Caldwell

LEADERSHIP ROUNDTABLE RECAP

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Les Gombik: Good morning, everybody. Thanks to all of you for joining us today. My name is Les Gombik and I'm a managing partner with Caldwell. This is our 16th weekly leadership call. Although we're going to take a break next week for Canada Day and Independence Day, we'll still be running the occasional call over the summer for the participants who keep finding these valuable. Each week we try to give you some insightful and useful tidbits that you can take back to your organizations to help make an impact. Now, we've settled into a pretty comfortable routine each week by bringing you three great panelists, a forward looking economist or special interest leader, a seasoned board director who has gone through major challenges and has the scars to prove it, and a CEO going through a major transformation or some interesting things. Now, some ask me why we as a search firm, do this each week? Well, not only do I personally love the front row seat each week spending time with these great leaders, but we hear great stories all the time about how companies and individuals are stepping up by donating PPE or providing hundreds of meals for first responders and although I'm not in an industry where we can do things like that, we're happy to leverage our connectivity to bring you hardened experts, to help you get through this as painless as possible.

Our three panelists today are going to be a lot of fun. First, we have the former Bank of Canada Governor David Dodge, who will share his insights on the economy and what we as leaders should expect and what we need to do to plan for the short, medium and long term. Next, we'll have longtime board chair, director and former CEO Don Lowry. Don sits on big and small boards, public and private, from one end of the country to the other and he has literally seen it all. Finally, we're going to have Jay Forbes, CEO of Element Fleet Management. Jay's company caters to some of the largest fleets for the biggest companies in the world and has a great perspective on global supply chains as a result, but also has some interesting things going on in his company that we'll be able to learn from. As usual, each panelist will speak for five to 10 minutes so we'll save lots of time for Q&A at the end. Over the course of the session, please send me a text, an email or use the button at the bottom of the Zoom window to submit your question or comment.

So let's get started. Our first speaker is actually the third speaker over the series who has a long and storied career but has ultimately made their way to being a senior adviser with Bennett Jones. So thank you to Bennett Jones for having great people to help us join these sessions. Now, you may remember on week eight, we had Indira Samarasekera, and on week 13, we had Christy Clark. I'm thrilled to introduce to you the most recent Bennett Jones senior adviser who is a panelist, and he's also known as the former governor of the Bank of Canada, David Dodge. David recently co-authored the Bennett Jones economic update and has his finger on the pulse of where this crazy ride is taking us. Now, David, in the sign-up page for the session, we have a field where we ask people for recommendations for speakers and topics. Not only is chief economist the most requested speaker that we receive each week, but David Dodge in particular has come up numerous times over this series. As a result, I was so excited that you were willing to do this - until I read your economic update and I saw your worst case scenario forecast and I got a little nervous, I have to admit. But we're still excited to have you and please, David, help us understand that it may not be as bleak as we all might think.

David Dodge: Thank you very much Les. It's a great pleasure to be with you this morning. We do live in a world of radical uncertainty, so I don't think any expert can tell you where things are going to go. We're going to have to learn to live with the uncertainty. We don't know how COVID is going to evolve. We do not know when we'll get a vaccine and if it will be effective. We don't really understand the people's willingness to distance for an extended period of time. We have no idea about how many serious outbreaks may occur in this country or around the world as we go forward. So we really are, with respect to COVID, living in a world of radical uncertainty. It was an uncertain world before that, though. Let's remember, we have faced some real changes on the international side in terms of trade issues. Clearly, we have faced some very real challenges in terms of maintaining supply chains through this crisis. What I am going to try to do is to say a little bit about how I think central banks are going to react during this period. How governments are going to react. Then that leads me to what business might do to make their plan. Whatever plan is made, won't exactly turn out. A plan beats no plan always and so that's what we aim for.

Let me first talk about what central banks in North America are doing. Both of our central banks basically have a two percent target. In particular in Canada, this is a target which is agreed to by the federal government. If we look at the last speeches of Mr. Powell in the US and Mr. Macklem in Canada, we can see the emphasis they put on the importance of that target. What does that mean? That means as long as inflation is well below the target, at, or below the target, then indeed central banks are going to be supportive of the economy. They will be supportive in terms of a low target interest rate for Fed funds at the overnight rate in Canada and supportive in terms of their support for the bond market. Very clearly, both Mr. Powell and Mr. Macklem have said they're going to stay there. I think that is something you can, so to speak, take to the bank as a promise. As we look out between now and the end of 2021 and maybe into the first part of 2022, we're sure that inflation, however we measure it and it's more difficult as the structure of the economy keeps changing, is going to be below the target. I think we can be pretty sure that both of these central banks are going to be pretty accommodative through the piece, not just in terms of the overnight rate, but they will continue to support the bond market. That is a pretty reasonable basis on which to make your own plans.

