

## Chief Executive Officer's Report

**Date:** April 11, 2022  
**To:** Board of Directors of the Toronto Atmospheric Fund  
**From:** Chief Executive Officer

### GOVERNANCE MATTERS

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#### Board and Committees

Kiki Anadu stepped down from the Direct Investment Committee; her valuation expertise will be missed and this will be a key focus for recruitment.

#### Risk Register

Notable risks for this period and our response include:

- Operational – staff and/or governance capacity are inadequate to deliver on TAF's mandate. The staff team is under capacity with three key positions vacant: Quantification Analyst, Senior Grants Manager and Office Co-ordinator. This is being managed by adapting projects and timelines (for instance the first grant intake), and despite some recruitment setbacks, we are confident about filling this capacity in coming weeks. Additionally, recruitment for VP Impact Investing is underway and new positions for Retrofit Accelerator will be filled as funding get secured.
- Financial – there is a significant capital market downturn. The first quarter yielded lower returns than projected, and inflation erodes that, while costs of related to key projects have escalated significantly. TAF's portfolio may look anemic compared to standard benchmarks because it does not include fossil fuel companies. As a long-term investor that believes carbon exposure holds significant risk, we are confident in the value of our portfolio, and continuing the process of diversifying and reaching the Target portfolio.
- Operational – information technology disruption. TAF participated in the cyber security confirmation program undertaken by the Office of the Chief Information Security Officer and identified several areas for hardening which will be undertaken in the next 90 days.

#### Agreements

##### TO/TAF Agreements

Updating of the governance documents is progressing; see item TA16.3.

## **ON/TAF/TO Transfer Payment Agreement (TPA)**

To the best of my knowledge, this confirms that TAF is in compliance with the terms of the Transfer Payment Agreement.

## **FCM/TAF/TO Funding Agreement (FA)**

All parties agreed to a minor, administrative modification to the FA to include reference to a Direct Investment Committee. Based on TAF's experience with the first program audit, key elements have been streamlined and clarified by FCM; the second program audit is underway concurrently with the financial audit and will be completed shortly after that for May 30 submission.

## **OPERATIONS**

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### **Staff News**

We're pleased to announce that Julie Leach has been promoted to Senior Manager, Campaigns and Communications and Evan Wiseman has been promoted to Senior Manager, Climate Policy. Juan Sotes, Quantification Analyst, recently moved on to a new opportunity; his contribution to building this aspect of TAF's work is appreciated.

### **Operations**

Migration to SharePoint is nearly complete, with only archival Finance files left to transition. Salesforce has been customized and will be rolled out organization-wide. Our office and policies will soon be ready to support a hybrid workplace including hardware, software, internet service and workspace upgrades however a hard date for transitioning has not been set given current conditions.

### **Equity, Diversity & Inclusion (EDI)**

Membership of the staff Working Group has revolved. Current priorities include continuing the learning program, and publishing our first outward-facing EDI report on TAF staff, committee and Board diversity and representation.

## **STRATEGIC PROGRAMS**

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### **Accelerating Retrofits**

Significant support for retrofits was a feature of Canada's 2030 Emissions Reduction Plan and Budget 2022. That includes \$200M for deep retrofit acceleration, which responds to coordinated advocacy from TAF and partners across Canada, and additional capital for retrofits of affordable housing which is also welcome since this is a priority sector for TAF's MURB Retrofit Accelerator.

We are providing support and advice to TCHC in the development of a net-zero strategy for their full corporate portfolio, in line with the City's net-zero by 2040 commitment. Retrofit Accelerator is ready to support additional building owners in undertaking deep retrofits and priority is being given to other municipal housing providers in the GTHA, building on TAF's experience in this sector, the pressing need for improving affordability, and the potential for social, financial and economic benefits.

By invitation from Employment and Social Development Canada, TAF developed an ambitious \$8M funding proposal, which would involve the City of Toronto, United Way

and Building Up, to support scale up employment and training opportunities for equity-deserving groups in retrofits and other construction projects in the GTHA.

### **Electrification of transportation**

Demand for the EV Station Fund has been extremely strong since the program's launch in January 2022 with over 100 applicants submitting a prequalification form (the initial stage of the application process). The first contribution agreement with a recipient was completed in March. Outreach and promotional activities will continue to target applications from locations where EV charging is most needed: multi-family buildings and public spaces. This strategy is bearing fruit as approximately 90% of proposed projects focused on these two use cases. TAF's early experience with the EV Station Fund has reinforced the substantial need for more extensive charging infrastructure throughout the Greater Toronto and Hamilton Area. Through delivering this program, we are also educating ourselves about the wider financial, regulatory and cultural obstacles to implementing EV charging at scale – and exploring how TAF can deploy its other tools to overcome these barriers.

