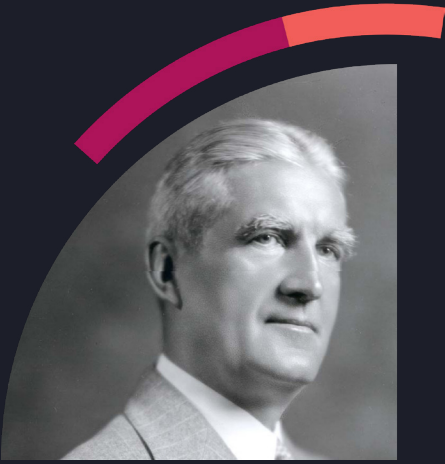


Year in Review 2022

Fondation
McConnell
Foundation



About the McConnell Foundation

Founded in 1937 by J.W. McConnell, 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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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.

We would like to thank [Eruoma Awashish](#) for the artwork she developed for this report. We would also like to thank [Sébastien Aubin](#) for permission to adapt his artwork for the Reconciliation icon used in this report.

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

Welcome from the Board Chair and the President & CEO

At McConnell, 2022 brought refreshing opportunities to meet and collaborate in person as we moved deeper into our work in Communities, Reconciliation and Climate. This was also a year marked by many challenges for the sector, with rising inflation, increased demand for services and a need for large-scale mobilization of capital. This is a moment for philanthropy to revisit how we work, and how we deploy our assets to better support the organizations working to create positive impact.

In recognition of the important societal and environmental changes of the past several years, our Board made the decision to approve the gradual transition of our endowment to 100% impact investing. Over approximately five years, as market conditions evolve and more investment products become available, we will deploy all \$655 million of our assets in the form of both charitable funding and investing towards advancing our mission. To help ensure these investments do not work in conflict with our climate objectives, our Board has approved divesting from fossil fuel holdings by the end of 2023, as well as a commitment to achieve net-zero carbon emissions in our investment portfolio by 2050. We know this will be a learning journey, with successes and failures to come. We look forward to sharing our experience with partners as this work progresses, and hope that others will join us.

Last year also saw soaring inflation rates, with low-income individuals and families facing the harshest impacts of the rising cost of living. Organizations supporting those most impacted have faced increased demands while also needing to manage tighter budgets and reduced buying power. This prompted us to provide all active funding partners with a one-time 7-10% inflation top-up, depending on the financial pressure being experienced by the organization. We hope this additional funding helped to give our partners some breathing room to continue their important work.

In 2022, we also forged new ways of working, with a view to improve how we connect with our partners. This had implications across our organization, including our strategy and partnership work, as well as our funding and decision-making processes.

Our renewed Communities funding strategy was developed in consultation with community organizations from across the country to reflect the current needs and challenges of the sector. The strategy draws on evidence that communities know what is best for them, and prioritizes programming that supports community-driven solutions and rebalances power to equity-deserving groups.

Many social purpose organizations do not have charitable status and are defined as “non-qualified donees” (NQDs). McConnell has been supporting NQDs that play an important role in generating positive social and environmental impact in Canada since 2012. In 2022, the federal government announced a change in rules that will allow charities to fund NQDs with fewer restrictions. This change came because of advocacy from the sector. McConnell and partners such as Imagine Canada were active participants in these discussions, alongside the leadership of Senator Ratna Omidvar and the voices of many NQDs who championed this issue. We are grateful for their work and look forward to continuing to partner with high impact NQDs.



Our partnerships always begin with an application, which we know can take time and draw on much-needed resources to research, write and submit. Improving the application experience is an important element of being better partners. That's why, at the beginning of 2022, we overhauled our application process to make applying for funding easier. Now, organizations are asked to start by submitting a short-form application. If successful, we invite them to submit a full proposal. This way, only organizations with projects that are more likely to receive funding are required to undertake the more rigorous, long-form application.

To help make our funding and decision-making more transparent, our team hosted webinars, produced detailed application resources and hosted over 350 virtual 'Office Hours' conversations advising organizations about potential fit. We know this new process is not yet perfect and we are regularly reviewing and revising it to improve for our partners.

Above all, our partners continue to inspire us and make us ask how to shift our ways of working to better support the amazing work being done in communities across Turtle Island. In this Year in Review, you will have the opportunity to learn about their impact. From the NWT On The Land Collaborative's work on land-based programs in the North, to Indigenous Climate Action's national efforts around Indigenous climate leadership, and Disability Without Poverty's advocacy to benefit Canadians living with disabilities, we hope these stories will inspire you too.

Thank you for reading our 2022 *Year in Review*.

Graham Angus
Board Chair

Lili-Anna Pereša C.Q.
President and CEO



Introducing our new organizational values

In 2022, we formalized the Foundation’s core values and principles. These are the cultural bedrock of our organization. Our values inform how we develop strategies and make decisions, and our principles are how we put these values into action.

In addition to our organizational values, McConnell is also a signatory to the [Philanthropic Community’s Declaration of Action](#). As the Declaration states:

“

“We thank the Truth and Reconciliation Commission for inviting us into this circle that is built on the seven sacred lessons of: Truth, Humility, Honesty, Respect, Courage, Wisdom and Love. These teachings are consistent with our collective purposes, principles and missions.”

Value

Community and equity

We seek to understand and serve the needs of communities—groups who share common needs and goals, whether defined by geography, identity, or other commonalities—with a priority placed on listening to and responding to the needs of equity-deserving groups.

Equity means fairness and justice in the way people are treated, respecting diversity and acknowledging that we do not all start from the same place and not everyone wants to arrive at the same place.

Principle

Collaboration

Collaboration allows everyone to create more effective solutions than we would in isolation. Effective partnerships require mutual exploration and discovery. We rely on the insight and expertise of our partners, complementing it where we are best able, to help increase their capacity and empower them to succeed.

Valuing community and equity means that we will take a collaborative approach and take steps to place power in the hands of partners.



Value

Humility

Humility is a state of remaining respectful and open and listening to voices of lived experience. It is about how you show up.

We are fortunate to work closely with respected public, private and non-profit leaders, but always remember that while we enjoy the opportunity to think big and advance transformative change, we are never bigger than our partners and those we serve.

Principle

Trust

Listen to, respect and amplify the voices of partners in charities, non-profits and communities. Do not seek the spotlight but rather to amplify and lift up our partners and the communities they serve.

Trust that our partners are the experts in their fields, and possess knowledge based in experience that must be heard and respected. Operate with an understanding that there are people who know better than we do. True partnership is a trust-based reciprocal relationship, in which we value what community partners can bring to the table.

Value

Integrity

To possess and consistently embody a strong code of ethics and moral principles. Integrity means never compromising when it comes to core values.

Principle

Responsibility

Being responsible and making sure there is alignment in our ways of working, including coordination and alignment internally across departments, processes and systems. We must use all the tools at our disposal to elevate the support we can provide to our partners.

