- Female economic empowerment is increasing, although there is still some way to go before gender equity is reached.

- Meanwhile, years of low interest rates, soaring real estate prices, and stagnating wage growth have fuelled record levels of consumer borrowing, and household debt is forecast to continue increasing.

- The changing economic environment could prove challenging for businesses in Canada. However, they have some real opportunities to create a competitive advantage and positively influence the country’s economy.
The Continuing Economic Power Shift

In recent years, economic power has been shifting from Canada and other developed countries to emerging market nations such as Brazil, Russia, India, China, and South Africa (the BRICS nations).

Although the growth of some emerging economies is now slowing (and, in Brazil and Russia’s case, reversing),\(^1\) the E7 ("emerging 7") economies (China, India, Brazil, Russia, Indonesia, Mexico, and Turkey) are predicted to overtake those of the G7 (Canada, France, Germany, Italy, Japan, the U.K., and the U.S.) by 2030, both in terms of size and purchasing power.\(^2\) As we look to 2030, China, the U.S., and India are forecast to remain the world’s largest economies (GDP by Purchasing Power Parity), while Canada is forecast to slip from 17th place in 2016 to 18th by 2030.\(^3\) As Canada struggles with slow economic growth compared with some emerging market nations, businesses will need to address the issue of increased foreign competition while exploring how to create long-term value.

Rising Financial Inequality

The income gap between Canada’s rich and poor has been widening over several decades,\(^4\) as has the wealth gap.\(^5\) The U.S. has the greatest income inequality of all G7 countries, followed by the U.K, but Canada isn’t far behind.\(^6\) (See Chart 1.)

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1 World Bank, *GDP Growth (Annual %).*
5 Uppal and LaRochelle-Côté, *Changes in Wealth,* 3.
6 OECD, *Income Inequality.*
By 2016, the top CEOs in Canada were earning 209 times more than the average worker, pushing inequality to record highs.\(^7\) Growing economic inequality is bad for society, but the consequences for the poorest people are particularly challenging. If this trend continues, employers will face increasing calls to pay their low-paid staff a living wage—reflecting the amount needed to meet the actual costs of living in a specific community, rather than the minimum wage (the legal amount all employers must pay).\(^8\) Rising financial inequality can impact everyone in a business’s value chain, from suppliers to employees, customers, and investors. It can drive populism, nationalism, and societal fragmentation, and is a systemic risk for businesses across Canada.

\(^7\) Macdonald, Climbing Up and Kicking Down, 6.
\(^8\) Living Wage Canada, What Is a Living Wage?
Increasing Female Economic Empowerment

The labour force participation rate of women in Canada has been rising since the 1950s: by 2014, women made up almost half (47.0 per cent) of the entire Canadian workforce. Women’s average annual wages and salaries have been increasing too and the gender wage gap is slowly closing. Women in Canada now earn $0.87 for every dollar earned by men, up from $0.75 in 1986. Canada’s gender pay gap may be less pronounced than that of the United States and Japan, but it is still higher than that of Australia, Germany, and the United Kingdom. Not only that, 38.0 per cent of Canadian public companies have no female directors or executive officers and only 14.0 per cent of public company board members are female, suggesting there is still a lot of work to be done to reach gender equity. Differences in workforce participation, levels of pay, and seniority of roles exist for a variety of reasons. These include gender segregation in fields of study, women interrupting their careers for caregiving responsibilities, and discrimination and biases against women. The Government of Canada is introducing a legislated pay equity regime in federally regulated sectors while the Government of Ontario is hoping to introduce a Pay Transparency Act to ensure that compensation is based on a job’s requirements and the candidate’s qualifications, rather than gender. If women take advantage of certain career equalizers, and if businesses, government, and academia provide crucial support, it has been suggested that the gender pay gap in Canada could be eliminated in Canada by 2035. Many studies (such as the one published for the Peterson Institute for International

9 Statistics Canada, The Surge of Women in the Workforce.
10 Moyser, Women and Paid Work.
11 OECD, Gender Wage Gap.
12 Ontario Securities Commission, Staff Review of Women on Boards.
14 Government of Canada, Equality + Growth, A Strong Middle Class, 42.
16 Using digital technologies to connect, learn, and work; proactively manage their careers; and acquire stronger digital skills.
17 Accenture, Getting to Equal 2017, 2.
Economics in 2017)\(^1\) have shown that the presence of women in corporate leadership positions can improve business performance. Therefore, working to place more women in senior roles is a key opportunity for Canadian businesses.

