



Year in Review 2021

Fondation
McConnell
Foundation



About the McConnell Foundation

The McConnell Foundation is a private Canadian foundation that contributes to diverse and innovative approaches to address community resilience, reconciliation and climate change. We do so through funding and investment partnerships, strengthening capabilities, convening, and collaborating with the public, private and non-profit sectors.

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History

The McConnell Family Foundation was established in Montreal in 1937 when our founder, J.W. McConnell, applied his commitment to advancing the public good to establish what was then only the second private foundation in Canada. His values continue to guide the organization.

Today, the Foundation has assets of more than **\$720 million** — of which **19%** are impact investments. Nearly **5%** of our assets are allocated to our charitable activities annually.

Vision

We envision a future in which our economy and social systems promote the thriving of all people, and in which the natural environment is stewarded for generations to come. We see all sectors working together to address climate change, to help foster reconciliation, and to unleash individual creativity and organizational resources to solve social challenges and strengthen communities.

Mission

We strive for a resilient, inclusive and sustainable society that can successfully address its complex challenges.

Cover Photo: Members of Winnipeg Boldness Project's (WBP) Parent Guide Group. This group was developed with parents and caregivers who attended WBP's community conversations or early childhood cafes. Photo provided by WBP.

To learn more, please visit our website at mcconnellfoundation.ca

A message from the Board Chair and the President & CEO

As the McConnell Foundation celebrates its 85th year, we are grateful for the vision of J.W. McConnell, who was a trailblazer in philanthropy in Canada. Thanks to his original gift, the Foundation continues to work in partnership with many organizations today. With this privilege comes many responsibilities, which includes reviewing our vision and strategy on a regular basis and adapting to remain relevant to our times as we strive for a resilient, inclusive and sustainable society that can successfully address its complex challenges. This is especially vital in times of crisis, whether in responding to the climate emergency, to the humanitarian disaster unfolding in Ukraine, or to the COVID-19 pandemic.

We are still learning and evolving, and this publication is part of that journey. After more than eight decades in operation, we are trying something new. Welcome to our first-ever Year in Review.

In these pages, we shine a light on the work of our partners and share an overview of our finances for 2021. This includes our charitable giving, which is currently set at a disbursement target of 5%, and the other 95%, our investment assets. Transparency and accountability are of growing importance for our sector; in that spirit, this report also provides an overview of our commitments and an update on targets we have agreed to meet.

Following a strategic review, we identified three focus areas to guide our work: community resilience, reconciliation, and climate. These are the areas through which we will concentrate our efforts in supporting diverse communities in our evolving Canadian context. We believe these three focus areas are interdependent and must be addressed together to ensure the well-being of people and planet for future generations across Turtle Island.

We are also pleased to share spotlight stories of a few of the over 400 organizations we partnered with in 2021. It was difficult to decide which ones to feature, as they are all doing amazing work — and we encourage readers to visit our funding database to learn more about all of the Foundation's current and past partnerships. Some of these partnerships are new, others are in the later stage of multi-year projects. All are improving lives in their communities and addressing the root causes of some of the greatest challenges faced in our society today.

We are grateful to see the evolution of a robust social innovation ecosystem in Canada. We continue to regard social innovation as an important tool to support the advancement of community resilience, reconciliation, and climate.

We hope this report offers insight into the work of McConnell, serves to amplify the impacts of our partners, and provides clarity on the steps we are taking to bring our practices into even greater alignment with our mission and vision.

Thank you for reading our first-ever Year in Review.

Sincerely,

Dr. Sean McConnell ND

Board Chair

Lili-Anna Pereša C.Q.

President and CEO

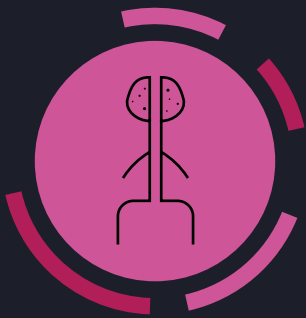


Our Focus Areas



Climate

- 1 Climate Solutions
- 2 Diversity & Inclusion
- 3 Sustainable Finance



Reconciliation

- 1 Collaborative Funding Models
- 2 Innovative Platforms for Change
- 3 Innovative Financial Solutions



Communities

- 1 Building Social & Civic Infrastructure
- 2 Inclusive Community Building
- 3 Innovative Financial Solutions

Tools & Approaches



Montreal Strategy



Our Focus Areas

What the McConnell Foundation does, and how we do it, is evolving.

In 2021, we began the shift away from “initiatives” to “focus areas”. This was more than a semantic exercise. For the last 10+ years we organized our funding, partnerships and strategies around “domains” such as food, cities and post-secondary education that we sometimes created, incubated or led. Now we are targeting our efforts on what we believe are the most pressing issues we face: climate, reconciliation and community resilience.

In practical terms, this means using these focus areas as the decision-making lens for everything we support and engage with. That doesn’t mean we won’t fund social innovation or domain-related projects. Rather, these activities have been integrated into and support our focus areas. It’s a subtle shift but one with important implications for how we partner.

In transitioning from domains to focus areas, our goal is to be clearer about the change we are trying to help bring about, and to be more accountable for how we do it. We want to do everything we can to increase the clarity, consistency and transparency of our decision making — for McConnell, this has meant creating stronger demarcation lines around what we do and do not support.

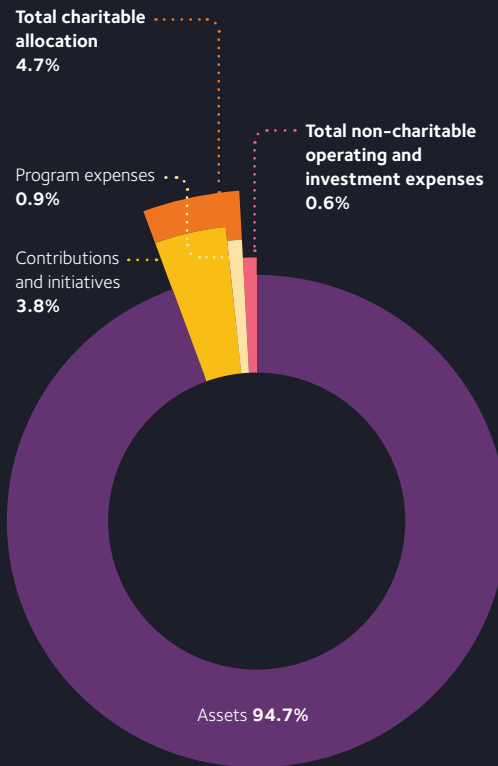
In 2021, we also laid the groundwork for the many process changes launched in early 2022, all aimed at being more accessible, equitable and streamlined. We continue to learn and adapt; for example, a portion of our partnerships now use a participatory grantmaking model, in which partners disburse funds in consultation with the communities they serve. As we strive to improve, your insights on how we can be better partners are vital. We will continue to seek feedback from partners and potential partners as we continue this journey.