For governments, it's a little bit more difficult. At the moment, we can see is that the high rate of savings by the upper middle class, upper class households, and concentrated corporations, are being recirculated in the economy by governments going out and borrowing and creating demand, to soak up those savings. That's true in both of our countries, Canada and the US, despite the fact that we are drawing on the international community for savings as well. Why is that? It's because we are running rather large current account deficits. We draw on the international community for savings because of that, but we still have access to savings that we're generating domestically and that's what governments are doing. They're basically taking those savings, going out and borrowing them back by issuing government bonds or in the case of central banks, by printing more money. We're going out and borrowing those savings and recirculating them back into the economy to maintain domestic demand. Now, as we do that, of course, government debt is mounting. The question which everyone has in the back of their mind, including the folks here in Ottawa and the folks in Washington who are trying to guide that policy, is how long can this carry on? How much further can government debt run up before it becomes unsustainable? I think the answer to that, certainly in Canada, is that we can run it up a fair bit more. Federal debt will be at about 50 percent of GDP by the time we get to the end of 2021. That is probably sustainable. Capital markets will be willing to continue to lend their governments at favorable rates, especially when supported by the central bank. Over the next 18 months, you'll see the government gradually winding down on the level of emergency support that has been given over this period of time. In the long run, you can't go on running up government debt forever and ever. They are going to have to wind this down somewhat, not to zero, but wind it down somewhat. At some point, interest rates are going to come back up as consumers gain confidence and start spending. So the amount of excess savings on the household side will go down. Similarly, as business gains confidence, the amount of excess savings on the business side will go down. As we get out into 2022, 2023, the potential to return to much more normal levels of inflation is likely to occur. By that time, government support will have tapered down. Not to zero, but taper down very significantly.

What does all that imply then, for business planning and remembering that we are operating under a high degree of uncertainty in this regard? I think that we're going to get some recovery in Q3. We've already got more than we might have expected in the second half of June. The actual bottom of the cycle in the current fiscal quarter will probably not be quite as low as we might have thought six or seven weeks ago. We'll probably get some further recovery in Q3. By the end of this calendar year, we're still likely to be operating only at about 95 percent of the level we were operating in the fourth quarter of 2019. We're going to have a rather long, slow slog upwards through 2021. Exactly how that will play out, will depend on the availability of vaccines. Our bet in our Bennett Jones outlook is that we can't really count on that much before the second half of next year. By the end of next year, we ought to be back at a level that it is at least close to the fourth quarter of 2019, even though unemployment will remain high because the recovery in certain sectors of the economy in particular arts and entertainment, travel, tourism, restaurants and so on. That recovery is going to be delayed because people will not have the confidence to drive demand in that sector. It won't necessarily be because of lack of money, but because of lack of confidence.

What about the longer run? What's going to come out of this? I think we can think of COVID as being an accelerator of trends that were there in 2018-19, in particular, the drive to virtual services as opposed to in-person services. As we move from in-person delivery to online delivery, as we work from home more than we might have expected before. At the same time, all of that implies and this is particularly important for us here in Canada, that probably the rate of increase in oil demand will be much less than we had anticipated in 2019. Going forward we're going to have to adjust to that.