A great deal of awareness, responsibility and diligence are required in every choice we make. We must also remain coherent and consistent in our approach. Our choices must be guided by our mission, vision and values, and a sense of the impacts and potential impacts of our actions.



Value

Courage

Courage means embracing the unknown. Learning something new sometimes requires pushing your limits and venturing into uncharted territory. In our mission to enact lasting, transformative change, we embrace the need to think boldly guided by our mission and vision—and to uncover insights in both our successes and our failures. This means having the courage to change with lessons learned, and to make tough decisions when called to do so.

Principle

Boldness

Having the courage of our convictions means we must be creative, open and curious.

Creativity is the spark that turns a willingness to take risks into innovation. Openness means remaining open to change and not being stagnant. Curiosity means operating at the edge of things, and remaining ahead of the curve, a trademark of McConnell's way of working.

We must stand firm when our mission and values demand that we do so.

Value

Generational thinking

We value taking the long view when it comes to impact, operations and processes. And we evolve in response to evolving needs and expanding awareness.

As part of our commitment to Truth and Reconciliation, we are committed to operate in alignment with [United Nations Declaration on the Rights of Indigenous Peoples](#) and be responsible to future generations. This aligns with the Iroquois principle of the Seventh Generation, in which the decisions we make today must be sustainable for this generation and the seven generations to come.

Principle

Sustainability

Sustainability is at the core of McConnell's mission. As a Foundation with a long history, to act as responsible stewards means not only environmental sustainability, but organizational durability.

For McConnell, sustainability acknowledges limitations at the individual, social and global level, and aligns human activities within environmental limits. Societies are sustainable when they protect the environment, embrace diversity, push for economic security, create fair opportunities, and aim to reduce inequalities. They are fed by their members' active participation and sense of obligation to future generations, as applied through long-term equitable stewardship.

Funding & partnerships overview

In 2022 we focused on becoming better partners by improving our application process and being more transparent about how we make funding decisions.

2022 Financial Overview

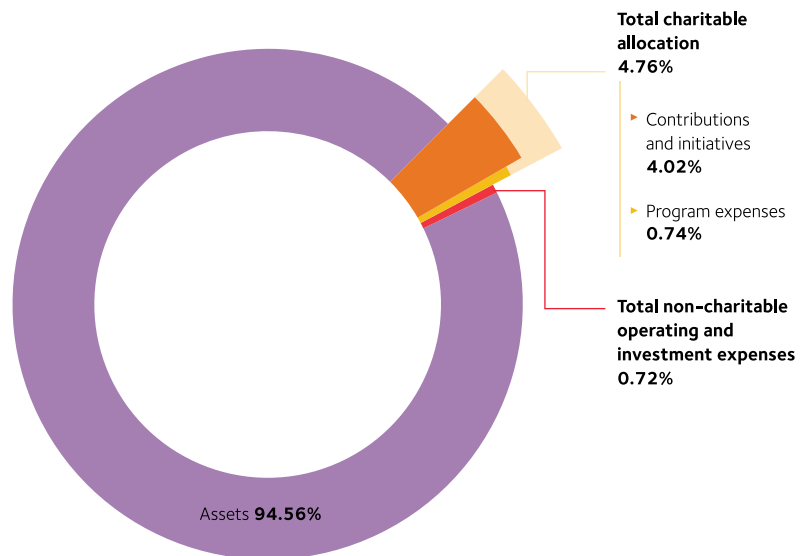
In 2022 we allocated 4.76% of our assets to charitable activities and less than 1% towards non-charitable and investment expenses.

Total charitable allocation:

\$32.46 Million

Average asset value over 8 quarters:

\$682 Million



Partnerships at a glance

We have the pleasure of working with a diverse group of partners who advance positive change for communities and the planet. Our partners inspire us as we work to deliver on our mission and support organizations creating change across Turtle Island.

In 2022 we introduced virtual office hours, hosted webinars and published our [Funding and Partnership Guide](#) to advise organizations as they considered applying. We also introduced a simplified two-step application process.

412
applications

We received over 391 applications through our new two-step and Montreal application forms. Just over 20 proposals were submitted before we transitioned to our new application process.

74
Innoweave partnerships

In 2022, our Innoweave initiative received 138 expressions of interest and funded 74 projects from organizations seeking to enhance their impact by working with a coach.

75
new partnerships

We funded 75 new partnerships in 2022, including 66 from our focus areas and 9 through our Montreal fund.

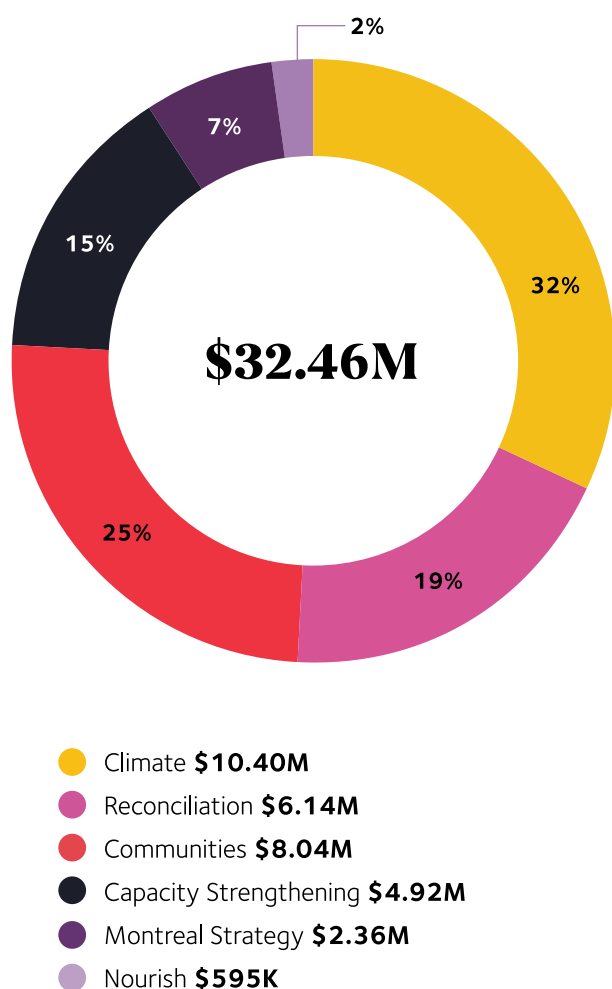
355
virtual office hour appointments

We held more than 350 conversations with potential partners, where we heard their ideas and advised them on potential alignment with our focus areas. Along with our Funding and Partnership Guide, the aim is to provide organizations the tools to decide whether to apply.