We hope you enjoy learning about the partnerships featured in this review, and that the spotlight stories shed light on the type of work McConnell intends to support. Join us in celebrating the impacts of our partners as they engage in the courageous and creative work of charting a course for a more resilient, inclusive and sustainable society.

Chad Lubelsky

Acting Chief Program Officer

2021 Financial Overview



Total charitable allocation:

\$31.2M

Average asset value over 8 quarters:

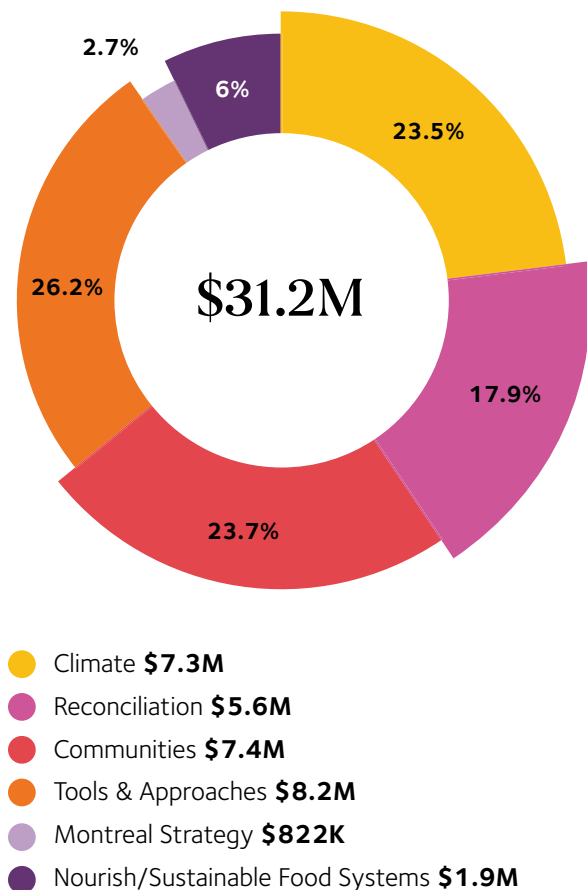
\$664.2M



Funding in 2021

We allocated 4.7% of our assets to charitable activities that advance our three focus areas: climate, reconciliation and communities. Complementary to our focus area work, we allocate additional funds to organizations in our home city of Montreal. Our Innoweave initiative also funds organizations seeking to increase their impact through coaching.

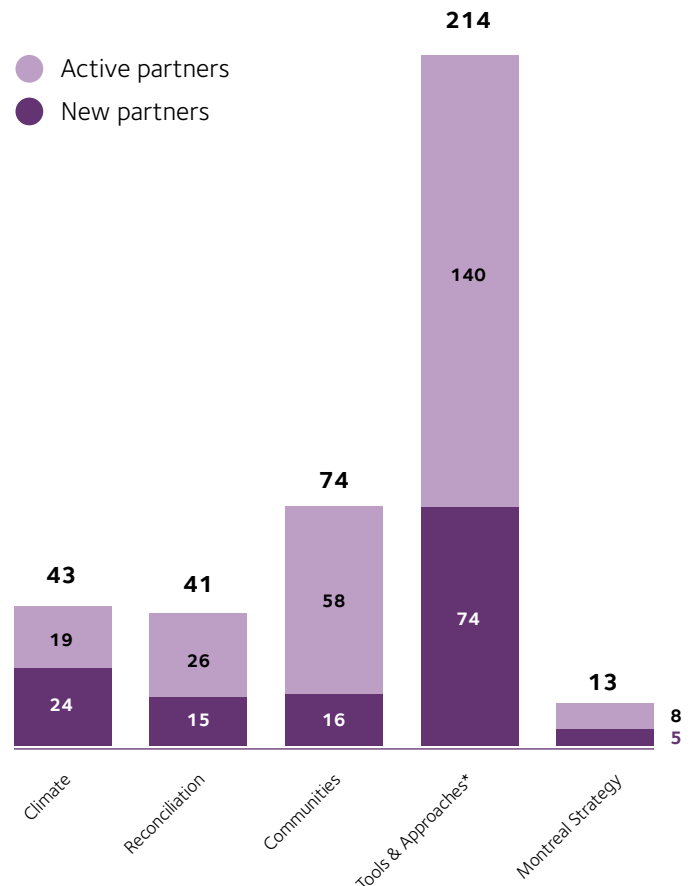
Total Charitable Allocation in 2021



*Unaudited numbers. This data will be updated once 2021 audit is complete.