From the government side, what can we expect? Well, one of the things that COVID has done is it accelerated industrial concentration, which was already growing quite quickly. I think the issue of government policy, how it's going to deal with industrial concentration will come back to the fore. We clearly understand now the problem of widening skill differentials. Again, that was there before, but the impact of COVID is certainly widened that out further. That implies governments are going to have to worry more than they have in the past about people at the bottom end of the wage scale. That probably means for the rest of us somewhat higher taxes, both corporate and personal going forward. It's going to mean, as I said earlier, a bigger debt for government. But as interest rates go up, then governments are going to have to squeeze in order to pay the interest on the debt that they've accumulated. We're going to continue to see increased nationalism. I mean, that's been an unfortunate consequence of COVID as everybody looks after themselves. That is going to be an issue and I look forward to Jay's comments on how he sees that affecting supply chains. Finally, while we're looking at low interest rates from now through 2021, that is not necessarily true in the long run. That black swan that one needs to be prepared for is a loss of confidence in the U.S. dollar going forward. Our whole international system is based on the U.S. dollar. That is the ultimate tail risk as the United States borrows increasingly from abroad and runs up increasing debt. If that cracks and it may well as it did in 1970, then we have a real problem that will make the great financial crisis pale in comparison. So thank you very much, Les. Maybe that's enough to get us started.

Les Gombik: That's more than enough to get us started. Quite the cliffhanger you've left us there with, David, thank you. We'll get into some Q&A at the end. I've received a number of e-mails here and some are coming in on Zoom. You've obviously given us a lot to think about, David and clearly this is well researched and thought out. At the same time there's a lot of very smart and enlightened people on this call as well that are seeing from their lens. Why don't we ask everybody on the call a polling question right now to see what they think. You'll see on your screen a question that's just popped up. Now that we're a hundred days into the pandemic, our organization's level of optimism for a rebound by the end of 2020: we're more optimistic than when the crisis first started; we're slightly more optimistic; we're equally as optimistic or slightly less or we're much less. So this is a question just to see if your thinking has evolved over time as we keep getting further into this pandemic about how quickly we're going to rebound. So I'll give you another few seconds to answer that question while we move quickly into our next set of speakers and we'll get into the answers for the polling question at the end during the Q&A.

So our next speaker is Don Lowry. Now, as mentioned earlier, Don has seen it all from working in multiple industries, in management, as well as a board director and board chair. He's currently the chair of Capital Power, Lead Director for Melcor REIT, a director for Stantec, Alectra and RS Technologies. Don, you've helped navigate companies through many challenges over the years, and I think you've even got your own playbook for good governance, don't you? So how is that playbook working now in this new COVID reality?

Don Lowry: Well thanks very much Les and I'd like to welcome everybody here this morning and say thanks to the Caldwell Partners for putting on these most interesting and informative panels. I hope my remarks will add to that trend. What I'd like to do this morning is tell you the Capital Power story and how it is traversing through this pandemic. At the end of that what I'm going to do is, through the chairman's lens if you will, draw out what I would describe as the top 10 governance insights and implications. The ground continues to shift beneath us so these views are certainly fluid, but they're based on our experience to date. So let's begin. Just by way of a little bit of background, Capital Power operates 24 very large power generation sites throughout North America and all across Canada. Primary fuel is natural gas. We have coal plants in Alberta. Solar, wind and even biomass. As an aside, the last coal plant in Alberta will be natural gas ready by the end of this year. Impact on this business has been certainly on the top line, but not as severe as one would first imagine. The major impact has been actually a shift in the profile of the demand curve. With people now working at home in many industries, changing the way that they do business and how they do business, albeit it is an electrical world and becoming more electric and the demand for power is continuing to stay strong. We're starting to see a real flattening or a leveling out of the load of demand over that period.

From a governance perspective, I would speak to Brian Vaasjo, CEO of Capital Power, about once every two and a half to three weeks between regular board meetings since early this year. We've gone to a meeting every Wednesday morning. I speak with Brian from about 7:30 till nine o'clock, and it's benefited both of us. We're going to continue that practice when we come out the end of this, whenever that point may be. Now, as a board early on and I would describe that in the late December-January phase, we had a special board meeting and the focus was to really answer the question, how did we want to practice governance as we go through this? We considered a special committee, but we discarded that because this is something that impacts the entire board. Secondly, we have a very well developed business continuity protocol and the ability to shift into a work at home and operate from disaggregated sites is not that big a stretch for us. So we elected to shift the emphasis from quarterly board meetings to meeting monthly. We're meeting more frequently, but the meetings are shorter. We're taking the load and focus off the quarter and staying much closer to the rhythm of the business and taking a much more holistic view as directors of the business. I'll underscore this- staying out of the way of management as they capably run the day to day operation of the business. But certainly providing the oversight, the insight and in some respect, sometimes the hindsight as we go through this.