Greater Consumer Debt and Financial Vulnerability

Years of low interest rates, soaring real estate prices, and stagnating wage growth have fuelled record levels of consumer borrowing in Canada. The country now has the highest household debt-to-income ratio of all G7 countries.\(^1\) By the end of 2017, Canadian households had $1.70 of credit-market debt (consumer credit, mortgage debt, and non-mortgage loans) for every dollar of disposable income.\(^2\) The Government of Canada predicts levels of household debt will continue increasing, at least in the short to medium term.\(^3\) If debt levels increase and interest rates rise, the ability of households to service their debt will be increasingly stretched, taking the financial vulnerability of the average Canadian to levels “beyond historical experience.”\(^4\)

Questions for Businesses and Investors

1. How can the business continue to create long-term value when faced with increasing foreign competition?
2. Which business opportunities could result from growth in emerging market nations?
3. Which steps is the company taking to reduce financial inequality, both within its workforce, its supply chain, and the wider communities in which it operates?

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18 Noland, Moran, and Kotschar, Is Gender Diversity Profitable?
19 OECD, Household Debt.
21 Parliamentary Budget Officer, Household Indebtedness, 11.
22 Ibid., 2.
4. How is the business addressing the gender pay gap? Which steps is the business taking to increase the number of women in senior positions within the business?

5. How does the business help its employees, customers, and the wider community with financial literacy?

Source: The Conference Board of Canada.
Chapter Summary

- Canada’s export growth is forecast to outpace overall economic growth. And, with the introduction of new international trading agreements on the horizon, Canada can expect to see increasing trade with countries outside the United States.

- Businesses and governments will have a key role to play in ensuring the United Nations’ Sustainable Development Goals are achieved.

- Meanwhile, public debt is predicted to continue growing in Canada for the foreseeable future—a move that could see interest rates rise as a result.

- Public policy developments should be watched closely, as the nature of political cycles can lead to sudden changes in direction.
New Trading Agreements and a Growth in Canadian Exports

The Canadian economy is heavily reliant on international trade, facilitated through trade agreements such as the North American Free Trade Agreement (NAFTA) and the Canada-European Union Comprehensive Economic and Trade Agreement (CETA).

Currently, Canada’s principal export trading partners are the U.S. (74.3 per cent), China (4.9 per cent), the U.K. (2.8 per cent), Japan (2.1 per cent), and Mexico (1.7 per cent). However, with the renegotiation of NAFTA, the new Trans-Pacific Partnership (TPP) agreement, and expected bilateral trade deals with China and post-Brexit Britain, Canada could expect to see growing trade with countries outside the U.S. as we look to 2030. With the U.S. being Canada’s largest trading partner, new trade barriers imposed under NAFTA would have a detrimental impact on the Canadian economy. But, despite this risk, Canada’s export growth is forecast to outpace overall economic growth to meet the needs of a burgeoning global population. Businesses should explore what new and renegotiated trading agreements could mean for them, both in terms of risks and opportunities.