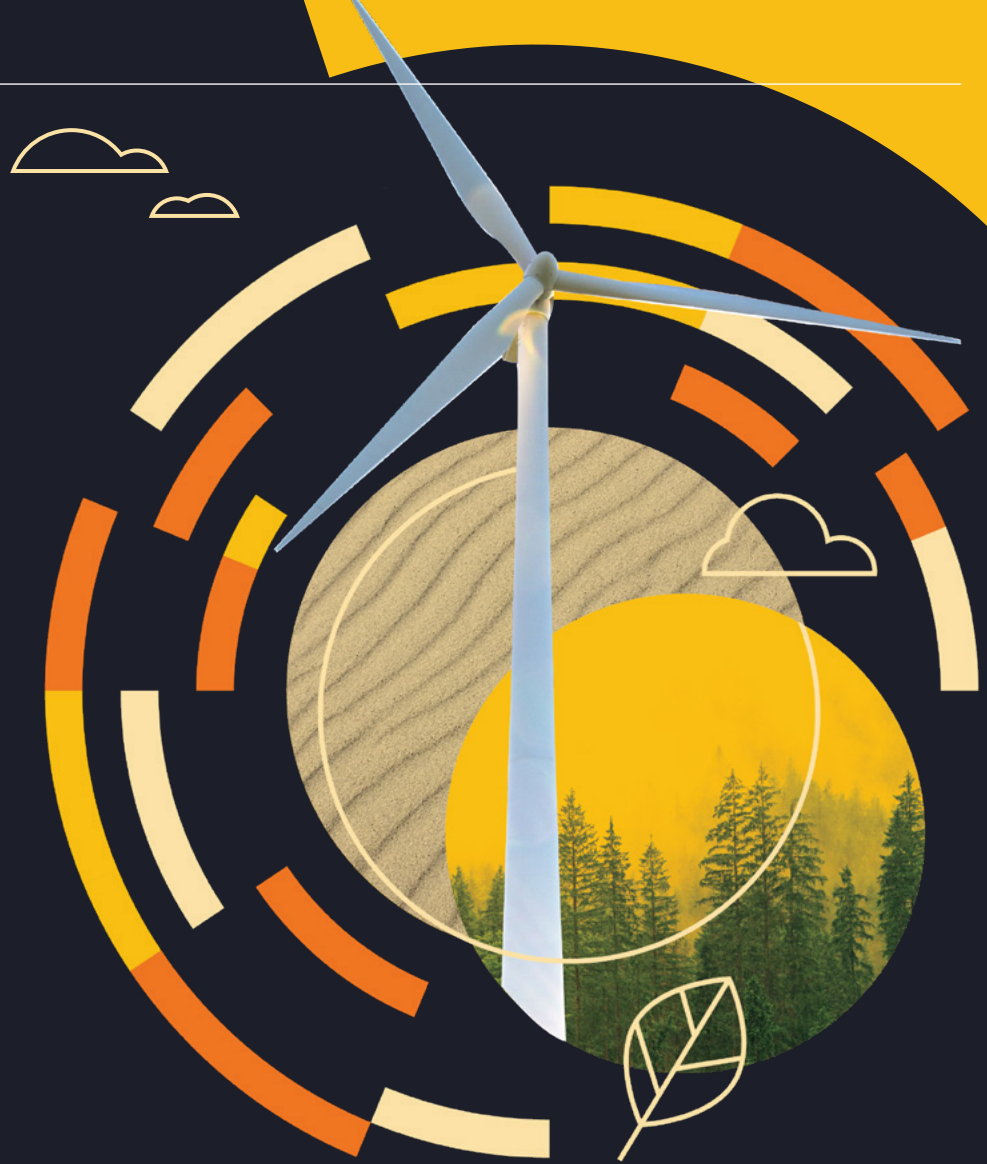
New vs. Active Partners

Breakdown of Total Number of Partners in 2021



*Includes Innoweave (55 new, 109 active)

Climate



We hope to contribute to Canada's transition to a net-zero carbon economy in a way that produces sustainable and equitable outcomes for all.

\$7.3M

in contributions

We supported **43 partners** in 2021, allocating over \$7M in funding across our three strategies: climate mitigation solutions, diversity and inclusion, and sustainable finance.

3 climate commitments signed

In 2021, we signed a trio of commitments related to our climate focus areas: the Canadian and International Philanthropy Commitments on Climate Change and the Canadian Investor Statement on Climate Change. Learn more about our pledges to climate action on page 22.

\$502K

in participatory grantmaking partnerships

We partnered with the Foundation for Environmental Stewardship (FES), a youth-led, youth-serving sustainable development organization. This enabled FES to establish a youth-led granting committee to financially support youth-led climate projects across the country and provide core program and developmental services needed by youth climate leaders.



Empower Me

Helping families save energy and the environment

Empower Me is an energy conservation and climate change education program designed for and by immigrant and newcomer communities. It delivers free programming and education to help participants save energy, money and the environment, while increasing the comfort and safety of their homes.

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“For 10 years, Empower Me has worked at the heart of immigrant and newcomer communities in churches, temples, gurdwaras and across kitchen tables. Our magic has been in face-to-face interaction, offering services to immigrants and newcomers who had no other way to get them.”

— Yasmin Abraham, Vice President of Empower Me

“Then in March 2020, you-know-who showed up,” says Yasmin Abraham, Vice President of Empower Me.

The pandemic made it difficult for Empower Me to deliver services, despite them being needed more than ever. “People were home more, energy bills were increasing, people were losing their jobs. Immigrants

and newcomers were disproportionately impacted,” explains Abraham.

Empower Me partnered with the McConnell Foundation to adapt and deliver services in new digital ways. “We quickly shifted online and had a lot of success,” says Abraham. “The McConnell partnership allowed us to embed this online offering as a permanent part of our services.”

McConnell staff also offered information and resources along the way. “When we’re running the program, it’s tough to keep on top of all the opportunities that are available. Having McConnell share these and make introductions for us has been really helpful,” adds Abraham.

Empower Me highlights the importance of drawing on the knowledge found within communities, and the opportunities for philanthropy in supporting community solutions. Says Abraham of the program’s grounding in local contexts: “The answers are out there. Communities know what to do.”

The Empower Me program is currently available in 16 languages, including English, Mandarin, Cantonese, Punjabi, Farsi, Urdu, Hindi, Tagalog, Arabic, Spanish and Korean — and it continues to grow.

Photo: This photo was taken in 2019 at Guru Gobind Singh Sikh Temple in Prince George. 53 participants attended the Energy Savings Workshop in Punjabi hosted by Empower Me. Pictured from left to right: Energy Mentors Kylie Vallee, Harpreet Ahluwalia, and Rosemary Raygada Watanabe, Women & Seniors Program Coordinator of Immigrant & Multicultural Services Society (IMSS). Photo provided by Empower Me.



Contribution:
\$298,323
2021–2023



Canada Climate Law Initiative

Understanding climate risk in governance

Based at the University of British Columbia, the Canada Climate Law Initiative (CCLI) educates corporate boards of directors on the need to manage the transition to a net-zero economy from a responsible and effective governance and risk-management perspective.

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“Canada is committed to transitioning to net-zero, but sometimes boards of directors might not know how they can best guide their organizations through this change. Our theory of change is that we share these nudges, the latest frameworks, and then accelerate Canadian directors’ competency in this area. This helps companies become net-zero.”

— Juvarya Veltkamp, CCLI Director

In the last year and a half, Veltkamp and the CCLI team have spoken with more than 80 boards, with the goal of reaching 250. Veltkamp shares that CCLI hopes to accelerate its work in the months to

come. “We want to get to that scale — from one-to-one to one-to-many. That network effect.” To achieve this goal, CCLI has created a fully bilingual program and has expanded to other provinces.

Partnership with the McConnell Foundation has supported CCLI in scaling its work and connecting with potential partners and opportunities. McConnell has also offered advice on program evaluation as the project expands, thereby increasing CCLI’s impact.

“Boards of directors have a fiduciary obligation in the oversight of companies,” explains Veltkamp. “They don’t need to become climate scientists, but they need to understand what is relevant for them as to provide appropriate risk management and guidance on strategies.”