I also wanted to add this, to keep things interesting I hosted a "Skype social", the evening before our last quarterly board meeting, and it was for independent directors only. I ask each of them to identify a beverage and food choice that related to the business that we're in, which is power. Just to show you that these types of events don't dampen creativity, one of the directors was actually able to source a very good Chardonnay out of Australia called Coal Kit, and she assured us it was very tasty. But nonetheless, there was some thought behind this session. A good part of high performance board work is engaging directors- the dinners before between agendas, sidebar discussions. From that, you reinforce and build on the diversity of your board in their backgrounds, their industries so that when you bear on the matters before your board, you're really getting the full power of the board. You're not just focused on that meeting and that particular agenda. So doing something fun, like a Skype social the night before, is a way to go. It also allowed us to work with the cameras for the meeting that followed the next day, because sometimes that's difficult to do with the technology as we have it today. We have the CEO join those sessions for about the first 30 minutes and the rest is directors only.

Now, as we started to realize that this is not going to be a short term crisis or event, but rather this is an unprecedented event of a much longer duration, we set as a board, three priorities of the allocation of our time and where our focus would be. The first was safety. It's always been, in our business which is high risk, of utmost importance. We look at first through the safety lens, but we extended that to include the safety of the employees' family, our customers, our critical suppliers and the communities in which we do our business. The second was the ongoing operation of the business to ensure that the business remained viable. From access to spare parts, to fuels, to financing and to ensure it had the ability to run as it has been. Lastly, we committed that we were going to concentrate on the innovations, the breakthroughs, the things that made us better, faster, quicker had we not been in this situation. So that as we emerged from this, Capital Power is going to be a stronger and better investment and a better corporate citizen. It's very easy to slip back and to dream about returning to whatever your normal was. But we've learned through past crises that those companies that do better are those that embrace these changes and are resilient in their strategy and balance sheet to ride all phases of the business cycle. So in fact, we've created a corporate project overseen by the board to ensure that as time marches on, these innovations become part of the new Capital Power and how we do business.

As an aside as well, our third party professional advisers such as KPMG, who are our external auditors, have done exceedingly well. I have no qualms as chairman signing any disclosure documents. It's almost seamless compared to when the external auditors are present. I would add that also to our legal advisers. I think professional services have really stepped up their game and have allowed and enabled business from a governance perspective to continue to operate very well. I heartily endorse David's comment previously that what we're seeing is an acceleration of a whole lot of the tools and techniques that were getting traction prior to this.

Now, from a safety perspective, we are a rules based organization. I would say the power industry is a very high risk industry because of the nature of the product we produce and distribute. The protocols and culture of accepting procedures and processes with safety formats was not a major step up for us to take it to the next level of which COVID-19 demanded that we do. I'm very pleased to say, but I recognize each day is a new day, of our 700 people across North America, we have not one incident of COVID-19 positive testing. I put a lot of that on the culture and the emphasis on safety that we've always had.

So let me shift now to wrap up with my top 10 governance impacts and insights that one can see as we go through this. The first would be: how this is really a discussion about how good is your business continuity and how well your risk management system was operating prior to this. Business continuity and risk management are not things that you can improvise as you go through this. Those that are doing well had very well developed systems prior and are further developing them as we go through.

Secondly, we can only do what we can do today through the strength of our I.T. networks and the security that they afford our clients to do business with us. So the I.T. architecture design has to have the ability to toggle from being decentralized to centralized in our major trading hub in Calgary. Prior to this, we had already had to move the trading center off site and then to employee homes. So we haven't skipped a beat as we've gone through this. Part of our continuity has, if you will, fire tested our ability to move these things around, because that's just simply the nature of the business. I will not be surprised if going forward as part of risk testing, you're going to have an event similar to this to again further harden the business continuity.

A third insight is that you need battle hardened directors. There is power in diversity on the board, not only by gender. As an aside, over 50% of the Capital Power board is women. It brings to bear people that have had experience in other climate related or weather related disasters, major labor disruptions, technology obsoleting your business. You want that experience to help guide and measure your response as you go through. It also points out the short sightedness of what I would describe as trophy boards, where there's a lot of subject matter experts but there's a real shallowness in terms of how this business makes money, loses money, and how one goes about facing adversity. We all know the expression, leadership and governance really emerges in the hard times. We all look pretty good in the good times. I can tell you that the magic sauce in all of this is, no matter how good your business continuity or your strategy is, it's the seasoned leadership at the management level and at the board level that really has that ability of judgment and wisdom to help guide it through these turbulent times that we're in.