The UN’s Sustainable Development Goals

In 2015, 193 countries, including Canada, signed the 2030 Agenda for Sustainable Development. This involved committing to 17 Sustainable Development Goals (SDGs) and 169 targets laid out by the United Nations to end poverty, protect the planet, and ensure prosperity for all. To ensure the SDGs are met by 2030, governments worldwide are

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1 Statistics Canada, Merchandise Trade: Canada’s Top 10 Principal Trading Partners.
2 Conference Board of Canada, The, Canadian Outlook Long-Term Economic Forecast.
3 United Nations, Transforming Our World.
establishing new regulations and guidelines that will impact business. Although it is the responsibility of governments to tackle the SDGs at a national level, businesses have a key role to play in achieving the SDGs. Companies create economic growth and employment, and are a source of skills, finance, technology, and innovation. Many businesses are aligning their strategic plans to the SDGs and reporting against these, but a significant number have yet to realize their role and importance in advancing the goals. As Canadian provinces and local governments take up their role in advancing the SDGs, this should have a knock-on effect on business and industry, as companies seek to address the risks and leverage the opportunities presented by the goals. Businesses may wish to consider where they have the potential to contribute toward the goals and communicate their strategy and impact to investors and other stakeholders.

Growing Public Debt

Over the past decade, Canada has experienced strong economic growth, but it has come at a cost. Combined federal and provincial debt increased from $833 billion in 2007–08 to $1.4 trillion in 2016–17, representing $37,476 for every Canadian and an estimated debt-to-GDP ratio of 99.4 per cent. Servicing this debt in 2015–16 cost the federal and provincial governments $62.8 billion in interest payments, equating to $1,752 for every Canadian. High levels of public debt are not unique to Canada. With governments worldwide taking advantage of historically low interest rates, debt-to-GDP ratios globally have increased significantly in recent years. An aging population will add to public debt challenges, with an increased need for spending on health care and pensions. Public debt is predicted to continue growing in Canada for the foreseeable future, with several governments projecting budgetary deficits, financing capital projects with debt, and lacking plans

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4 World Business Council for Sustainable Development (WBCSD), Business and the SDGs.
7 Lammam, MacIntyre, Ren, and Hasan, The Cost of Government Debt in Canada, 1.
for returning to a balanced budget. While public debt can stimulate the economy, debt servicing costs can negatively impact the revenue available for public programs like health care, education, and social services. If public debt grows too high, investors in government bonds will expect higher returns for the risk associated with the debt not being repaid, therefore driving up interest rates for government bonds. If interest rates on public debt increase, they are also likely to rise for private debt, impacting businesses and their suppliers, customers, and employees.

### Questions for Businesses and Investors

1. What impact could new and renegotiated trade agreements have on the business?
2. How could the business contribute toward achieving the UN's Sustainable Development Goals?
3. If interest rates were to rise in response to growing debt (or other factors), what impact would this have on the business?

Source: The Conference Board of Canada.

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10 Ibid., 1.
CHAPTER 10
Changing Values and Expectations

Chapter Summary

• Generation Z (typically referred to as those born after 1997) will be reaching adulthood over the coming decade.

• While members of Generation Z share some characteristics with the millennials who come before them, they have some distinct values and expectations, likely to impact businesses in a variety of ways.

• E-commerce is forecast to grow as consumers shop more and more online, while breaches of trust have left investors and consumers calling for increased corporate accountability and transparency.

• Attitudes regarding the responsibilities of businesses, both toward individuals and the environment, are changing.

• As we look towards 2030, we can expect to see more businesses articulating their purpose beyond profit, and businesses playing a stronger role in tackling social and environmental challenges through their core business operations.
Generation Z’s Coming of Age

The next population wave after millennials is Generation Z (typically referred to as those born after 1997).\(^1\) By 2030, members of Generation Z will be in their 20s and early 30s, and are forecast to account for 30.0 per cent of the global population.\(^2\)

While members of Generation Z share some characteristics with millennials, they have some distinct values and expectations. For example, culture commentators sparks & honey argue that the following stereotypes largely apply to Generation Z. They:

- have never known a world without the Internet;
- make technology central to every aspect of their lives;
- have an average attention span of just eight seconds;
- embrace multiculturalism, ethnic diversity, and same sex marriage, and expect continued social progress;
- are particularly risk-averse;
- want jobs with a positive social and environmental impact.\(^3\)

As we look towards 2030, Generation Z will play a stronger role in Canada’s workforce, moving into leadership positions, making higher-value purchasing decisions, influencing the economy, and shaping society. As with all generations, individuals will display a variety of characteristics, but the general trends show a generation that may act and purchase differently than those that came before. Businesses will need to examine their recruitment and retention policies, marketing strategies, and products and services to ensure they are addressing Generation Z’s expectations.