Contribution:
\$450,000
2020–2023

Reconciliation

We aim to advance a reconciliation economy where wealth and resources are equitably shared and sustainably stewarded for this generation and those yet to come, in relationship with both Indigenous and non-Indigenous peoples.

\$5.6M

in contributions

We supported **41 organizations** in 2021, allocating over \$5M in funding across our three strategies: collaborative funding models, innovative platforms for change and innovative financial solutions.

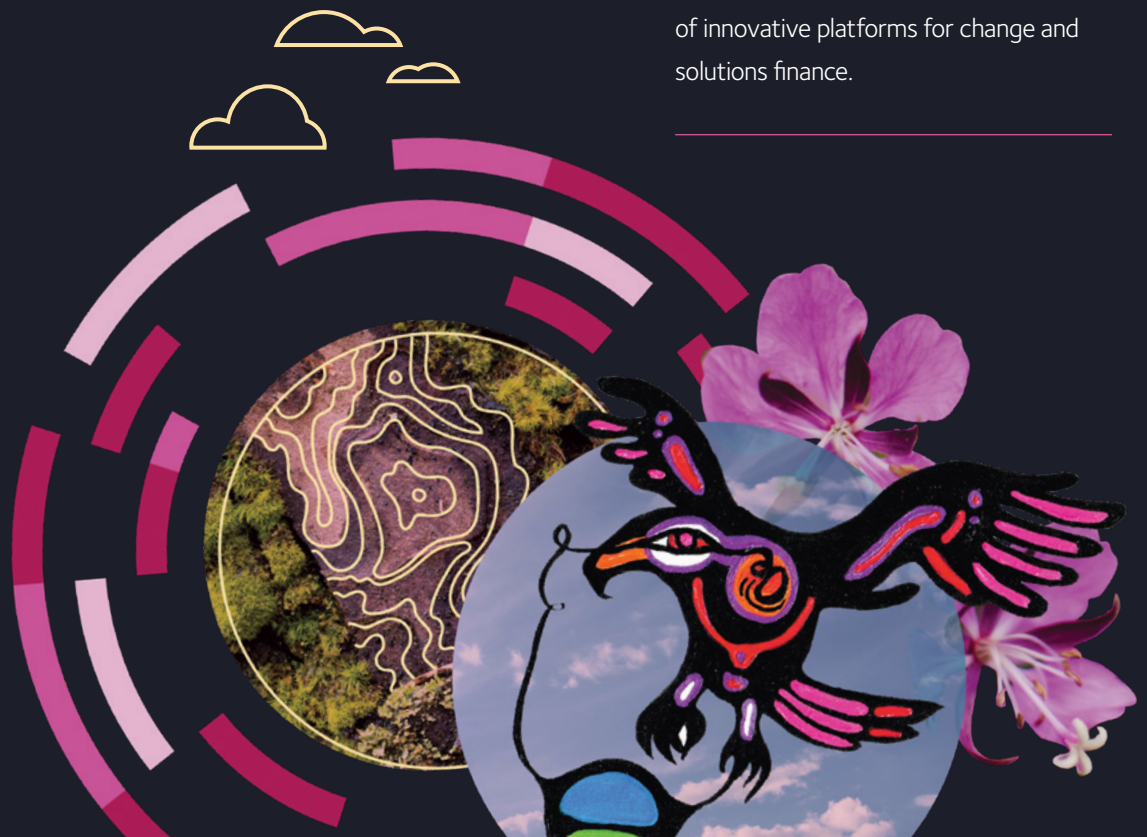
\$1.6M

in participatory grantmaking partnerships

Since 2016, we have contributed \$1.6M towards participatory grant-making partnerships with a trio of organizations: the NWT On the Land Collaborative (\$800K), the Northern Manitoba Food, Culture and Community Collaborative (\$500K) and the Indigenous Peoples Resilience Fund (\$296K).

\$27M

Over the course of 19 years, our contribution to Indigenous reconciliation has grown from a single \$10K grant to over \$27M funded since 2013 when we established the McConnell Reconciliation initiative. Our involvement extends beyond conventional granting to include collaborative funding, the co-sponsoring of innovative platforms for change and solutions finance.





The Caring Society

Making a difference for First Nations children

The First Nations Child and Family Caring Society of Canada is a national non-profit organization created to ensure the safety and well-being of First Nations youth and their families through education initiatives, public policy campaigns and by providing resources to support communities.

Jordan's Principle is a child-first principle to ensure First Nations children get the services they need when they need them. Thanks to the Caring Society's work alongside other organizations, First Nations children received over 1 million products, services and supports under Jordan's Principle in 2021. This success arises from a human rights complaint filed by the Caring Society and the Assembly of First Nations in 2007 alleging Canada's failure to implement Jordan's Principle and to address racial discrimination in funding for child and family services. The complaint was substantiated in 2016 and Canada has since been required to implement the legal orders to cease its discrimination and compensate victims.

"First Nations children on reserve and in the Yukon have been getting less in public services since Confederation. Those impacts are wide sweeping across water, education, health care and child welfare, and make it more difficult for families to recover from the multi-generational trauma of residential schools," says Cindy Blackstock, Executive Director.

"I think the gravest injustices are often the ones that have become normalized in society, and you don't see them anymore," adds Blackstock.

Thanks to the efforts of the Caring Society and its partners, in January 2022 a historic \$40 billion agreement-in-principle was announced by the federal government. The agreement-in-principle will compensate First Nations children victimized by Canada's discrimination and address ongoing inequalities in Jordan's Principle and First Nations child and family services. Says Blackstock of the announcement: "And we're not there yet. We are not finished, because the inequalities are deep."

The Caring Society has worked on behalf of First Nations children for several years and has faced many challenges along the way. Ultimately, it is driven by a focus on the children and families at the heart of the work.

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"I want to show these kids that we love them enough to fight for them. If that's all we accomplish, then that's something."

— Cindy Blackstock, Executive Director

The Caring Society's partnership with the McConnell Foundation includes support for projects, sharing strategic advice and building connections within the sector.

"Philanthropy is in a unique position to deal with those dark crevices of injustice," says Blackstock. "It's in those dark crevices [that foundations] can shine the biggest light and make the most difference."



Prior Contribution:

\$1,222,500
2003-2020

Current Contribution:

\$450,000
2021-2024

Photo: Cindy Blackstock, Executive Director, honouring Orange Shirt Day with Spirit Bear. Photo provided by The Caring Society.



The Canadian Council for Aboriginal Business

Facilitating the growth of Indigenous business

Since 1984, the Canadian Council for Aboriginal Business (CCAB) has been delivering programming that facilitates the growth of Indigenous businesses, builds relationships between Indigenous and non-Indigenous businesses and ensures life-long learning for Indigenous entrepreneurs and other Canadian business leaders.