Another insight is the importance of remaining engaged across our industry sector and not withdrawing and becoming so solely focused on your particular situation. These calls afford us the opportunity to learn, listen, observe and compare to what we're doing. It's vitally important that the directors and management be engaged with their industry, peers, counterparts, and particularly the various regulatory and government bodies that are evolving and making policy as it pertains to this particular situation. You can't be left out of the loop on this. You have to maintain good relations before you go in as it certainly makes it easier once you're in it.

This is an opportunity for directors to fill in the gaps on education and learning in this sort of period of time that we're in. On that point, we've adjusted our investor engagement process. We meet with our major investors every year- myself and chair of the governance committee. At this point, we've now offered video and other technologies to meet them and I'm looking forward to perhaps having more meetings as opposed to less, because that will actually work for more of them.

The re-entry plan. It's easy to shut anything down, but it is extremely hard to ramp up in a safe, thoughtful and effective way. The amount of time to put that together is equivalent to launching significant enterprise or a journey to the moon. Making sure all of the safety steps from when an employee leaves home, gets to work, rides up in an elevator and then leaves and conducts their work in that place of work or hybrids where some people stay at home or not. That is a piece of work that this needs to be budgeted for, and we have to take that as seriously as anything that we're doing.

I'm happy to say from a compensation perspective, not one of the boards that I work on, has management raised that specter, but it clearly has been blown out of water. Our governance and comp committees are starting to look at scenarios, but we've taken no decisions and we'll take no decisions. We'll be prepared when that time of year comes to make sense, because I think discretion is going to be important.

Let me wrap up with the last sort of observation here and it pertains to the question of ESG. Over these last few months, if somebody does not believe that the importance of ESG is going to be paramount in their business, I would have to say you're in a different orbit. If you don't have a safe, secure and environmentally responsible platform that you're running your business on, you're increasingly going to find it difficult to have anybody work for you, let alone fund your business, market, social approvals in order to operate it. I think it's a very positive thing because I think there's a lot of green shoots occurring everywhere. This will be a momentum to move, not in a rocket-like fashion, but in a very measured way. Boards have to exhibit the will that they're prepared to allocate capital and to endorse strategies that move companies forward so that we can improve upon where we are across the ESG and look at this as a positive, not as a negative or a push. This is a chance to hit the reset button. So I hope you've enjoyed my comments. I look forward to the questions and thank you very much.

Les Gombik: Thanks Don, great job. I love the top 10 list. You've given us a lot to think about. One of the things that I personally thought was most interesting was your comment around the Skype social and how there's so much more to the board meeting itself than the board meeting. It's the ability to interact and be able to build relationships with your counterparts and a lot of that has gone away. So you've given us a lot to think about. Your last piece on your top 10 was around ESG. So why don't we ask the participants a little bit about their thoughts on that. So as a result of the crisis, with respect to ESG, our organization has: significantly increased our focus; slightly; it's remained the same; it's slightly decreased or it's significantly decreased our focus with respect to ESG. We'll give you a few seconds to answer that while we transition to Jay Forbes before we get into Q&A at the end.

Jay is the CEO of Element Fleet Management. But before we get to Jay, I wanted to share an interesting fleet story personally that I just experienced. Since most of our clients are working remotely and I don't plan on going into the office for a while, I decided to socially isolate in Maui for the next month or so. I know it's rough. When I was leaving the Maui airport the other day, getting into my Uber to get to the condo, the fields all around the airport were completely filled with vehicles. I've never seen so many vehicles before, let alone right by the Maui airport. I couldn't understand why all these cars and jeeps were there, because I've never seen that before. Then my Uber driver, who, like many Uber drivers, likes to pretend he's also a chief economist, shared something interesting. He said that with tourism in Maui pretty much being on hold, there are 20,000 rental cars that are usually rented out and all over the island, but because nobody's here right now, all those vehicles are sitting there gathering dust and not moving. So it really put a fine point on how impactful the crisis is on the economy when I looked around and saw that for the first time. Jay, you cater to fleets of all shapes and sizes across multiple industries and can see firsthand how the economy is looking. So, Jay, tell us how the world is looking both at Element itself as well as broadly with your clients.