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1 Pew Research Centre, *Generations and Age.*
3 sparks & honey, *Meet Generation Z.*
Growth in E-Commerce Disrupting the Retail Sector

Lower prices, better deals, and the ability to shop 24/7 from the convenience of their own home are driving consumers to buy more online.\(^4\) By 2020, e-commerce is expected to account for 10.0 per cent of total retail sales in Canada (up from 5.8 per cent in 2015).\(^5\) As consumers continue to buy more online and foot traffic to malls declines, traditional retailers face a greater risk of falling profitability and even bankruptcy. Canada has 16.5 square feet of retail space per person, second only to the U.S.—so the risk to Canadian retailers is significant.\(^6\) For example, in 2017, Sears Canada (Canada’s largest retailer, for much of its existence) announced it was going out of business after 65 years of business.\(^7\) When it comes to e-commerce, Canada lags behind other developed countries, mainly because retailer investment returns are hard to obtain in such a geographically large country with a dispersed population.\(^8\) But, as we look toward 2030, online sales look set to grow (both in real terms and as a percentage of total retail sales). Retail businesses should assess what impact the growth of online shopping could have on their bricks and mortar stores, while considering which investments will be necessary to deliver growth in online sales.

Calls for Greater Corporate Transparency

Breaches of trust, such as the 2015 Volkswagen emissions scandal,\(^9\) have left investors and consumers calling for increased corporate accountability and transparency. Trust in business is in decline in almost every country worldwide.\(^10\) According to the 2017 Edelman

\(^4\) Statista, *Reasons Consumers Prefer Online*.
\(^5\) eMarketer, *Retail Ecommerce Sales in Canada*.
\(^7\) Sears Canada, *Going Out of Business*.
\(^8\) eMarketer, *Ecommerce in Canada 2017*.
\(^9\) U.S. Environmental Protection Agency, *Volkswagen Violations*.
\(^10\) Edelman, *Edelman Trust Barometer—Global Results*. 
Trust Barometer, only half of Canada’s population has faith that businesses will do the right thing, and they do not generally consider CEOs to be a credible source of information.\textsuperscript{11} However, Canadian businesses have a distinct advantage: Edelman’s 2018 Trust Barometer found that Canadian companies were the most trusted globally.\textsuperscript{12}

The rise of social media has made it easier for individuals and groups to exert pressure on companies and expose their shortcomings. Recognizing this, some businesses (including Nestlé, Unilever, and Walmart) are exploring how blockchain technology can be used to improve supply chain transparency.\textsuperscript{13} Others (like Procter and Gamble) are making bold pledges to provide customers with clear, reliable, and accessible information, to help them make informed decisions.\textsuperscript{14} The dark side of social media is also apparent as fake news and social media manipulation are growing concerns. As we look toward 2030, businesses will need to consider which steps they can take to build trust with customers, communities, and wider society.

The Rise of Purpose-Driven Business

Attitudes regarding the responsibilities of businesses, both toward individuals and the environment, are changing. Evidence is mounting that having a compelling purpose beyond making a profit should help businesses to survive and thrive.\textsuperscript{15} Advocates for a purpose-driven approach to business believe it’s better for profits in the long run, and that society and shareholders need not be in conflict.\textsuperscript{16} Indeed, research has found that purpose-driven businesses experience greater revenue growth, have more engaged employees, more loyal customers, and are better at innovating—giving them a distinct competitive advantage.\textsuperscript{17} Purposeful brands have been found to outperform the stock market

\textsuperscript{11} Edelman, \textit{Edelman Trust Barometer—Canadian Results}.
\textsuperscript{12} Ibid.
\textsuperscript{13} Edie Newsroom, “IBM Blockchain Food Safety Programme.”
\textsuperscript{14} Sustainable Brands, \textit{P&G Latest CPG Company to Disclose Fragrance Ingredients}.
\textsuperscript{15} Warin, \textit{The Evidence Behind Values and Purpose}.
\textsuperscript{16} \textit{Economist, The}, “The Parable of St Paul.”
\textsuperscript{17} \textit{Harvard Business Review, The Business Case for Purpose}. 