CCAB partnered with McConnell to facilitate engagement and to support Supply Change™, the Council's Indigenous procurement strategy. Initially, in-person events were part of the plan.

"The idea was to have engagement with Indigenous businesses, then COVID hit," says Philip Ducharme, Vice President, Entrepreneurship & Procurement. CCAB adapted by updating its digital portal and going virtual with online events. "This made it easier to engage with our membership, through the upgrades to our [customer relationship management technology]," Ducharme says.

After many years of advocating for the Government of Canada to increase spending with Indigenous businesses, CCAB was pleased by the announcement

that the federal government will direct 5% of its procurement to Indigenous businesses. The 5% procurement mandate first came in 2019, with additional changes announced in August 2021. This update addressed some of the challenges Indigenous businesses faced within the procurement space.

In the future, CCAB will continue to work with federal ministries to ensure the success of the procurement initiative.

"Within CCAB, the mission is to foster relations between Indigenous businesses and the rest of Canada through our programming," says Ducharme. This includes programming for corporate Canada.



"Through procurement, through employment, through leadership, we are championing Indigenous inclusion in all aspects of the economy."

— Philip Ducharme, Vice President,
Entrepreneurship & Procurement

Contribution:
\$175,000
2019-2022

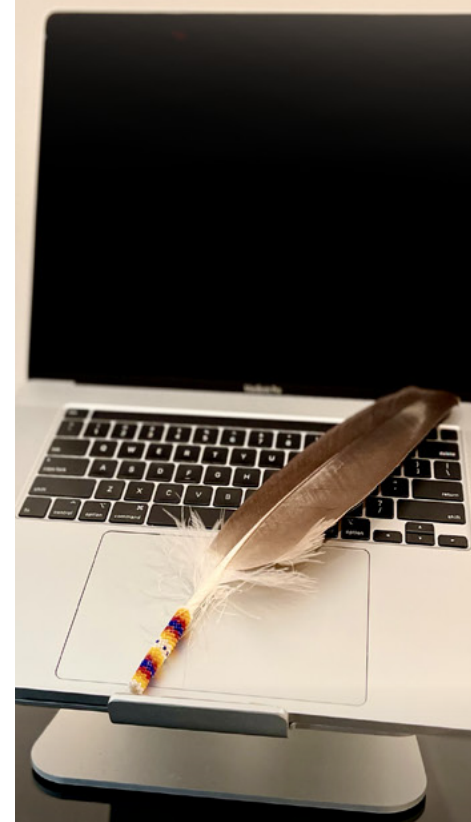


Photo: Photo provided by Marylou Mintram.

Communities

We aim to strengthen collective resilience and create conditions for more inclusive, future-ready communities.

\$7.4M
in contributions

We supported **74 organizations** in 2021, allocating over \$7M in funding across our three strategies: building social and civic infrastructure, inclusive community building and innovative financial solutions.

\$2.5M

in participatory grantmaking partnerships

Since 2015, we have committed approximately \$2.5M to Centraide of Greater Montreal's Collective Impact Project in partnership with several private foundations. The goal of the initiative is to improve the lives of Montrealers by engaging with key neighbourhoods and collaborating on an innovative approach to large-scale poverty reduction initiatives.



**Nourish
Takes Flight**

After five years of operation, McConnell's Nourish initiative became an independent organization in 2021, and obtained charitable status. Renamed Nourish Leadership, the community of practice supports health care leadership on climate, equity and community well-being through food:

www.nourishleadership.ca





Up With Women

Helping women and gender diverse people exit poverty

Up With Women was founded in 2009 to support women and gender diverse people who are experiencing or are at risk of experiencing homelessness.

Through its efforts, clients are given one-on-one coaching and other support to permanently exit poverty by finding employment or starting a business.

“The need for this service was already high. Then, during the pandemic our caseload tripled,” says Lia Grimanis, CEO and Founder.

Up With Women partnered with McConnell to reach more clients through an online coaching delivery model, an expanded coach network, and by growing its existing capacity with new partnerships to ensure sustainability.

“Even with 100% remote services we are getting great impact results,” notes Grimanis. “We saw a 221% average annual income increase among our clients. And before and during the pandemic, 38% of our clients were able to terminate social assistance.”

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Up With Women is more than an employment program. “We help every participant find their purpose, uncover their talent, capitalize on what they are good at and prosper from it.”

— Lia Grimanis, CEO and Founder

“When it comes to direct service delivery, we can never guess the full scale of someone’s capabilities,” describes Grimanis of the organization’s clients. “We’re thrilled to see just how much of a person’s potential can be realized when they have enough high-quality, customized, one-on-one support to help them permanently exit poverty.”

Since 2015, Up With Women has expanded from being a Toronto-based organization to operating in four provinces, serving clients virtually in French and English. One of the secrets to success is that the organization is built and managed by people with lived experience, operating on the principle of “nothing for us without us.”

Grimanis shared some words of encouragement for anyone looking to found a new organization. “Do not be afraid to build it. It’s worth it if you believe in it.”