Jay Forbes: Absolutely, thanks Les. Good morning, everyone. By way of background, headquartered in Toronto, Element Fleet Management supports 5,500 clients in the United States, Mexico, Australia, New Zealand and Canada. We generate about 90% of our revenues outside of Canada as we finance and service more than a million trucks, vans and cars with the assistance of some 2,700 very talented employees. We're also an organization in the homestretch of a 27 month turnaround plan to transform our core business, strengthen our balance sheet and divest of noncore investments. We were entering 2020 with strong tailwinds at our back, having achieved vast improvements in our client retention, net promoter scores, employee engagement, profitability, you name it. With all of that, a near doubling of our share price in the past year and then the unimaginable happened. Now, we first heard of COVID-19 in late December and served as an impetus to undertake a complete refresh of our disaster recovery plan, which unfortunately we needed to activate in the first week of March. Our people were and remain our first priority throughout this. We were able to relocate some 98% of our employees to work from home environments within three days where they thankfully remain safe and productive.

Operationally, it has been more of a struggle in the early weeks of the pandemic. Our value proposition is that we use our scale and expertise to assist our clients in materially reducing their total cost of ownership of their fleets. That value proposition is dependent on a broad web of suppliers comprised of OEMs, service stations, auction houses, automobile dealerships, DMVs to name a few and many of these organizations closed or had greatly reduced capacity, which played havoc with our ability to properly service our clients and deliver the client experience to which they had grown accustomed to. We also turned our attention to liquidity. For our business that translates into credit, collections, and cash flow. Les asked me to speak a little bit about this access to capital and our approach through the pandemic. Again, by way of background, our clients rely on us as a stable source of financing their fleets. We entered the pandemic with approximately five and half billion dollars of committed funding capacity in place that would allow us to fund the ongoing fleet renewals of our existing client base and any prospective clients that we might be able to attract to our platform.

Now, we had planned to launch an inaugural U.S. bond market in the first week of March. We had a half a billion dollars in convertible debentures that are maturing at the end of this month. We had set the expectation with the investment community that we would be retiring those with our inaugural US bond market issuance. And lo and behold, while the underlying rate plunged, corporate spreads ballooned and you might imagine there was a substantial disincentive to issue back in the early March. For us, it was important to put a stake in the ground in terms of our desire to take out the convertible debentures at the end of June. To facilitate that and to send a very clear signal to the market, we actually put in place a funding facility, an interim funding facility that we could draw on, should the need arise i.e. should the U.S. bond markets still be unattractive in terms of a new issue. I'm delighted to say that we had a successful debut issue in that market with a U.S. 400 million issuance earlier this month, at much improved rates. That ability to have that interim funding facility in place allowed us to demonstrate our commitment, as well as our ability to take up the RE5 obligation on the convertible debentures at the end of this month.

Another interesting learning experience is the executive team immersed themselves closer to many of the processes of the business. We uncovered a very interesting attribute about our business model. We have an innate defensive characteristic given that we fund the working capital positions of our clients as they purchase fuel, parts and services for their vehicles. We actually get a liquidity boost in an economic downturn as those clients consume fewer of these services. As you think about liquidity issues think about optimizing your balance sheet. Not only about the right hand side of the balance sheet, but indeed the left hand side of the balance sheet, the assets you carry and the opportunity to reduce cycle times in absolute amounts to create greater liquidity reserves for your business.

As we reflect on what worked for us over the course of the last few months, the first few weeks of March were very difficult for us. While our people were safe and we had ample access to capital, the shelter-in-place order forced large contingents of our clients and our suppliers to work from home, creating an abrupt and immediate operating challenge for our organization. About half of our revenues are annuity-like, the other half is dependent on the provision of services to our clients and thus has some degree of exposure to these interesting industry-first chain of events that we were experiencing. I would point to a few things that allowed us to quickly respond to the challenges and to mitigate the damage done. The first, I would say, is an executive engagement, which I referenced earlier. The executive team descended a level or perhaps in the early days two levels to be more intimate with the business. This meant meeting daily and sometimes for hours at time to discuss and debate potential scenarios and vulnerabilities and to create tight alignment. Now for us, this pivot was relatively easy given the all-consuming nature of the transformation that we were working on together for the last 18 months. It really did allow us to stay tightly aligned in close communication and thus to respond with admirable speed and decisiveness as these new and previously unencumbered situations arose.