Find Conference Board research at www.e-library.ca.
by 206.0 per cent. There are already over 150 Certified B Corps (for-profit companies certified by the non-profit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency) in Canada, making this the second largest community in the world. As we look to 2030, we can expect to see more businesses articulating their purpose beyond profit, and businesses playing a stronger role in tackling social and environmental challenges through their core business operations.

**Questions for Businesses and Investors**

1. How is the business planning to address Generation Z’s expectations, both in the workplace and marketplace?
2. Which strategies does the business have in place to address the opportunities and challenges posed by growth in online sales and a decline in traditional retailing?
3. Which steps can the business take to build trust with customers, communities, and wider society?
4. What is the business’s broader social or environmental purpose, beyond profit? Is this purpose embedded throughout the business’s operations?

Source: The Conference Board of Canada.

18 Havas Media, *Meaningful Brands*.
19 B Lab Canada, *B the Change*. 
CHAPTER 11
Health and Diet

Chapter Summary

- Obesity and associated lifestyle diseases are expected to keep rising in Canada, and cardiovascular disease is likely to remain the leading cause of death.

- The cost of mental illness to the Canadian economy is increasing, while antimicrobial resistance is threatening the prevention and treatment of an ever-increasing range of infections.

- As we look toward 2030, we can expect to see Canadians adopting diets higher in local, organic, plant-based food.

- Businesses in the health, pharmaceutical, food, and agricultural sectors will be particularly impacted by changes to the nation’s health and diet.
Greater Obesity and Incidence of Lifestyle Diseases

The prevalence of obesity in Canada is higher than most other OECD countries. In 2015, 61.0 per cent of Canadian adults were classified as overweight or obese, up from 59.0 per cent in 2004.

Excess weight can negatively impact every aspect of health, from reproductive and respiratory function, to memory and mood. It also increases the risk of diabetes, cardiovascular disease, and some cancers. Some 65 to 75 per cent of the prevalence of hypertension can be directly attributed to obesity. Obesity is expected to keep rising in Canada until at least 2030, cardiovascular disease is likely to remain the leading cause of death, and increasing numbers of Canadians are expected to suffer from diabetes/pre-diabetes. The growing prevalence of obesity and associated lifestyle diseases could have serious implications for the cost of health care, workplace absenteeism, and people’s quality of life.

The Rising Cost of Mental Illness

Mental illness is costing the Canadian economy over $20 billion a year due to lost labour force participation, and by 2030 is forecast to reach $29.1 billion. These figures don’t include the costs of patient care, insurance for employers, services in communities, or the many intangible costs for those affected and their families. According to the Canadian Mental Health Association, one in five Canadians will

1 OECD, *Obesity Update*, 3.
2 Statistics Canada, *Canadian Community Health Survey—Nutrition*.
3 Harvard T.H. Chan School of Public Health, *Obesity Prevention Source*.
4 Hall, do Carmo, da Silva, Wang, and Hall, "Obesity-Induced Hypertension."
7 Diabetes Canada, *Diabetes Statistics in Canada*.
experience a mental health problem in any given year. In the workplace, discrimination against those with mental health problems can contribute to reduced employment, missed career advancement opportunities, and job loss. Poor mental health is associated with substance abuse, addiction, other medical conditions, poverty, homelessness, crime, premature death, and suicide. Canada is likely to face many challenges associated with mental health as it looks to 2030. Employers should consider the impact of mental health problems on their employees and business operations, and take steps to support those affected.