**Prior
Contribution:**

\$20,000

2017

*Innoweave Developmental
Evaluation coaching*

**Current
Contribution:**

\$300,000

2021–2023

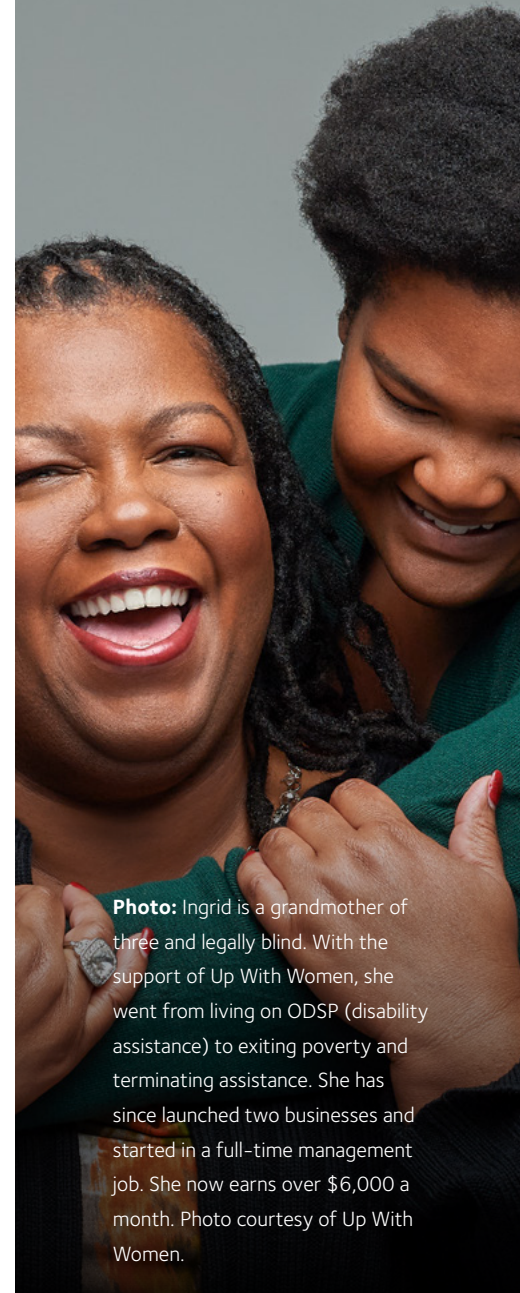


Photo: Ingrid is a grandmother of three and legally blind. With the support of Up With Women, she went from living on ODSP (disability assistance) to exiting poverty and terminating assistance. She has since launched two businesses and started in a full-time management job. She now earns over \$6,000 a month. Photo courtesy of Up With Women.



The Winnipeg Boldness Project

De-risking innovation

The Winnipeg Boldness Project is the first and longest serving Indigenous social innovation lab in Canada.

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“I feel that Indigenous knowledge and practice is underutilized and not included enough in contemporary public policy. We require a more robust ecosystem for Indigenous innovators — therefore we are building it.”

— Diane Roussin, Project Director

The Winnipeg Boldness Project’s approach centres on community knowledge and Indigenous wisdom to design solutions that address some of the most significant challenges faced by families. They believe families have the best insight into the issues that affect them and should therefore play a significant role in identifying the solutions. The Winnipeg Boldness Project team has engaged over 1,000 children and family members in their work, which includes projects that positively impact members of their community at all ages and stages of life.

For example, the Manitoba Indigenous Doula Initiative was developed by the Winnipeg Boldness Project, Wiji’idiwag Ikwewag Inc. and First Nations Health and Social Secretariat of Manitoba to increase Indigenous doula support for women and their families. During the prototype of the initiative, Wiji’idiwag Ikwewag trained Indigenous women to provide culturally appropriate support to families throughout their pregnancy, birth and postnatal experiences. This program is now being scaled: the Restoring the Sacred Bond initiative promotes support for families involved in the child welfare system through traditional Indigenous childbirth and parenting teachings, as well as other important supports needed during pregnancy and after birth.¹

¹ In 2019, the McConnell Foundation invested \$500,000 in the Restoring the Sacred Bond initiative as a Program Related Investment (PRI) tied to the Foundation’s reconciliation focus area.

As the Honourable Murray Sinclair said at the 2015 Indigenous Innovation Summit: “Innovation isn’t always about creating new things. Innovation sometimes involves looking back to our old ways and bringing them forward to this new situation.”

Social innovation requires risk, and trying new solutions and methodologies often means engaging with approaches that remain unproven. By acting as a testing ground for innovation and by de-risking different approaches for government and community organizations, the Winnipeg Boldness Project provides a valuable space to experiment in ways community organizations usually can’t.

The team ensures its insights stretch beyond the Manitoba border, too — the Winnipeg Boldness Project shares its research and findings with other organizations so they can benefit from the knowledge and apply similar models, changing lives in their respective communities.

Photo: Winnipeg Boldness Project (WPB)’s Parent Guide Group, comprised of parents and caregivers of children aged 0–6 years, join WPB regularly to help inform their strategy. WPB notes that this group has been vital to their work.



Prior Contributions:
\$2,122,204
2013–2021

Current Contribution:
\$750,000
2021–2024

Investments



As an endowed foundation with an ability to take risks with philanthropic and investment capital, we are in a privileged position to ask: How can our investments work alongside our granting to achieve maximum social good?

30

Impact investing funds

Our impact investing portfolio contains a diverse set of transactions with various financial and impact risk and return profiles. This diverse group of investees are delivering impact and furthering societal transformation on multiple levels and in a number of domains.

\$130M

Impact investing

As of December 2021, we have committed over \$130M in impact investments to help scale impact across a range of domains that align with our mission.

15

UN SDGs

Since 2010, our impact investments have contributed to 15 of the 17 United Nation Sustainable Development Goals.

Investments

The other 95%

When we talk about philanthropy, there is often an emphasis on giving and partnership — and McConnell is no exception. Less discussed, but certainly gaining attention now is that philanthropic foundations also generate impact through their investments.

In addition to the target 5% of our endowment that is allocated for charitable activities, we also direct our efforts towards consciously steering the other 95%, building strategies to bring our financial practices into greater alignment with our mission and vision.

We operate with the goal of 100% responsible investing and are signatories to the United Nations Principles for Responsible Investment (UNPRI). We are committed to Canada's net-zero carbon economy goals and are building a road map to get there, while also screening our investment managers for ESG integration, responsible investing, climate commitments and Equity, Diversity, Inclusion and Accessibility (EDIA) practices. We have also signed both the International and the Canadian Philanthropy Commitment on Climate Change and the Canadian Investor Statement on Climate Change, all of which commit us to action (for details, please see Commitments on p.21).

Impact investing is one of the strategies that enable private foundations like McConnell to better integrate their various financial assets to achieve greater impact. We use different frameworks to guide our due diligence process on these investments, including the UN Sustainable Development Goals. As of December 2021, 19% of our assets are dedicated to impact investing. This continues to grow.

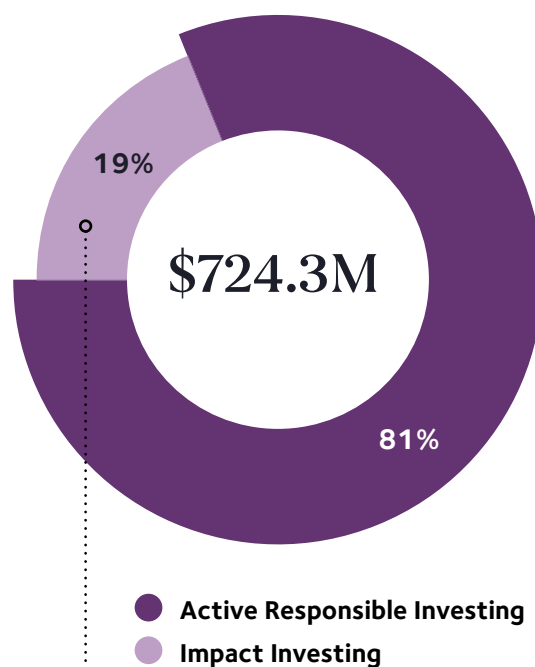
To provide a full picture of our impact investing practices and a deeper exploration of our approach, we publish an annual impact investing report. To learn please visit our website at

mcconnellfoundation.ca/impact-investing-report-2020/.