A second aspect was timely information. Information was often insufficient in its detail, its timeliness or even its scope when responding to the rapidly evolving situation created by the pandemic, which necessitated the development of a whole new dataset to help guide and inform management decision making. I would wholeheartedly endorse Don's comments around communication. We pride ourselves in terms of the strength and transparency of our communications. We took it to a whole new level with one another as executives, with our employees, with our board who, like Don, we increased the frequency of our interactions and narrowed the agenda to focus on short term priorities, with our clients who we are in regular contact with, who are serving with great deal regularity and obviously with our investors.

We also established touchstones early on in the process. Key tenets that we'd like to adhere to and which anchor the decision making in the heat of the moment. These touchstones cut across our major stakeholder communities. For our clients it was about continuity of service and maintaining continuous access to capital. For our employees, it was all about safety and security, and we committed early on to no layoffs. For our shareholders, it was about a continuing year of profitability, albeit at a lower level than what we would have otherwise aspired to. For our lenders, it was all about liquidity and maintaining balance sheet solidity.

In terms of what we've seen here as of late as a public company, fast approaching quarter end, I have to be somewhat guarded in what I share regarding market insights. Further, I am no more knowledgeable than the next person as to how the future will unfold. So with these caveats, let me speak to a few observations that I can share. So firstly, as a credit granting institution, we saw the demand for credit accommodations taper off very quickly. We had an initial surge in requests for credit assistance as most of our clients sought additional avenues to strengthen their liquidity positions. With the capital markets and associated funding sources remaining open, albeit at higher rates through this pandemic, the number of requests that we're seeing for some form of credit relief has actually materially decreased. Another observation is that nearly every aspect of our supply chain is now open for business. Now, that said, many at reduced capacity. The pace of the ramp up varies depending on the nature of the business. Our read is that this varying pace of ramp up is function on limitations imposed by physical distancing, coupled with uncertainty of consumer demand. So the resumption of activities is quite measured in response to both. As Don said, how do we reengage? How do we restart business, coupled with how quickly will demand return to pre-COVID-19 levels?

An interesting data point for our industry is used vehicle pricing and used vehicle pricing in most of our five countries has actually returned to pre-COVID-19 levels. There's a really strong consumer demand for vehicles. As we look at that, we're trying to discern the underlying factors that might begin to rise to this. Is this a function of only production being ceased and thus inventory being at a premium? Is this about an increased demand for vehicles as people look at distancing themselves from public transportation? Is this a pent up consumer demand and spending of government incentives? There's a lot of speculation as to the reasons behind this. But we are seeing a very strong increase in demand and pricing. With our client base covering hundreds of industries in five countries. It's a good proxy for business sentiment and our read thus far is we're seeing a bias of conservatism, a strong desire to maintain optionality. So we're not seeing any sort of de-fleeting. Our clients aren't materially reducing the size of their fleets, but there's also a hesitancy to place new orders and to expand the fleets. We're reading that as a strong desire to maintain optionality given the opaque nature of near-term outlook for the economy.

In wrapping up, I would offer some thoughts around some strong beliefs that emerged for us as a leadership team, as we've traversed this pandemic. The first is stay well. More than fifteen hundred employees joined us yesterday afternoon for a Zoom town hall. We use that time, in addition to speaking with our colleagues, to do some real time polling and to gain their thoughts on a number of matters, one of which was the readiness to return to work. We've been polling them all along and so this would be kind of a refresh for you. Two thirds of our employees said basically, I'm still in my PJs and I'm loving it. Eleven of twelve employees, and these are from these five countries, expressed little or no confidence in their ability to return to their place of work. As David and Don have referenced, there's still so much we don't know about COVID-19. The next few months are going to be enlightening as we learn more about the societal and economic impact. In the interim, for us, we're taking a conservative view ourselves, especially as it relates to the well-being of our employees. They're healthy, they're productive, and we're working well together, apart. They will continue to do so for the most, if not all of 2020. We will set our own pace on the resumption of activities in the normal workplace, and we'll not return to the office a day sooner than we need to.