Total charitable allocation in 2022

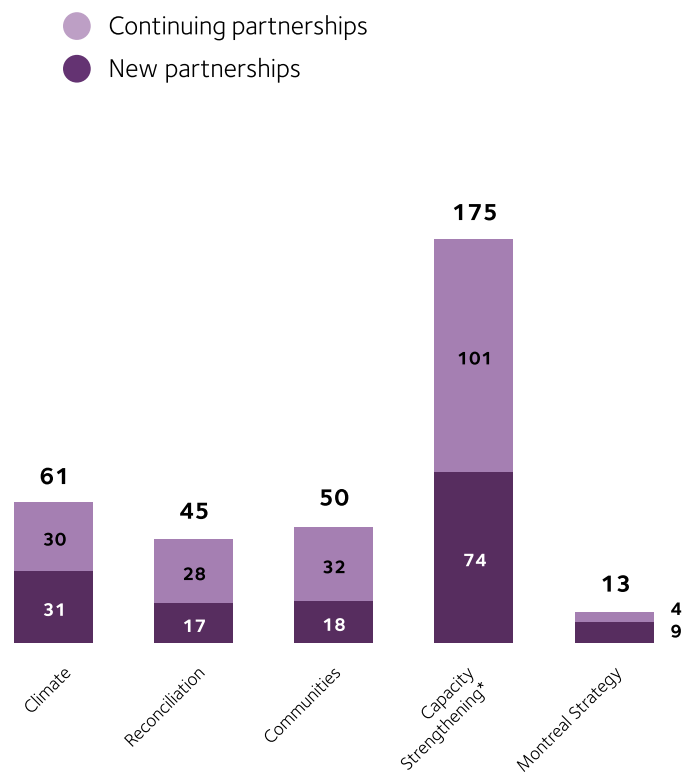
We allocated almost \$24.5 million in funding to organizations through our three focus areas: Communities, Climate and Reconciliation. An additional \$8 million was directed to our Capacity Strengthening and Montreal Strategy streams. This chart also includes an inflation top-up provided to continuing partners in 2022.

Total Charitable Allocation in 2022



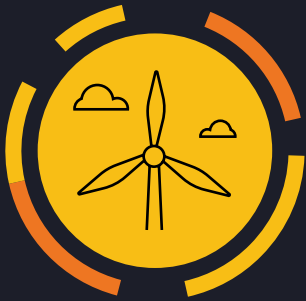
New vs. Continuing Partnerships

We added 149 new partnerships across our funding areas and continued 196 others. Combined, they represent 345 active partnerships.



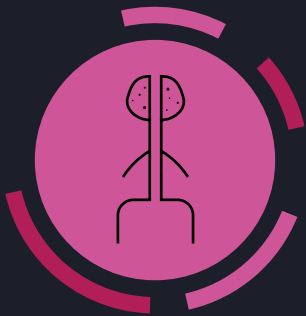
*Includes 74 new partnerships and 88 continuing partnerships through the Innoweave initiative

Our Focus Areas



Climate

- 1 Climate solutions
- 2 Diversity and inclusion
- 3 Sustainable finance



Reconciliation

- 1 Collaborative funding models
- 2 Innovative platforms for change
- 3 Innovative financial solutions



Communities

- 1 Collaboration and collective action
- 2 Policy change

Capacity Strengthening



Montreal Strategy

In addition to funding Montreal-based projects that advance our three focus areas, we allocate approximately \$2 million annually to Montreal charities.

Climate



Supporting equity & diversity in climate action

Everyone has a role to play in climate action. In 2022, we commissioned **research** to understand the level of equity, diversity and inclusion of the organizations working on climate action in Canada. We found that the leadership of most organizations is primarily non-Indigenous, male and white. Our research also determined that equity is seldom a key consideration in the development of climate policies, investments and programs. This research now informs how we fund climate-focused initiatives.

\$10.4M
in contributions

We allocated \$10.4 million to our Climate focus area and supported 61 organizations working to accelerate an equitable transition to a net-zero carbon economy.

63%
women-led

Over 60% of the organizations we supported in 2022 were led by women. We also supported initiatives led by young people, Indigenous people, new Canadians, farmers, and organizations serving small business owners.



Farmers for Climate Solutions

Creating a climate-friendly agricultural sector

Farmers for Climate Solutions (FCS) is a national coalition of 26 farmer-led and farmer-supporting organizations representing more than 20,000 farmers and ranchers. The coalition advocates to consider agriculture as part of the solution to climate change.

In late 2021, FCS assembled an expert task force to identify opportunities for emissions reduction and increased climate resilience within the Government of Canada's upcoming Agricultural Policy Framework. The task force developed detailed and costed recommendations that could reduce emissions from agriculture by 14% over the five-year term of the framework and scale up carbon sequestration on Canadian farms.

"For FCS, 2022 was a year of tremendous growth and action. We grew our team and built up our efforts as a national coalition," says Dr. Karen Ross, Executive Director.

“

"We launched our farmer training and mentorship program, developed our network of farmer ambassadors, and strengthened our working groups and task forces to be powerful voices advancing climate solutions in Canadian agriculture,"

— Karen Ross, Executive Director

A multilateral framework agreement was reached by federal, provincial and territorial ministers of agriculture in July 2022. While the agreement did not include all of FCS' recommendations, Ross says there were important wins: "The agreement includes targets for GHG emissions reduction for the first time and mandates a minimum of \$438 million in spending on programs that will have a measurable impact on emissions."

The future looks bright as Farmers for Climate Solutions continues to expand its work, creating programs and policies that are good for agriculture, for people, and for the planet.

Contribution:

\$484,680

2021–2023

Funding strategy:

Climate solutions

Thank you to [Farmers for Climate Solutions](#) for the images used on this page and other pages throughout this report.



Indigenous Climate Action

Climate leadership starts in communities

Indigenous Climate Action (ICA) is an Indigenous-led climate justice organization guided by a diverse group of Indigenous Knowledge Keepers, water protectors and land defenders from communities and regions across the country.

In 2021–2022, ICA launched its Climate Leadership Program. The program supports Indigenous Peoples to reinforce their role as climate leaders and to develop relevant and effective climate resilience strategies in their communities. “There is a positive experience when education programs are created by and for Indigenous Peoples, and prioritize centering Indigenous knowledge and knowledge systems,” explains Eriel Tchekwie Deranger, Executive Director.

“

“To date the Climate Leadership Program has trained more than 50 Indigenous Peoples from across so-called Canada. Over 20 individuals have gone through our Facilitation Training to become Climate Leadership Program facilitators,”

— Eriel Tchekwie Deranger, Executive Director

To remove as many financial barriers as possible, participants receive internet, cell phone and childcare subsidies when completing the leadership program. For youth and Elders, the program also offers an hourly honorarium. Deranger speaks to the importance of offering financial assistance: “This is all to do our best to remove any financial barriers that participants may be experiencing.”