Edmund Piro

Chief Investment Officer

Our endowment as of December 2021



Impact Investing

3% PRIs

16% MRIs

4.7% of our endowment was allocated to our charitable activities in 2021.

MRI: Mission Related Investments are financial investments made in either for-profit or non-profit funds with the intent of achieving mission-related objectives and normally earning market-rate financial returns.

PRI: Program Related Investments are investments that are made in not-for-profit organizations and social funds to further the Foundation's programmatic objectives and to generate financial returns, with a tolerance for below-market rates of return

Investing for Impact

We started our impact and responsible investing journey in 2007 with a single Program Related Investment. Today our portfolio includes 30 impact investments and our practice continues to grow. As we evolve, we aim to learn from others, to do more and to do it better, and to adapt our philanthropic and investment practices to the needs of our time. Below are some of our impacts and Key Performance Indicators (KPIs) from the end of 2020.

Impacts from our 2020 Program Related Investment (PRIs) and Mission Related Investments (MRIs):

Affordable Housing

1458 

units financed (with **5 investees** contributing to this KPI)

Energy & Environment

11.2M 

MWh of clean, renewable energy produced (**3 investees**)

% of investees serving particular demographics*

46% Young people (under 35)

65% Low-income families

62% Women

31% Immigrants & newcomers

38% Indigenous people

Entrepreneurship

1803 

companies/individual tenants (**8 investees**)

4.9M 

tonnes of greenhouse gas emissions displaced, replaced, and reduced (**4 investees**)

* The percentage of investments that intentionally serve a demographic, either a) based on company founders/ownership or b) the beneficiary. Some investees serve more than one demographic.



Desjardins' Garantie solidaire

Sparking innovative cooperative projects

The Caisse d'économie solidaire Desjardins is the leading financial institution dedicated to Quebec's social economy and responsible investment. In 2018, the Caisse partnered with the Lucie and André Chagnon, McConnell and Mirella and Lino Saputo foundations to launch the Garantie solidaire. This innovative financial tool enables non-profit organizations, cooperatives and businesses specializing in social impact to obtain a loan for which they may otherwise not qualify. This offers them greater financial flexibility. In 2019, the Garantie solidaire was recognized by the Prix Novae as one of the best social innovations of the year.

Since the creation of the Garantie solidaire, 14 inspiring projects have emerged — projects rooted in their communities and centred on inclusion, diversity and accessibility.

According to Didier Fleury, Senior Advisor, Innovation and Solidarity Finance: "So many organizations, non-profits and cooperatives have realistic projects that address a targeted problem within their communities. However, these projects often fizzle out because they have a limited investment funnel. With the Garantie solidaire, it's the opposite."

For example, the Garantie solidaire supported the Coopérative nationale de l'information indépendante (CN2i), in bringing together six regional daily newspapers — including Quebec City's Le Soleil and Sherbrooke's La Tribune — each of which are themselves cooperatives.

While several other business models could have been considered, CN2i chose to become a cooperative, a trailblazing example within Canada's media landscape.

"This project was crucial to ensuring that Quebecers have access to high-quality information," notes Fleury. "McConnell and the Garantie solidaire partner foundations took on the financial risk of supporting an innovative project that is vital to our democracy."

CN2i's cooperative model is a new approach to producing high-quality journalism in Quebec. Moreover, the organization was able to turn a profit within its first year, despite initial projections indicating it would only be profitable within five years.

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"This project has had a direct impact on communities. It is a major victory for regional journalism."

— *Didier Fleury, Senior Advisor, Innovation and Solidarity Finance*

Loan Guarantee:
\$5 Million
2017

Photo: CN2i used Garantie solidaire's support to bring together six regional newspapers to form a pioneering media cooperative. Photo provided by Garantie solidaire.



The Solutions Finance Accelerator and Efficiency Capital

Innovation in impact investing

The Solutions Finance Accelerator, whose first cohort ran from 2020–2021, contributes to a vision of a vibrant social finance marketplace with efficient and effective investment capital flowing to social and environmental development at scale. The Accelerator aims to expand the Canadian social finance marketplace by supporting a group of innovative impact investing intermediaries to develop and launch their funds. These organizations are disrupting the traditional means of impact investing in a myriad of ways, be it by leveraging technologies or applying new financial mechanisms to advance the UN Sustainable Development Goals.

Accelerator participant Efficiency Capital — a for-profit, socially responsible venture incubated by the Toronto Atmospheric Fund — leads an innovative approach to energy efficiency. It provides property owners with a turnkey system to invest in, develop, and manage building retrofit projects. This model enables property owners to enjoy the benefits of retrofitted buildings — from energy cost savings and increased building value, to reduced greenhouse gas emissions and improved and healthier spaces — with limited risk and no upfront costs. To date, Efficiency Capital has helped reduce over 10,000 tonnes of emissions in the Greater Toronto Area. This has contributed to energy bill savings for residents in the long-term.

“

“We are responding to the aging building stock across the country with an innovative service-based model. Typically, investors are attracted to technology-based solutions, but our innovative financial model offers a way to integrate those technologies to achieve better value for less risk, while also reducing greenhouse gas emissions — all backed by solid data and performance guarantees.”

— Chandra Ramadurai, Efficiency Capital CEO

During its time with the Accelerator, Efficiency Capital received funding from the McConnell Foundation to scale its work beyond social housing to additional markets. In doing so, the company expanded its capacity to implement efficiency retrofit programs in buildings of all kinds, including commercial, industrial and institutional spaces. McConnell has since invested in Efficiency Capital’s work with a Program Related Investment.

In light of its innovative approach, Efficiency Capital was featured in the *Globe and Mail’s* [Canada’s Clean50 Awards Report](#) in 2021 as [Clean50 Awards 2021 Honourees](#). The company was also named one of [Canada’s Top Growing Companies](#) in 2021 by the *Globe’s* Report on Business.

Solutions Finance Accelerator:
9 investment intermediaries

Total Contributions:
\$1,427,880
2019–2021

Efficiency Capital Contribution:

\$145,000

2019–2021

Solutions Finance Accelerator Partnership

Investment:

\$250,000

2021

Program Related Investment:

Concessionary capital

Our Commitments

The McConnell Foundation has engaged with several public statements, commitments and declarations over the years. In the spirit of transparency and accountability, here is an overview and update on the steps we are taking to reach the goals we are committed to advancing.

