

HARNESSING THE POWER OF PHILANTHROPY TO BUILD A BETTER TOMORROW



**ACTIVER
ACCÉLÉRER
ACCENTUER**
PHILANTHROPIE



**ACTIVATE
ACCELERATE
ACCENTUATE**
PHILANTHROPY

Foundations 2.0: Portfolios d'investissement alignés sur les impacts, questions fréquentes des administrateurs (atelier - FR)

Main takeaways:

- Responsible investment: a comprehensive strategy to be adopted, including investment selection, active ownership (actively exercising one's rights as a shareholder) and ongoing oversight of the manager(s);
- Avoid "greenwashing" (a marketing technique used by an organization to give itself a misleading eco-friendly image); have common terminology on social impact and measure this impact.

General theme + calls to action:

- It is essential to work with managers who are aligned with your objectives. Ask them questions and create an ongoing dialogue to ensure mutual understanding;
- Encourage collaboration between foundations (develop common strategies with the same managers) to advance the practices developed by portfolio managers;
- Organizations exist that support managers in shareholder engagement (ie. Share, Ashoka).

Interesting facts:

- Impact investments are investments in companies, organizations and funds with the intention of generating social and environmental impact alongside financial returns. This is an intentional and measurable business model;
- This type of investment performs better than traditional investments when markets are down. This has been evident since the beginning of the pandemic;

- Winning conditions for the implementation of these tools:
 - Consistency with the overall mission and the philanthropic and financial objectives;
 - Board and investment committee buy-in (deconstructing perceptions and myths) and a well-established governance framework (committees);
 - Close communication with managers: Demand specific answers regarding the ESG performance of invested companies;
 - A clear roadmap: know where you are investing, have clear objectives and know where you want to go.

Participants Reflections:

- It takes time and patience to initiate this change. Good tools are needed in the initial discussions;
- Foundations are at different levels on this subject: do not hesitate to call on the expertise of peers!
- It is difficult to define, measure, and simplify the notion of impact.

Memorable Quotes from Presenters:

“Give yourself the time to revisit your investment policy which allows you to open up spaces to take a more comprehensive view.”

“Foundations are required to give 3.5% of their assets to the community annually. What is to be done with the remaining 96.5% of the portfolio?”

Sustainable Finance: Accelerating the Transition To a Sustainable Post-COVID-19 Economic Recovery (panel)

Main takeaways :

- Sustainable finance is taking into account social and environmental considerations in financial decisions, and can mean aligning endowment assets with Foundations’ missions and practicing ESG;
- Since finance can directly support change, foundations have the opportunity to be the “seed” for accelerating sustainable finance in Canada;
- Grants have enabled organizations and collaboratives to help advance current sustainable finance initiatives.

General theme + supporting evidence + calls to action:

- The risks of not doing more to tackle climate and social issues are often underestimated.
- Public policy has a role in guiding and supporting the transition (e.g. Carbon pricing, carbon disclosure, pension investing, tariffs, etc.);
- Canadian funders need to stop resisting sustainable financing and begin embracing it to avoid the risk of falling behind other countries; they can identify pathways to match sustainable finance pathways (e.g. mobilizing capital, investing clean hydrogen fuel);
- Funders need more thorough and standardized information to help unlock significant amounts of financial capital in Canada.

Important findings or interesting facts:

- Many activities and tools exist to transition to lower emissions, but we need the private sector onboard to facilitate the transition to lower emissions industries (e.g. agriculture, manufacturing, transportation);
- Mainstream markets and private capital need to be aligned towards sustainable finance since there's limited resources from the Federal government;
- Social financing in the US, UK, China and European countries are well ahead of Canada.

Examples of cross-sector collaboration :

- **Clean Economy Fund** held a panel to discuss with the Federal government how to achieve sustainable finance.
- **Climate Action 100+** is an initiative including over 100 significant corporate emitters to ensure they take necessary action on climate change.

Participant Reflections :

- Plurality (43%) of attendees believe Canada is well positioned to attract investment for the transition to a low-carbon economy.
- Sustainable finance has the potential to address inequities created by traditional banking practices; there's a role for philanthropy to bring diverse voices to decision-making of establishing sustainable finance pathways.