“The support of the McConnell Foundation goes beyond funding. We were given the power to determine where the funds can be spent based on the needs identified by our team,” says Deranger. “This approach has been critical to support our team to nurture our internal capacities and confidence in building and administering program offerings that have a real impact for our vision. That vision is a world with sovereign and thriving Indigenous Peoples and cultures leading climate justice for all.”

Contribution:

\$309,000
2020–2023

Funding strategy:

Diversity & inclusion:
Equitable outcomes
for all

Thank you to [Indigenous Climate Action](#) for the images used on this page and other pages throughout this report.



Shift: Action for Pension Wealth and Planet Health

Directing retirement savings to climate action

Shift: Action for Pension Wealth and Planet Health aims to protect both peoples' pensions and the climate. They bring together beneficiaries and their pension funds, supporting people to track where their retirement wealth is being invested and how they can advocate for a shift towards more zero-carbon investments.

"We educate and empower distinct communities of workers across Canada to advocate for greening their pensions," says Adam Scott, Director. "Shift works closely with groups of teachers, nurses and government employees so they can speak out to protect their retirement savings from climate risks, and to ensure those savings are not invested in a way that worsens the crisis."

Canada's top 10 pension funds manage more than \$2 trillion in assets. Prior to 2020, only one pension plan in the country, the Caisse de dépôt et placement du Québec (CDPQ), had committed to a Paris Agreement-aligned climate target of net-zero by 2050. By the end of 2022, eight of the largest Canadian pension plans had

made a similar commitment, thanks to the engagement of Shift. "This move towards climate-alignment has massive implications for our collective ability to address this crisis long term," says Scott.

Influencing the investment strategies of pension plans may seem like an impossible, insurmountable task. But Scott has witnessed first-hand that change is possible.

"Fund managers, like many institutions, are only just learning what the climate crisis means for them and how to address it," explains Scott. "They have moved surprisingly quickly, relative to their size and complexity, in response to education and member engagement."

“

"It turns out that a small group of thoughtful, committed citizens can indeed change the world,"

— Adam Scott, Director

Current contribution:

\$600,000
2022–2025

Previous contributions:

\$300,000
2020–2022

Funding strategy:

Sustainable finance

Reconciliation



Reaffirming economic reconciliation

For nearly 20 years, our work towards reconciliation has been rooted in honouring the courageous survivors of the residential school system and their families. Reconciliation is personal, organizational and systemic journey, and we are continuously learning how to weave Indigenous and Western approaches into our work. These learnings are grounded in wise practices, ceremonies and Elders' teachings, for which we thank our Indigenous and non-Indigenous partners. In 2022 we heard partners reaffirm our focus on economic reconciliation, and emphasize the importance of building respectful relationships with partners and prioritizing Indigenous-led solutions.

\$6.14M

in contributions

We allocated over \$6 million to our Reconciliation focus area and supported 45 organizations working to advance a reconciliation economy where wealth and resources are equitably shared and sustainably stewarded.

107

Calls to Economic Prosperity

The National Indigenous Economic Strategy

(NIES) published its 107 Calls to Economic Prosperity in June 2022 and invited all organizations in Canada to collaborate on this initiative. Designed to achieve inclusive growth for and with Indigenous communities, this Indigenous-led pathway forward was developed and vetted by over 20 Indigenous organizations. This collective strength will inform our work moving forward.



NWT On the Land Collaborative

Supporting land-based programming across the Northwest Territories

The NWT On The Land Collaborative is a collective of partners from government, industry, philanthropy and beyond, working to support land-based programs and projects in the Northwest Territories (NWT).

“This year, the Collaborative will hand out over \$1 million in funding to 52 land-based projects across the Northwest Territories,” says David Brinston, Director - On The Land Programs for the NWT Recreation and Parks Association, a partner of the Collaborative.

Through its funding and other support, the Collaborative champions projects that get people out on the land. It connects community members to their culture, languages and traditions, builds or strengthens partnerships, and enhances community capacity. Sustainability is a guiding principle, as it relates to both the natural environment and the continuation of the program.

Community advisors are appointed by regional Indigenous governments to serve as representatives to the Collaborative. They provide on-the-ground support to projects throughout the application process and assist in the selection of recipients.



“We believe strongly that communities are best positioned to determine what will work for them and we are committed to supporting local expertise and objectives.”

— David Brinston, Director

The administrative team of the Collaborative also includes representatives from the territorial government’s departments of health and social services and environment and natural resources, as well as the NWT Recreation and Parks Association.

Notes Brinston: “Every member of the Collaborative, regardless of their role or how much they contribute to the funding pot, has an equal voice at the table and plays an important role in determining how we work.”

Participating regional Indigenous governments:

- Inuvialuit Regional Corporation
- Gwich’in Tribal Council
- Tłıchǫ Government
- Dehcho First Nations
- Northwest Territory Métis Nation
- Akaiitcho Territory Government
- Sahtú Secretariat Incorporated

Current contribution:
\$805,000
 2019–2025

Previous contribution:
\$175,000
 2015–2019

Funding strategy:
 Collaborative funding models



Thank you to [NWT On The Land Collaborative](#) for the images used on this page and other pages throughout this report.



Turtle Island Institute

Reawakening Ancestral ways to realize systems change

Turtle Island Institute (TII) is a global Indigenous think and do tank and a teaching lodge committed to amplifying Indigenous knowledge systems, ancient wisdom traditions and Indigenous sciences.

“We breathe Spirit into systems spaces that have become disconnected from the Spirit of Life. We do this by reorienting systems processes to include critical dimensions reflective of Ancestral ways of seeing, knowing, relating and doing,” says Terrellyn Fearn, Project Director.

TII hosts a virtual teaching lodge with more than 600 global family members. The virtual lodge is a living communal network of diverse systems change leaders, knowledge carriers, practitioners, ancient language speakers, community scholars, scientists, artists, Faithkeepers, healers and musicians focused on amplifying individual and collective capacities to effect large-scale transformative change.

“

“We approach our work grounded in principles of relationality and care,” says Fearn. “As quantum scientist and seed keeper Dr. Vandana Shiva shared in one of our dialogues, ‘Care is the only living relationship that sustains life.’ I couldn’t agree more.”

According to Fearn, “care is the mashkiki (medicine) we are taking into this new lunar cycle for 2023, as we honour the complexity of living experiences and differing worldviews and aim to uphold the dignity of all living things, seen and unseen.”

These values will be foundational to TII as it continues to design innovative projects and uniquely Indigenous approaches to bring deep systems awareness.

These values will be foundational to TII as it continues to design innovative projects and uniquely Indigenous approaches to bring deep systems awareness.



Contribution:

\$1,530,000

2019-2024

Funding strategy:

Innovative platforms
for change

Thank you to **Turtle Island Institute** for the images used on this page and other pages throughout this report.



