

## 2020-2021 Annual Narrative Report (part 2)

### Introduction & Lessons Learned

Despite a challenging year in relation to the COVID-19 pandemic, the Greater Montreal Climate Fund (“GMCF”) team is pleased to report that we have made significant progress in our activities on multiple fronts. As will be made clear in the detailed list of activities and associated outcomes below, our focus over this past year was mainly on further solidifying the administrative and strategic orientations of the GMCF. We believe that it is crucial for a new organization such as ours to have strong foundations to ensure that our external work—becoming a useful and respected resource in our communities and networks, running catalyzing programs, leveraging our resources and power to foster positive change, choosing impact investments, scaling innovating solutions, and more—can be conducted effectively. The insights we gained during this internal process of carefully establishing the GMCF are the “lessons learned” we wish to highlight in this report. We hope they will be useful to our fellow LC3 centres and our partners at the FCM.

Our “slow and steady” approach to establishing the GMCF was a conscious decision based on best practices in our networks and sector, notably The Atmospheric Fund’s (TAF) decades of experience in implementing and scaling low-carbon solutions in the Greater Toronto and Hamilton Area. TAF has spent decades reflecting on how to most effectively leverage their resources and expertise to bring such solutions to scale; as a new organization, we knew we had a unique and one-time opportunity to put their recommendations into practice from the start. In their reports, TAF identified the following as key strategies to sow the seeds of scale:

- ⇒ **Develop multisectoral relationships.** Consulting with and understanding the needs of community leaders, various experts, funders, different levels of government, and other stakeholders is essential for us to become effective changemakers. This process has helped us better understand our role in the ecosystem of climate action, which gaps we can fill and how we can avoid replicating the work of existing organizations, what our blind spots are, etc.; in short, how to effectively leverage our resources to catalyze positive change. For example, our consultations with ACORN Canada (a membership-based community union of low- and moderate-income people), Dunsky Energy Consulting, TAF, Econoler, BOMA, EcoHabitation, Efficiency Capital, representatives from the City of Montreal, and other stakeholders led us to understand that energy-efficient renovations of multi-residential buildings is an underutilized but effective climate solution with significant community benefits, and that we would be well-positioned to initiate

such a project in lower-income neighbourhoods in Montreal. This analysis has been instrumental in the development of our priority axis.

- ⇒ **Understand municipal culture and constraints.** This was particularly crucial for us to learn as an organization that centres itself on urban climate solutions. Municipal culture and constraints sometimes posed a challenge for us this past year; as we strive to be a nimble and flexible organization, cities are huge administrative apparatus that by nature must move more slowly and carefully. On the other hand, cities can enact large-scale projects and policies like no one else, and its administrative complexity opens opportunities to continue to partner with some of its bodies regardless of whether its leaders favour climate action. We are in the process of deepening our relationships with the Bureau de la transition écologique et de la résilience and the Bureau du développement économique of the City of Montreal, as well as other municipalities in the Communauté métropolitaine de Montréal such as la Ville de Laval and Ville Saint-Laurent . We confident that we are sowing the seeds for a fruitful partnership with cities and municipalities for years to come.
  
- ⇒ **Plan the scale-up pathway from the beginning.** This year, the GMCF dedicated a significant amount of time to drafting the backbone of a well-structured strategic plan and process, knowing that, however tempting it may be, jumping into action too fast is not productive; a thorough needs assessment and mapping of opportunities is key. We knew we had to identify potential tipping points, understand social trends, challenge our assumptions, identify which worthwhile projects would likely be challenging to undertake vs. which ones might be “low-hanging fruits”, understand the best practices in the environmental, social, and financial sectors of which we are part, etc. We know that the climate crisis demands fast and bold action but, as a new organization, impulsively or thoughtlessly jumping on opportunities does not allow us to harness our true leverage potential.

We are confident that dedicating time on building a strong strategic and administrative foundation will soon pay off and allow us to reduce GHGs more effectively and benefit our communities in the long-term. With the tools to build a resilient and successful organization now firmly in place, we look forward to expanding our team and beginning our work to reduce GHGs and benefit our communities in earnest this year and feel confident that we will be able to scale up this work going forward.

## Activities & Outcomes: April 2020 – March 2021

Activities	Outcomes
<p><b>Legal</b></p> <p>Put together the legal structure of the organization, ensuring it is compliant with federal</p>	<p>The terms sheet and the bilateral Funding Agreement with the FCM were negotiated and executed, leading to the transfer of the funds.</p>

<p>and provincial requirements, as well as with the closing conditions of the FCM funding agreement.</p>	<p>All the readiness requirements (closing conditions) were met.</p> <p>Federal and provincial legal statuses were reviewed to better suit our mandate, and the documentation to convert the initial non-for-profit organization to a charity was completed and submitted to the Canada Revenue Agency.</p>
<p><b>Governance</b></p> <p>Developed a robust administrative structure for the organization.</p>	<p>The working processes of the governance structure with a board, an investment committee, and an ad hoc strategic committee (which will become the programs and grants committee in 2021) have been developed.</p> <p>Robust policies are in place to ensure good governance and internal controls.</p> <p>A risk management framework and registry are in place to ensure proper risk mitigation for the organization.</p>
<p><b>Operations</b></p> <p>Put together the internal processes for sound and efficient management of the organization.</p> <p>Drafted key operational documents to guide the development of the GMCF over the next five years and beyond.</p>	<p>Bank accounts, a fiduciary account, payroll systems, accounting systems, internal checks and balances procedures, a document sharing platform, and a document classification methodology have been established.</p> <p>The first set of operational documents were drafted and approved by the board: annual budget (2020-2021); five-year cash flow models; annual operational plan (2020-2021); and an evolving organigram. While other such as due diligence process and grants selection management tools are in progress.</p> <p>The recruitment of two central positions, namely a Director of Investments and a Director of Programs, is in progress. Expected start date: June 2021.</p> <p>External professionals were also identified to support the FCGM with legal, accounting, human resources, and other professional expertise.</p>
<p><b>Strategic planning process</b></p> <p>Developed the strategic foundations of the GMCF to effectively position the organization within its networks to maximize the impact potential and prepare it for the deployment of projects and funding.</p>	<p>A thorough mapping exercise of over 40 stakeholders to identify the optimal positioning of the GMCF in the sector was conducted.</p> <p>The board workshopped to identify strategic orientations, priority areas, and types of interventions that would be most appropriate for the organization.</p>