A Surge in Superbugs

Antimicrobial resistance is threatening the prevention and treatment of an ever-increasing range of infections caused by bacteria, parasites, viruses, and fungi. Growth of antimicrobial resistance has been attributed to the overuse of antimicrobial drugs in veterinary and human medicine. Weak micro-organisms are killed, but the survivors may be made stronger as they adapt to survive. As micro-organisms build up a resistance to antimicrobial drugs, they become ineffective. And, currently treatable illnesses and infections become difficult to control or cure, creating an economic and emotional burden for families and Canada’s health care system. The World Health Organization states that 700,000 people worldwide die annually from infections caused by superbugs (antibiotic-resistant bacteria). In Canada, medical costs associated with antimicrobial resistance have been estimated at $1 billion. Without effective action, superbugs are predicted to cause 10 million deaths a year worldwide by 2050. Businesses working in the health, pharmaceutical, and agricultural sectors will have a big role to play in tackling antimicrobial resistance over the coming years.

9 Canadian Mental Health Association, *Fast Facts About Mental Illness.*
10 Centre for Addiction and Mental Health, *Mental Illness and Addictions.*
13 Shore, *Five Things.*
Diets Higher in Local, Organic, Plant-Based Foods

While the prevalence of obesity and associated lifestyle diseases is growing, some Canadians are becoming more aware of the benefits associated with a healthy diet. Canada’s organic food sector is flourishing, with double-digit annual growth in retail sales over the last decade.\textsuperscript{17} Canada’s organic food sector is expected to grow over the coming years, as producers become more organized, trade barriers are reduced, and consumer demand grows.\textsuperscript{18} Canadians’ appetite for locally produced food has also surged over the last decade,\textsuperscript{19} with a significant proportion of the population willing to pay a premium for local food.\textsuperscript{20} Meat consumption per capita has been declining in Canada since 1999,\textsuperscript{21} but it remains higher than in most other OECD countries.\textsuperscript{22} New government-issued food guidelines in Canada (and around the world) recommend that people increase their consumption of plant-based foods.\textsuperscript{23} Switching to a diet relying more on plant-based foods could save up to 8 million lives globally by 2050 and reduce greenhouse gas emissions by two-thirds.\textsuperscript{24} Changes in diet will impact a business’s suppliers, employees, customers, and the communities in which they live and work. Businesses may wish to examine the foods they serve or make available in the workplace, while those working in the food, retail, and agricultural sectors should examine the longer-term demand for the products they are producing and selling.

\textsuperscript{17} Agriculture and Agri-Food Canada, Canada’s Organic Products Industry Overview.
\textsuperscript{18} Ibid.
\textsuperscript{19} Edge, Canada’s Growing Appetite for Local Food.
\textsuperscript{20} Loyalty One, Buy Local Hot Among 61% of Canadians.
\textsuperscript{21} Burt, Strengthening Canada’s Food Chain.
\textsuperscript{22} OECD, Meat Consumption.
\textsuperscript{23} Government of Canada, Summary of Guiding Principles and Recommendations.
\textsuperscript{24} Springmann, Godfray, Rayner, and Scarborough, “Analysis and Valuation of the Health and Climate Change.”
Questions for Businesses and Investors

1. What is the business doing to help tackle obesity and lifestyle diseases in its workforce, customer base, and the communities in which it operates?
2. What is the business doing to promote mental health and wellness, and support mental resilience in the workforce?
3. How does the business encourage its employees, customers, and wider communities to have a healthy diet?
4. How are changes to the nation’s health and diet likely to affect the business? Which risks and opportunities are associated with these changes?

Source: The Conference Board of Canada.
CHAPTER 12

Conclusion

Chapter Summary

- Canadian businesses will be subject to a multitude of forces with the potential to disrupt their entire value chain and the environment in which they operate.

- To succeed, corporate leaders will need to think ahead, make bold decisions, and innovate.