Aboriginal Savings Corporation of Canada

A unique innovation to support home ownership on First Nations reserves

Building, buying or renovating a house when living on a reserve is not straightforward. The *Indian Act* limits property rights and does not allow for the same type of mortgage that can be accessed off-reserve. In 2015, the Aboriginal Savings Corporation of Canada (ABSCAN) created a precursor housing fund for First Nations communities. It supports Indigenous individuals to become homeowners.

The McConnell Foundation provided an initial \$150,000 in funding alongside a \$350,000 impact investment, which helped to launch a project in the Huron-Wendat Nation near Quebec City. ABSCAN's model proved highly successful, and the venture was quickly replicated in several communities across Quebec.

The ABSCAN housing loan fund provides First Nations and their members with access to financing adapted to their needs and reality, while also stimulating economic development in a community.

The expansion of the ABSCAN housing fund has had a considerable impact on access to home ownership on reserves in Quebec. Housing construction generates important economic activity and employment. For example, plumbing, tiling and construction businesses have sprung up over the past decade on many Quebec reserves.

Légaré describes the relationship between his organization and McConnell over the past 10 years: “We never felt that we were in a banker-client relationship, but rather that we were a potential partner from the very beginning of our collaboration. The open relationship and the exchanges allowed us to identify objectives and to properly calibrate our project.”

With its housing fund, ABSCAN has demonstrated that there is an appetite for Indigenous-led financial frameworks for housing projects. They are working to expand their offering across Canada.

“

“There is no other company in Canada that does what we do. We respond to a social need, which contributes to economic vitality and development,”

— Martin Légaré, Executive Director.

Current partnership:

\$150,000

2018-2022

Previous partnership:

\$150,000

2014-2015

Investment:

\$350,000

2015-2019

Funding strategy:

Innovative financial solutions

Thank you to **Aboriginal Savings Corporation of Canada** for the images used on this page and other pages throughout this report.

Communities

Our renewed strategy aims to support the leadership of equity-deserving groups to address systemic barriers to economic and social justice.

In 2022, we consulted partners to better understand what communities need and where to focus our efforts. Based on this guidance, we updated our approach to primarily fund groups led by members of the communities they serve. Fully integrating this new approach will take time and there may be bumps along the way. But we are committed to changing our practices to ensure resources flow in the most appropriate and impactful ways.

\$8.04M

in contributions

We supported 50 organizations in 2022, allocating over \$8 million in funding to partners looking to accelerate and amplify positive change in their communities.

461

partner connections

In 2022, our Communities team hosted nearly 200 office hours to guide organizations as they considered applying for funding. We also hosted a pair of webinars outlining our new Communities strategy, which reached more than 250 partners.





Montreal’s Collective Impact Project

A collaborative model to reduce poverty in Montreal neighbourhoods

The Collective Impact Project (CIP) places collaboration at the heart of its activities, organizational structure and decision-making process.

In 2015, nine foundations, Centraide of Greater Montreal, the City of Montreal, the Montreal Regional Public Health Department and the Coalition montréalaise des Tables de quartier (a coalition of 32 neighbourhood roundtables), partnered to increase their impact in a concerted, collaborative manner. Their shared goal: reduce poverty and social exclusion in Montreal.

When it started, the \$23 million project was unique in the Montreal philanthropic landscape. “This new structure has allowed us to pool significant philanthropic funds,” explains Rotem Ayalon, Director of the CIP at Centraide of Greater Montreal, the organization responsible for implementing the project.



“In seven years we have seen the benefits of this collaboration, both for decision-making and within neighbourhoods. The fact that we have a better understanding of the priorities and concerns of each partner, that we can share our understanding of current issues and that we can connect, is extremely valuable,”

— Rotem Ayalon, Director

Between 2016 and 2021, the CIP supported 17 Montreal neighbourhoods in carrying out projects, developed collaboratively, according to the specific issues of the neighbourhood. “It was creative and inspiring. It allowed us to experiment, evolve and do things differently,” says Ayalon.

Phase 2 of the CIP was launched in 2022 to strengthen neighbourhood projects and will expand to all 32 neighbourhoods in Montreal. Having demonstrated impact, the CIP received extended funding of \$22.5 million to support its second phase growth over the next five years.



Thank you to **Collective Impact Project** of Greater Montreal for the images used on this page and other pages throughout this report.

Current contribution:
\$1,014,000
 Phase 2
 2020-2025

Previous contributions:
\$2,000,000
 Phase 1
 2015-2020

Funding strategy:
 Collaboration and collective action



Disability Without Poverty

Nothing About Us Without Us: Political advocacy led by people with disabilities

Disability Without Poverty is a movement led by people with disabilities, supported by families, friends, service providers, allies and organizations.

“Our laser focus has been and continues to be the passage of the Canada Disability Benefit as part of federal Bill C-22. We want to see the benefit delivered to people with disabilities who need it the most, as quickly as possible,” says National Director Rabia Khedr of the movement’s recent efforts.

The Canada Disability Benefit is designed to reduce poverty and support the financial security of persons with disabilities. Research has found that working-age persons with disabilities are more likely to live in poverty than those without. Through its ambitious advocacy around Bill C-22, Disability Without Poverty is determined to address this inequity.

To accomplish its ambitious goals, Disability Without Poverty organized and energized communities around the issue of Bill

C-22. “We started a movement by establishing a national grassroots leadership group of people with disabilities from diverse backgrounds,” explains Khedr. “We engaged leading academics to help inform the design of the benefit by providing initial modelling data. And we brought together a partners group to provide advice and facilitate outreach to people with disabilities and those in positions of power.”

Thanks to the dedication of Disability Without Poverty, Bill C-22 is moving through Parliament and has received broad support.

Khedr offers the following advice for organizations doing advocacy work:

“

“The biggest piece of advice I have is put people with lived experience at the centre of the work and build partnerships with philanthropy to invest in your efforts.”

— Rabia Khedr, National Director.