Second is stay the course. Our progress to date is telling us that we have both the right strategy as well as sufficient resources to make it a reality. Having tested all the vulnerabilities that we could imagine and having concluded that our business model will hold under any one of those scenarios, we have resumed and indeed accelerated the execution of our two pronged strategy selling non-core assets, establishing new credit facilities and launching new organic growth plants. While there are more unknowns than knowns out there, we're not going to let this imbalance paralyze us. We will forge ahead down the well-worn path we've established for ourselves, knowing we will complete this journey stronger for it.

Third, stay agile. While we will forge ahead, we will do so with a keen sense of what's happening around us, maintaining a readiness to respond to the unknown and the unexpected. This has been a year like no other and it's far from over. While we would all choose a very different circumstance than the one we find ourselves in, sadly, that choice isn't ours. Instead, our choices, largely limited to how we're going to respond to these strange and uncertain circumstances. So we're choosing to be the best prepared to move forward with a thoughtful plan for advancement. Ever the ready to veer, to halt, to thrust. Thanks, Les.

Les Gombik: Thank you, Jay. Great job and you've also given us a lot to think about. There's been a lot of content shared over the course of this hour. In fact, actually, a lot of the content that's been shared with the broader group ultimately has answered a number of the questions that have come up in the emails that have been sent to me and also on the Q&A. Here we are with only three minutes left in the session and we haven't gotten time to get into the Q&A broadly, which is really unfortunate. There's a silver lining here, all the questions that have been posted, we're going to try to answer them and they will be on our website. We'll allow access for all of you to see that. We'll post the polling results on the website as well. Ultimately, as you can see here the two answers on the polling results with respect to ESG. It seems like it has increased overall or it has remained the same. Then with respect to the rebound, it seems to be pretty even in terms of more or less optimistic about a rebound by end of 2020. So with only two minutes left, you've got 30 seconds, David, to comment on the response with respect to the rebound. And then, Don, you've got 30 seconds to respond to ESG. And then, Jay, you've got 30 seconds to share final comments overall. So, David, over to you.

David Dodge: That response emphasizes exactly what I said at the start, that we are operating under a degree of uncertainty. The dispersion on the response says that people really are uncertain, but you got to plan on something. I think the right thing to do is: to stay agile and stay the course, but operate against the plan that we will have a recovery. Not to 2019 levels, but we will have a recovery this year. By the end of 2021, be prepared for demand to have recovered to 2019 levels.

Les Gombik: That's great, David. Thank you. Have a plan. Don?

Don Lowry: Yes, thank you. As a director and a business person and a grandpa, I feel pretty good about those results because what they tell me is a lot of firms feel pretty comfortable with what their position was prior to going in here and in fact, are executing those plans as they go forward and some are building upon this. I think the details are in the tea leaves and it does depend by sector. I think that may explain some of the anomalies here. But overall, I think this is good. This is good for the world. Thank you.

Les Gombik: Thanks, Don. Any final thoughts from you, Jay? Any recommendations?

Jay Forbes: Just one. Stay connected. The self-imposed isolation can make it difficult to interact and so the opportunity to participate in forums like this, to reach out beyond the borders of your organization or industry and to gain the insights of others, I think is often more important given the environment.

Les Gombik: Well, thank you, Jay. And frankly, thanks to all three of you, we wouldn't be able to have forums like this unless people like yourselves Jay, David and Don, were paying it forward by donating your time like you do, and to all of our prior panelists who do this every week. So thank you very much for enabling and allowing for these things to happen in the first place. We're over time and what a great session to finish on before we break for Canada Day and Independence Day. Although we're taking next week off, we are going to be back occasionally over the summer. Specifically being back on July 8th, which is going to be an exclusive session focused on anti-black racism, particularly in the boardroom and the C-suite, where we have Wes Hall, the CEO of Kingsdale Advisors and also the founder of the BlackNorth Initiative. He's going to have another panelist. We're just going to have until that week and it's going to be a special one. So hopefully for all of you that are still on the line, you're able to join for that. If you do find these valuable, please go to your colleagues and counterparts, send them the link to these invites and send them the link to the replays. As I mentioned, we're going to try to post answers to some of these questions we didn't get to on our website. We hope you learned a bit. We hope you got some great ideas that you can take back to your organizations and until we meet again in a couple of weeks, Happy Canada Day and Independence Day. Be safe for everybody. And again, thank you to our panelists.

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