Justice, Equity, Diversity and Inclusion (JEDI)

In 2021, McConnell engaged external consultants to work with us to review and update our processes and practices. This work is currently ongoing, and we look forward to providing a broader update in 2022.

JEDI, also referred to as Equity, Diversity, Inclusion and Accessibility (EDIA), is at the core of several commitments we have signed on to, including the Collectif des fondations québécoises contre les inégalités and the SETSI Stronger Together Solidarity Statement (details below and on the following page).

SETSI, since 2020

In 2020, McConnell signed the [Social Economy Through Social Inclusion](#) (SETSI) Stronger Together Solidarity Statement, to deepen our commitment to anti-racism, decolonization and inclusion in our work and sector. Initially, goals were identified to ensure equity and advance anti-racism in the development of the federal Investment Readiness Program and the Federal Social Finance Fund. McConnell continues to participate in the Solidarity Working Group led by SETSI, as the group advocates for equity and anti-racism in social finance.



Investments

United Nations Principles for Responsible Investing (PRI) since 2017

As the world's leading proponent of responsible investment, PRI works to support its international network of investor signatories in incorporating environmental, social and governance (ESG) factors into their investment and ownership decisions. Over the past four years, we have taken strides to improve how we incorporate ESG considerations into the management of our assets. We are evaluated yearly by the PRI Association, using a rating of **E to A+** on our ESG performance across five broad categories: Strategy and governance, equity, fixed income, alternative investments and active ownership. To view the detailed report, please visit the PRI website: unpri.org.

McConnell's PRI Assessment:

Strategy and Governance: **A**

Externally Managed Assets

Equity: **A**

Fixed Income: **A**

Alternative Investments: **A**

Active Ownership: **E**

Active ownership refers to the use of our rights and position as shareholders to influence the activity or behaviour of investees for positive change, including proxy voting and direct engagement. Although we do not require existing managers to engage on specific ESG issues, we support and participate in shareholder engagement efforts through investor networks and initiatives.



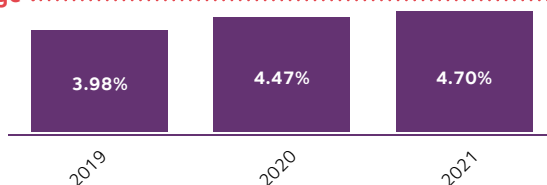
Funding

GIVE5 since May 2020

Initially inspired by our 2020 commitment to GIVE5's COVID-19 crisis response, we now aim to allocate 5% of our assets to charitable activities annually. While we did not achieve 5% in 2021, our disbursements are increasing every year and we have plans in place to achieve 5% in 2022.

Charitable Allocation

5% Pledge



Climate

The International Philanthropy Commitment on Climate Change (IPCC) since October 2021

IPCC is a global movement of philanthropic foundations committed to taking urgent action on climate change. We have committed to action across seven categories: Education and learning, commitment of resources, integration, endowment and assets, operations, influencing and advocacy and transparency. As of December 2021, McConnell has also signed on to the Canadian version of this statement, the Canadian Philanthropy Commitment on Climate.

Canadian Investor Statement on Climate Change since December 2021

The statement recognizes the catalyzing impact our investment assets can have to accelerate the transition to a net-zero carbon economy. The statement identifies the actions that signatory Canadian institutional investors are taking to support the transition to a net-zero carbon economy, including requirements for our investees as well as standards and processes for investment practices. To learn more, visit:

riacanada.ca/investor-statement-climate-change



Communities

Collectif des fondations québécoises contre les inégalités since 2014

The Collectif des fondations québécoises contre les inégalités is a group of Quebec foundations that believe that while governments have a duty to reduce inequalities, philanthropy has a vital complementary responsibility to do all that it can to curb rising inequality, contribute to a just and fair recovery and build systems that are more resilient. In 2021, McConnell signed the Collective's Philanthropic Foundations and Commitments to Fight Inequality pledge. Participants are committed to:

- Carve out a role that is distinct from and complementary to other actors, including government.
- Be accountable to the public and demonstrate an ongoing commitment to augmenting impact.
- Ensure that the foundations' mission, values and priorities are coherent with equity orientations.
- Adopt practices to better distribute our power as foundations and better serve the communities we seek to support, especially those that are spearheading efforts to change conditions that exclude them.
- Make investments in projects that reduce inequalities and divest from those that increase inequalities.

For further details on this pledge, please visit

collectifdesfondations.org/déclaration-dengagement





Reconciliation

The Circle on Philanthropy and Aboriginal Peoples in Canada (The Circle) since 2008

The Circle transforms philanthropy and contributes to positive change between Philanthropy and Indigenous communities by creating spaces of learning, innovation, relationship-building, co-creation and activation.

In 2015, we signed The Circle-led **Philanthropic Community's Declaration of Action** which is committed to ensuring that action on reconciliation will continue following the close of the Truth and Reconciliation Commission's report and subsequent 94 calls to action. In addition to our commitment to learn about the history and legacy of the colonial system that imposed the Residential School System, listen with compassion, respect and empathy to partners who give voice to this tragedy, and recognize the need for an ongoing commitment to support this multi-generational work, McConnell has also committed to:

- Share our networks, voices, and resources to include and benefit Indigenous peoples.
- Build relationships with Indigenous peoples and extend the reach of our efforts in both policy and practice.
- Explore new opportunities to support healing and reconciliation and the implementation of the spirit, intent and content of the Truth and Reconciliation Commission's findings and recommendations.

For further details, please visit: the-circle.ca/the-declaration.html

Canadian Council for Aboriginal Business (CCAB) since 2019




McConnell is a supporter of the CCAB*, a not-for-profit organization that offers knowledge, resources and programs to Indigenous and non-Indigenous member organizations who are committed to fostering economic opportunities for Indigenous peoples in Canada.

Starting in 2022, we will be pursuing **CCAB's Progressive Aboriginal Relationship (PAR)** certification. The PAR program helps organizations assess their performance on four key areas: Leadership actions, employment, business development and community relationships.

Note: The Foundation contributed \$175,000 to the CCAB in 2019. See page 12.





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We would like to thank Sébastien Aubin for permission to adapt his artwork for the Reconciliation icon used in this report. Learn more about Sébastien's work here: saubin.ca

We would also like to thank Rihkee Strap for permission to use the eagle illustration on page 10. Learn more about Rihkee's work here: rihkeestrapp.ca

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Fondation
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