	<p>An active participation was maintained with the LC3 network to develop the Scale Informed Theory of Change.</p> <p>A strong network of organizations is established in the sector to initiate potential partnerships in the Greater Montreal.</p> <p>A considerable pipeline of opportunities is ready to be analyzed once eligibility criteria are approved and due diligence processes are established.</p>
<p><b>Investments</b></p> <p>Established sound investment practices to manage the GMCF's endowment in accordance with its mission and financial needs.</p>	<p>An Investment Policy was drafted with the expertise of the GMCF's investment committee and was approved by the board.</p> <p>A thorough mapping exercise of potential portfolio managers and leaders in the ESG space was conducted.</p> <p>An evaluation matrix based on best practices was designed to rate potential portfolio managers, prioritizing their ESG knowledge and leadership, as well as their performance.</p> <p>Dozens of interviews were conducted to identify managers.</p> <p>Two managers with strong ESG investing methodologies for the fixed income portion of the GMCF's portfolio (40% of the endowment) have been mandated.</p> <p>The same exercise is ongoing for the equity and alternative portion of the GMCF's asset allocation.</p>
<p><b>Grants and programs</b></p> <p>Identified and analyzed four impactful projects that could be rapidly developed (low hanging fruits) once the GMCF's internal processes are in place.</p>	<p>Early stages of due diligence are ongoing for the following four potential projects:</p> <ol style="list-style-type: none"> <li>1. A program to decarbonize multi-residential buildings in Montreal, with a particular focus on rental properties in underserved communities.</li> <li>2. Grants to finance the proliferation of electric vehicle (EV) charging stations in the Greater Montreal area.</li> <li>3. Strategies to accelerate the adoption of EVs in Montreal.</li> <li>4. A grant to support the development of community geothermal projects in urban alleyways with citizen participation.</li> </ol>
<p><b>Mobilization</b></p> <p>Built relationships with organizations in multiple sectors (governmental, academic, financial, philanthropic, environmental, etc.) to foster</p>	<p>The GMCF became an active member of the Partenariat Climat Montréal (PCM), an independent initiative seeking to mobilize key players in the economic, community, philanthropic, and</p>

<p>multisectoral collaboration on climate change action in the Greater Montreal area.</p>	<p>institutional sectors of Montreal to reach the city's GHG reduction targets.</p> <p>The PCM mandated the GMCF to co-lead the finance worktable with Finance Montreal.</p> <p>Members of the table are the Caisse de dépôt et placement du Québec; the Fonds de solidarité FTQ; SecondMuse Capital; Fondaction; Investissement Québec; Desjardins Group; National Bank of Canada; Réseau Capital; Ernst &amp; Young; SVX; Espaces-inc; the Foundation of Greater Montreal; the Trottier Family Foundation; the Chagnon Foundation; Concordia University; Copticom; the City of Montreal; the Gouvernement du Québec; and SOFIAC.</p> <p>The mandate of the working group is to:</p> <ol style="list-style-type: none"> <li>1. Develop mechanisms to raise capital to accelerate climate solutions in Montreal.</li> <li>2. Document the process to make it replicable.</li> <li>3. Influence and share best practices in the finance sector.</li> </ol>
<p><b>Fundraising</b></p> <p>Initiated processes to grow the GMCF's endowment.</p>	<p>Formal conversations with the provincial government, including ministers and vice-ministers have led to concrete interest in funding the GMCF's work. Further collaboration is ongoing with elected officials and their staff.</p> <p>A LC3-led pan-Canadian prospect analysis is in progress as part of the Partnership and Fund Leveraging strategy.</p>
<p><b>Communications</b></p> <p>Developed the GMCF's branding in preparation for increased public communications surrounding the organization's work.</p>	<p>A distinctive brand identity with a logo and colour scheme to represent the GMCF's mission was created.</p> <p>A new website was launched.</p> <p>The executive director participated in numerous worktables, conferences, panels, advisory groups, etc. to raise the profile of the organization with local stakeholders.</p> <p>An effective communication plan and strategy are being developed to raise the profile of the organization with the public.</p> <p>A communication plan was developed for the LC3 network.</p>

## Success Story: Sowing the Seeds of Collaborative Pan-Canadian Action

While we are proud of all the work we have accomplished this year in establishing the GMCF, we also wanted to highlight our contribution to the development of the LC3 network as a whole. We have been collaborating with our fellow LC3 centres on exchanging best practices and lessons learned, raising the LC3's public profile, looking at leveraging our forces to fundraise and invest in projects, etc. We are pleased to see the network truly become a collaborative pan-Canadian team instead of just individual organizations that happen to exist under the same logo. Through collaboration we have learned that, together, we will move the needle exponentially faster and further on climate action.

We believe that taking the time to thoroughly build a strong LC3 network will be crucial for scaling the climate action undertaken by the individual LC3 centres on a national level. Here in Montreal, we cannot wait to start building the future we want—a climate-safe and socially-just world—in partnership with our local partners and our LC3 network. We will strive to ensure 2021/22 is characterized by bold and effective action on the road to transitioning to net-zero by 2050.