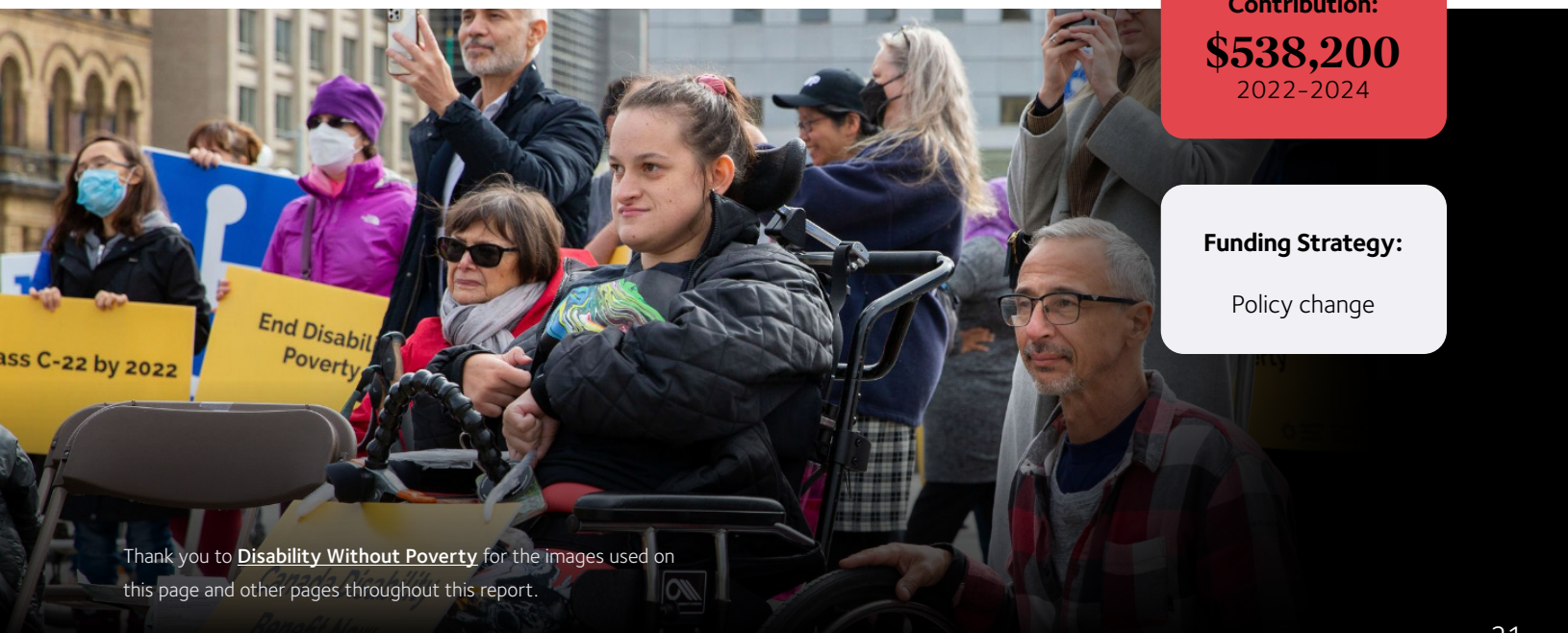
Contribution:

\$538,200

2022-2024

Funding Strategy:

Policy change



Thank you to [Disability Without Poverty](#) for the images used on this page and other pages throughout this report.

Investments



We have spent several years consciously building strategies to align our financial practices with our mission. In 2022, we made our most important decision yet.

In 2022, our Board committed to deploy the entirety of our assets to generate measurable and positive impact in our communities and for the environment. We also aim to achieve net-zero carbon emissions in our portfolio by 2050 at the latest.

7.8M

tonnes of greenhouse gas emissions

Our impact investing portfolio has displaced, replaced or reduced nearly 8 tonnes of GHG emissions.

3,592

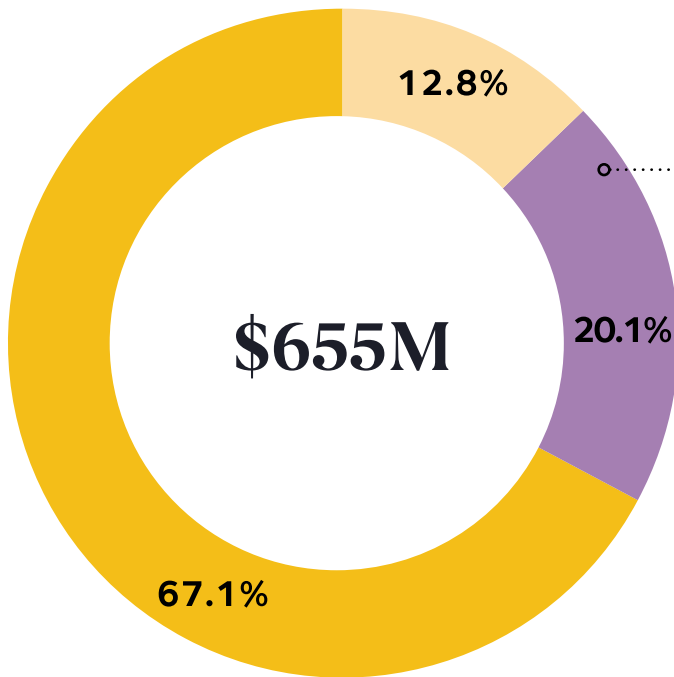
affordable housing units financed

Our portfolio helped finance nearly 3,600 affordable housing units, more than twice as many units than in the previous year.

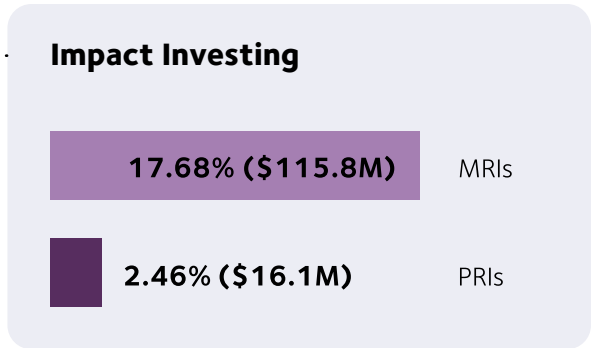
Investments

Our endowment as of year-end 2022

As of December 31, 2022, our endowment sits at \$655 million. Just over 20% (\$132 million) of our assets are committed to impact investing. A further 13% (\$84 million) can be classified as active responsible investing.



- **Benefiting Stakeholders (\$83.6M)**
- **Impact Investments (\$131.9M)**
- **Avoiding Harm (\$439.5M)**



4.8% of our endowment was allocated to charitable activities in 2022. 100% of the portfolio is invested with targeted negative screens.

We added two investments to our portfolio in 2022, for a total of 31 investments. The first was a \$4-million Program Related Investment to Raven Indigenous Capital Partners, the second was a \$15-million Mission Related Investment to AlphaFixe Capital.

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

PRI: Program Related Investments are investments 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.



Our investment strategy

Aligning our endowment with our mission

As a private charitable foundation, the McConnell Foundation has the privilege and responsibility to use our assets to help advance positive impact that aligns with our mission. That is why, over the next five years as market conditions evolve and more investment products become available, we aim to commit the entirety of our endowment towards investing for impact.

This means that we will deploy all \$655 million of our assets in the form of both charitable funding and investments that generate measurable, intentional positive change in our communities and for the planet. To ensure that these investments do not work in contradiction to our mission, McConnell also commits to achieving net-zero carbon emissions in our investment portfolio by 2050 at the latest.