- Failure to anticipate disruption, or act and adapt, will threaten long-term viability.

- Nimbleness, resiliency, and strong connections to stakeholders will be important to successfully navigate the disruptive forces shaping the future.

- The next decade presents huge risks and opportunities for Canadian businesses—it’s time to take action!
Looking forward, disruption is the overarching trend. Canadian businesses will be subject to a multitude of forces with the potential to disrupt their entire value chain and the environment in which they operate.

To succeed, corporate leaders will need to think ahead, make bold decisions, and innovate. In doing so, they have the potential to improve prospects not just for themselves, but for the communities in which they operate and Canada as a whole. Failure to anticipate disruption, or act and adapt, will threaten long-term viability. Navigating this disruption will be easier if companies have a compelling purpose that guides their work.

This report is intended to help readers understand the disruptive forces likely to affect organizations, address the risks associated with them, and capitalize on the opportunities they may bring. Two other reports in our “Canada 2030” series should help readers embed sustainability considerations into corporate governance and understand the trends impacting corporate sustainability reporting.

We are entering an age of disruption. Nimbleness, resiliency, and strong connections to stakeholders will be important to successfully navigate the disruptive forces shaping the future. The next decade presents huge risks and opportunities for Canadian businesses—it’s time to take action!

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APPENDIX A

Resources

The Conference Board of Canada has various resources to help business professionals and investors navigate the trends affecting business success, address the risks associated with these trends, and capitalize on the opportunities they may bring. Some of our key resources are presented below and have been grouped by theme. Review these resources to find the tools, insights, and best practices to help your organization respond, leverage, or influence the trends identified in this report, and address them in your corporate governance and strategy.

Social Purpose

For a business to survive and thrive over the next decade, it must have a compelling purpose beyond making profit, embed this purpose across its operations, and communicate this purpose clearly and authentically to its stakeholders. The trends in this report can be used to help identify or refresh your company’s social purpose.

The Social Purpose Company

This briefing examines the drivers for businesses adopting a social purpose. It offers examples of social purpose companies, and a social purpose continuum, to help readers understand the steps necessary to move from a philanthropic model to that of social purpose.

www.conferenceboard.ca/topics/crs/default.aspx.
The Social Purpose of Business
This webinar features Abby Brennan, Senior Manager of Purpose Strategy and Activation at PwC; Liz Arkinstall, Manager, Community Engagement at Libro Credit Union; and Coro Strandberg, President of Strandberg Consulting, as they share their perspectives on social purpose, what it is, and why it is relevant to business. wwwconferenceboard.ca/events/webcasts.aspx.

Redefining Products and Brands to Make a Sustainable Impact
This webinar features Tim Faveri, Vice-President, Sustainability and Shared Value at Maple Leaf Foods; and Coro Strandberg, President of Strandberg Consulting, as they discuss how a business identifies the sustainability megaforces that will affect its future business and how it evolves its products to position the business for future growth. wwwconferenceboard.ca/events/webcasts.aspx.

Long-Term Vision
Leading companies are setting ambitious, long-term visions to guide corporate growth in ways that contribute to a prosperous future for themselves and society. They use sustainability trends research to inform future strategic priorities and set long-term ambitions to address societal trends profitably through their core business.

Setting a Long-Term Sustainability Vision
This briefing identifies the drivers for businesses setting a long-term vision and the benefits for doing so. It contains guidance around developing your vision story and examples of long-term vision approaches using sustainability trends as a key input in corporate strategy. wwwconferenceboard.ca/topics/crs/default.aspx.
Sustainability Visions: Fresh Strategies for Today’s New Realities
This webinar features Rose Perkins, Associate Director, Sustainability at The Dow Chemical Company; David Redfern, Vice-President and General Manager of Lafarge Canada; and Coro Strandberg, President of Strandberg Consulting, as they share their perspectives on setting long-term sustainability visions and strategies. The webinar describes the development process and the overall transformational sustainability ambitions two companies have set, including the drivers, benefits, and role of sustainability trends analysis. www.conferenceboard.ca/events/webcasts.aspx.