Memorable Quotes from Presenters:

"Foundations definitely have an important voice. Many changes have been coming from or initiated by shareholders, investors and clients." - Sean Cleary (Institute for Sustainable Finance, Queen's University)

Foundation Investing 2.0: Impact Aligned Portfolios, Director's Questions Answered (workshop - ENG)

Main takeaways:

- Responsible investment aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk, generate sustainable and long-term returns and align investors with the broader objectives of society;
- Impact investments are made into companies, organizations, and funds with the **intention** of generating measurable social and environmental impact alongside a financial return;
- Know what is in your investment portfolio and where you want to go. If you use asset managers, hold them accountable, ask questions, make sure they align their decisions with your values/mission.

General theme + supporting evidence + calls to action:

- We have a vulnerable system. The more we talk about sustainability and resilience, the more we need to increase the positive impacts of our investments and businesses. We have to speed this up!

Important findings or interesting facts:

- Traditional approach: impact investing as a discrete sleeve within a portfolio (5% or so). Total portfolio approach: impact investing as a lens through which to view a portfolio (different approach in all assets);
- The impact investing sector is growing: 3000 signatories with over US\$100 trillion in assets under management;
- The estimated size of a global investing market: US\$715 billion.
- Not only can these approaches lead to increased value but they are also a protection during downturns (such as the COVID-19 pandemic).

Examples of cross-sector collaboration:

- *"We have to collaborate across the sectors and use more than just our grants."* In 2007, McConnell Foundation started its impact investment journey with a bridge loan to a grantee. The loan was repaid earlier than expected and was very helpful to the start-up;
- In Toronto, some foundations share due diligence in regards to impact investing, which allows for co-learning.

Participant Reflections:

Some of the challenges identified:

- lack of knowledge, expectations about risks, lack of deal flow (quantity of investment opportunities available at a given time to a particular investor or within a particular region/market sector);

- Intergenerational differences in terms of priorities;
- Liquidity (returns on investments are long-term, not short/medium term);
- Having a consensus among board members;
- Impact measurement;
- Getting people from investment committees to educate themselves on responsible investment.

Memorable Quotes from Presenters:

- *“We need to stop looking at grants and investments as two separate entities. We need to marry two sets of ideologies, two sets of skills.”*
- *“You have to look at your investments the way you look at your granting.”*

Using a Climate Lense as a Multiplier Effect For Positive Philanthropic Impact (panel)

Main takeaways:

- Climate change is an intersectional issue: it requires people with diverse backgrounds, skill sets, and experiences to tackle this complex problem together and make connections between climate change and other issues;
- Long history of working in siloed portfolios (e.g. racial justice, climate, social issues, etc.) – grass roots organizations are speaking out that climate and other issues cannot be addressed in silos; leveraging a broader voice;
- 2020 has been an incredibly hard year; however, this moment can allow us to re-envision what the future can look like. **Nothing is isolated, we cannot change one system without changing or dismantling others;**
- Philanthropy can provide climate leadership: fund ambitious and sustained initiatives; pressure the public and private sectors to change; build political will; unlock funds; and put into practice the technical and policy solutions we already have.

General theme + supporting evidence + calls to action:

- Organizations which have employed an equity lens to their governance and organizational operations have seen less barriers to engaging with youth on climate work.

Examples of cross-sector collaboration:

- Art/media can serve as a major platform to raise awareness and build community around climate change, democracy, and other issues; Plus1.org was founded to leverage their cultural platform, shine a light on grassroots movements, and mobilize resources;

- There is inherent value to an engaged, educated democratic populace; to work towards this, Future Majority carried out one-on-one conversations (deep canvassing) in order to mobilize resources and build momentum.

Participant Reflections :

- *“All I can think about is how much I wish I was as intelligent and focused as all of you at your ages!”*
- *“So inspiring and refreshing to hear you all talk. Thanks for the incredible work you are doing.”*

Memorable Quotes from Presenters :

- *“You can’t get social change without culture change.”*