Our investing strategy

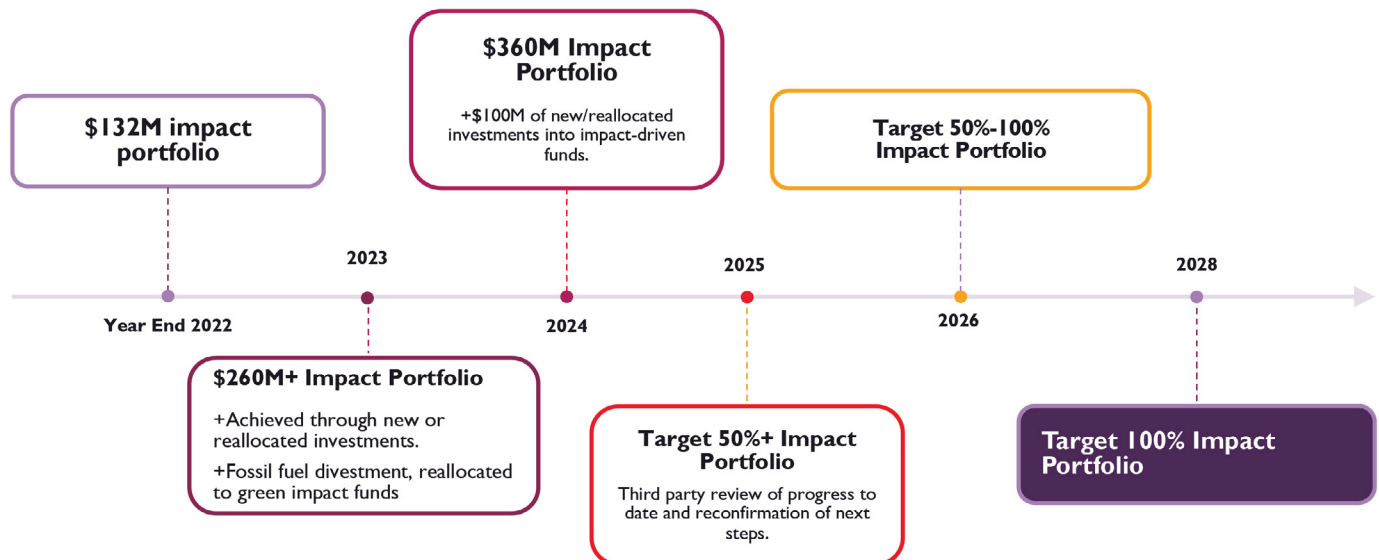
Our impact investing journey began in 2007 with a single investment. Today, this impact portfolio represents 20% of our endowment. In setting the goal of aligning all investment assets with our mission, we hope to help build a thriving impact investing ecosystem in Canada and accelerate the shift to an impact-first economy where all investments contribute to meaningful positive impact for people and planet. This commitment to 100% impact will become even more achievable as the ecosystem evolves.

In addition to aligning with our mission, our investment strategy aims to:

1. Scale impact.
2. Build and influence the market through financial innovation and by shifting corporate and institutional behaviour.
3. Strengthen the capacity of the community sector by enabling new forms of finance for charities and non-profits.
4. Integrate equity, diversity, inclusion and accessibility considerations throughout our investment process – from due diligence through to investment decision-making and portfolio and impact management.



100% Impact Targets & Milestones



Net-zero carbon emissions by 2050

The climate crisis is one of the most pressing issues facing society today.

Addressing it will continue to be a priority in our investment strategy. McConnell has committed to reaching net-zero carbon emissions in our endowment by 2050, with interim milestones that align with the accelerated European Union objective of a 60% reduction in carbon emissions by 2030. As a first step in this journey, we will be divesting from fossil fuels by the end of 2023.

Our commitment joins a growing movement of investors, including philanthropic foundations seeking to create greater impact with their capital and we are grateful for their leadership. As we embark on this new investment strategy, we hope to share our experience with partners. We will continue to report on our progress through regular updates and through our impact investing report. We also aim to publish a Climate Action Plan and new due diligence approach to help others join us in this work.

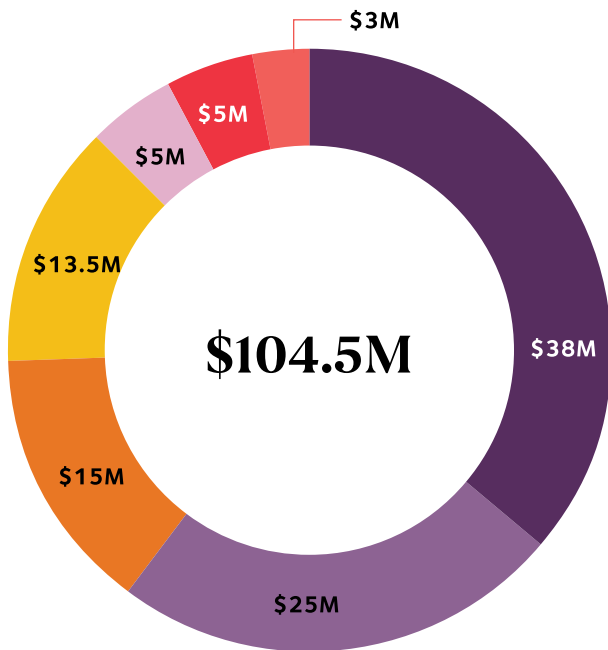


Using green bonds to fund climate change mitigation: AlphaFixe wins the Great Canadian ESG Championship

In 2022, the McConnell Foundation partnered with the Trottier Foundation and seven other co-investors in the Great Canadian ESG Championship. The event showcased investment managers who excel in responsible investment practices and gave asset owners a jumping-off point to help accelerate their ESG investing.

Sixty investment managers submitted proposals. In the end, seven asset management firms were selected to earn investment mandates based on their robust ESG and financial performance.

Investment Mandate Awarded To



- Rally Assets
- Schrodgers
- UBS
- PH&N
- Manulife
- AlphaFixe
- Jarislowsky Fraser

Meet the champions: AlphaFixe Capital

AlphaFixe Capital is a leading fixed income investment manager with \$7.6 billion assets under management as of December 31, 2021. Its Green Bond Fund invests in fixed income securities that finance climate change mitigation and adaptation projects. As of 2022, AlphaFixe Capital’s portfolio of securities included renewable energy, public transportation and green buildings projects.

According to AlphaFixe Capital, the Green Bond Fund and its financed projects have a direct impact on Canadians, cities, corporations and other stakeholders. “A wind farm project in Ontario can help meet the province’s growing electricity demand with clean and affordable energy, thus boosting businesses’ competitiveness and helping alleviate the bill for Canadian citizens. A light-rail project can help reduce the use of internal combustion engine vehicles, thus reducing greenhouse gas emissions, air pollution, traffic deaths and urban sprawl,” says Simon Senécal, Portfolio Manager.

Senécal shares: “Over the past 15 years, our journey promoting ESG best practices has led AlphaFixe Capital to reflect on what it means to make a positive change within our community. It also made us realize that being vocal and speaking with conviction can have a big impact down the road, even though we are small in size compared to global asset managers.”