Developing a Sustainable Product Portfolio
This webinar profiles the latest thinking in sustainable product innovation. Tim Faveri, Vice- President, Sustainability and Shared Value, Maple Leaf Foods; and Coro Strandberg, President, Strandberg Consulting, describe strategies to improve the sustainability impacts of your products and create customer value. www.conferenceboard.ca/e-library/abstract.aspx?did=9388.

Climate Leadership
Organizations will need to adopt climate leadership measures to help Canada meet its Paris Agreement obligations and avoid the potentially catastrophic risks associated with climate change.

Climate Leadership for Business
This briefing provides readers with climate leadership measures to help organizations reduce the risks associated with climate change by becoming transformational climate leaders. These leaders transform their operating models and contexts to enable their business and society to flourish in the future. www.conferenceboard.ca/topics/crs/default.aspx.
The Water Imperative: New Standards in Corporate Water Leadership
This webinar features Alexis Morgan, Lead Advisor on Water Stewardship at WWF; Andrew Craig, Senior Manager of Environmental Initiatives at RBC; Jamie MacKinnon, Senior Manager for Global Sustainability at Molson Coors; and Coro Strandberg, President of Strandberg Consulting, as they share their perspectives on emerging water stewardship and standards, water risk considerations of lenders and insurers, and leading corporate practices.

Corporate Responsibility and Sustainability Careers
The sustainability megaforces described in Canada 2030: The Defining Forces Disrupting Business will prompt new roles for sustainability practitioners. Job descriptions will evolve and skills change as organizations transition from an operational to a strategic sustainability focus to achieve greater business and societal results.

Next-Generation Corporate Responsibility and Sustainability Jobs
This briefing examines the shifting job roles and responsibilities, skills, and functional knowledge, departmental structures, and reporting structures associated with next-generation corporate responsibility and sustainability jobs that are evolving to address emerging sustainability trends and risks.
www.conferenceboard.ca/topics/crs/default.aspx.

Next Generation Skills and Practices
This webinar features Chantale Despres, Director of Sustainability at CN, as she shares insights into the ways in which the role of the corporate responsibility and sustainability practitioner is adjusting to meet new business imperatives and address sustainability megaforces.
The webinar is designed to enable practitioners to achieve greater influence and success—for the benefit of their organization and society. www.conferenceboard.ca/events/webcasts.aspx.

Other Resources

• **E-library:** The Conference Board of Canada’s e-library contains thousands of reports and webinars covering economic trends, organizational performance, and public policy issues. www.conferenceboard.ca/e-library/.

• **Executive Networks:** The Conference Board of Canada offers numerous executive networking opportunities. Network themes include Economic Performance and Trends; Energy, Environment, and Transportation Policy; Health, Health Care, and Wellness; Human Resource Management; Immigration; Leadership and Governance; National Security and Public Safety; Organizational Excellence; Corporate Responsibility and Sustainability; and Science, Technology, and Innovation Policy. www.conferenceboard.ca/products/networks.aspx.

• **Research Institutes:** The Conference Board of Canada produces cutting-edge research through a number of research institutes. They include the Corporate Responsibility and Sustainability Institute; Centre on the Low-Carbon Growth Economy; Food Horizons Canada; How Canada Performs; L'Institut du Québec; Centre for the North; Centre for Business Innovation; Global Commerce Centre; National Immigration Centre; and Professional Development Institute. www.conferenceboard.ca/specialprojects.aspx.

• **Conferences:** The Conference Board of Canada runs many conferences a year, providing senior decision-makers from public and private sector organizations with opportunities to share ideas on operations and strategies, learn about next and best practices, and explore practical business solutions to the challenges faced by Canadian business leaders. www.conferenceboard.ca/conf/default.aspx.
APPENDIX B

Bibliography


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Appendix B | The Conference Board of Canada


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