Current investment:

\$15,000,000

2022

Previous investments:

\$20,000,000

2019

Our Commitments

We have engaged with several public statements, commitments and declarations over the years. In the spirit of transparency and accountability, here is an overview and an update on the steps we are taking to deliver on these commitments.

Justice, Equity, Diversity and Inclusion (JEDI)

In 2022 we worked with external consultants to conduct a JEDI, sometimes called AREDI (accessibility, reconciliation, equity, diversity and inclusion), audit of our policies and procedures. Through this audit, we learned that our current strength is in taking steps to implement JEDI systematically in our funding, as well as in our partnership processes and decision-making. We also learned that we must do better in many other areas.

We have a working group composed of staff and trustees who oversee the implementation of JEDI within all aspects of our policies and practices. As a first step, members of our Board of Trustees and staff participated in the Philanthropic Foundations of Canada’s JEDI accelerator, a year-long peer learning program with other member foundations embarking on their JEDI journey. We also signed and committed to the Canadian Council for Aboriginal Business’ PAR certification.

In 2023, we will prioritize continuing staff and board training and incorporating JEDI practices across all areas of the Foundation.



Investments and Funding

United Nations Principles for Responsible Investing (PRI), since 2017

As the world’s leading proponent of responsible investment, PRI supports its international network of investor signatories to incorporate environmental, social and governance (ESG) factors into their investment and ownership decisions. We are evaluated annually by the PRI Association, using a rating of E to A+ on our ESG performance across three categories: Strategy and governance, manager selection and monitoring, and active ownership. To view the detailed report, please visit: unpri.org.

McConnell’s PRI Assessment:

Strategy and Governance: A

Manager selection and monitoring: 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.



Canadian Investor Statement on Climate Change (CISCC), since 2021

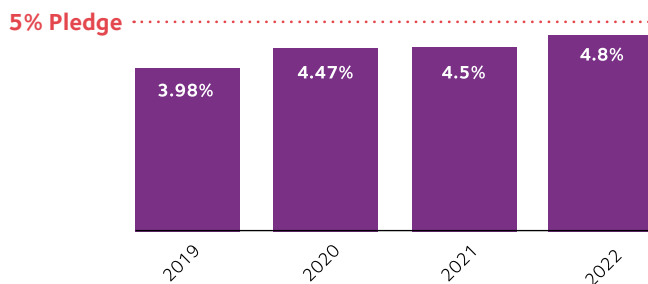
The CISCC recognizes the catalyzing impact that investment assets can have on climate change and identifies actions investors can take to accelerate the transition to a net-zero economy. This includes requirements for our investees as well as standards and processes for investment practices.

We have committed to achieving net-zero carbon emissions in our investment portfolio by 2050 at the latest, with an interim objective of a 60% reduction in carbon emissions by 2030. We also began divesting from fossil fuel holdings, which as of 2022 represented 3.8% of our endowment. We expect to fully divest by the end of 2023.

GIVE5, since 2020

Inspired by our 2020 commitment to GIVE5’s COVID-19 response, we now aim to allocate 5% of our assets to charitable activities each year. While we have not yet achieved 5%, our disbursements increased every year. The federal government raised the minimum disbursement quota to 5% in 2023; as such, this will be the last year we report on this commitment.

Charitable Allocation



Climate

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

The International Philanthropy Commitment is a global movement of philanthropic foundations committed to urgent action on climate change. This action is across six categories: Education and learning, commitment

of resources, integration, endowment and assets, operations, influencing and advocacy, and transparency. In 2021, we also signed the Canadian version of this statement, the [Canadian Philanthropy Commitment on Climate](#).

Signatories must submit an annual implementation report.

Action towards each pillar of the IPCC (2022):

- ✓ **1. Education and learning:**
We prioritized education opportunities for our Board and staff and shared learnings with other funders.
- ✓ **2. Commitment of resources:**
We allocated over \$10.4M to our Climate focus area and supported 61 charitable and non-qualified donees to address systemic barriers to climate mitigation in Canada.
- ✓ **3. Integration:**
We allocated new grants at the intersection of climate action and equity, diversity and inclusion. We regularly ask organizations we support how they build equity as an outcome of their climate mitigation solutions.
- ✓ **4. Endowments and assets:**
We committed to completely divest from coal, oil and gas and fossil fuel holdings by the end of 2023. We have also committed to reach net-zero carbon emissions in our investment portfolio by 2050 at the latest.
- ✓ **5. Operations:**
We audited the environmental impact and carbon footprint of the Foundation. In 2023, we will implement actions aimed at reducing the carbon footprint of our operations.
- ✓ **6. Influence and advocacy:**
We actively support organizations that develop policy recommendations and oversee government relations. We also fund Indigenous-led organizations who work to advance their Treaty rights.
- ✓ **7. Transparency:**
We publish all granting decisions on our website and share potential granting opportunities with other Canadian climate funders.



Reconciliation

Four Seasons of Reconciliation, 2022

In 2022, all Foundation staff received training through the Four Seasons of Reconciliation, a transformative Indigenous cultural awareness program. Learn more at: <https://nacc.ca/4-seasons-of-reconciliation/>

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

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

In December 2022, McConnell was accepted into **Partners in Reciprocity**, a peer learning program dedicated to supporting philanthropic teams in a reorientation towards equity and justice.

In 2015, we signed The Circle-led **Philanthropic Community's Declaration of Action**. In doing so, we pledge to ensure action on reconciliation following the Truth and Reconciliation Commission's report and subsequent 94 calls to action. We are committed to learn about the history and legacy of the colonial system that imposed the Indian 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. Additionally, the Foundation commits to:

- Share our networks, platform 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, as well as the implementation of the spirit, intent and content of the Truth and Reconciliation Commission's findings and recommendations.

Progressive Aboriginal Relations (PAR), since 2022

PAR is a certification offered by the Canadian Council for Aboriginal Business (CCAB).* We are committed to earning bronze-level PAR certification by the end of 2023. These efforts are being led by a working group representing all parts of the organization. This work will include developing a commitment statement, drafting policy, identifying stakeholders and communities of interest and training leadership and employees on PAR.

*Note: In 2019, the Foundation contributed \$175,000 over three years to the CCAB for a project to develop a database of corporations committed to Indigenous procurement and a directory of certified Aboriginal businesses in Canada.



Communities

Collectif des fondations québécoises contre les inégalités, since 2014

Le Collectif des fondations québécoises contre les inégalités is a group of Quebec foundations that believe that while governments have a duty to reduce inequalities, the philanthropic sector has a complementary responsibility to curb rising inequality, contribute to a just and fair recovery and build more resilient systems.

In 2022, the Foundation continued to engage with the Collectif on policy priorities, and to share knowledge on topics in the philanthropic sector.




In 2021, McConnell signed the Collectif's pledge for philanthropic foundations to fight inequality. For further details, please visit: collectifdesfondations.org/declaration-dengagement



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Fondation

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Foundation