One of the key barriers to accelerating the uptake of EVs in Toronto is the lack of access to charging for those so-called a driveway or garage 'orphans'. There are only 17 on-street chargers in Toronto, whereas thousands will ultimately be needed to enable residents to charge conveniently. TAF is developing a survey, to be administered by TAF in conjunction with any City Councillors and allied organizations who wish to participate with the goal of understanding Toronto residents' demand for on-street charging. This can inform where and how quickly to deploy infrastructure and to advance the dialogue around on-street charging implementation in Toronto.

### **Research & Innovation (previously Carbon and Co-benefits Quantification)**

Following the release of the [2019-2020 GTHA Carbon Emissions Inventory](#) in December, TAF has continued to engage with stakeholders on the trends and policy implications associated with the report. This included a presentation to Durham Region Council's Climate Change Committee in January and a [public webinar](#) in February targeted at climate change practitioners in the GTHA. With support from the LC3 network we are supporting other LC3 centres across Canada in their early GHG quantification efforts, including as they evaluate their initial grant applications.

### **Climate Policy**

Congratulations to the Town of Ajax, the latest GHTA municipality to approve (unanimously) its Green Development and Environmental Design Guidelines, incorporating key recommendations from TAF. TAF submitted comments on proposed updates to the Ontario Building Code (OBC), in consultation with a wide range of other stakeholders who submitted aligned comments, including cities, NGOs, associations, and private firms, and engaged hundreds of individuals on the topic through social media, conventional media, and a webinar.

In response to consultations held by the Independent Electricity System Operator (IESO) and Ontario Energy Board (OEB), TAF submitted comments on a range of proposed electricity-related policies over the past few months including off-peak and overnight rate structures, a clean electricity credit system, and the methodology and

scope of IESO's Pathways to Decarbonization study; blogs summarize these in a more colloquial manner. Initial consultations on the federal Clean Electricity Regulation have been launched; this is a central element of the federal climate plan and can be a key driver for action in Ontario. All of this work is aligned with the exploration of stakeholder perspectives and testing and development of narratives related to advancing a clean, modern, resilient, affordable electricity system.

In addition to the abovementioned retrofit-related policies and programs, a number of others advocated by TAF and various partners feature in the federal government's 2030 Emissions Reduction Plan including a ZEV mandate and enhancement of EV charging infrastructure.

### **Communications and Campaigns**

The conditions for action are needed to fulfil TAF's mandate, deliver on our Theory of Change, and achieve the widespread change and transition to decarbonization. TAF communications can help generate the necessary social license, demand, and engagement by stakeholders – individuals, communities, business and others - where it is critical to achieving practical and regulatory outcomes. This has been used effectively in our work to advance Green Development Standards and is being explored in the context of our focus on decarbonizing Ontario's electricity system. In promoting Julie Leach to Senior Manager, Campaigns and Communications, we are leveraging her expertise and knowledge to implement campaign-oriented strategies where appropriate to achieve key objectives in our plan.

### **Impact Investing**

Implementation of the two-committee structure has now been realized: the Direct Investment Committee (DC) focuses on reviewing and making recommendations on our Direct Investments and Private Equities and the Investment Committee (IC) will remain responsible for investment policy (SIOP), overall portfolio monitoring and structure/re-balancing, and making recommendations on marketable securities and Alternatives. The Direct Investments strategy, developed with input from the members of both committees, will be presented to both at the next DC meeting.

The Direct Investment Committee has recommended a transaction and a rescission for Board approval (see Items TA 16.4 and 16.5) and advanced investment of retrofit financing previously approved by the Board. The team is maintaining a strong pipeline of investment opportunities -- four were introduced to the DC this quarter and are now progressing through due diligence.

### **Grants, including summary of completed Grants**

The first grants round of the year was cancelled as we work to recruit a new Senior Grants Manager who can coordinate the intake process. Based on consultations with grantees and grant-seekers, we're confident that identified and emerging opportunities can wait a few months. There will be two intake rounds in 2022, with the first Grants Committee meeting in June and the second in October.

**Canadian Green Building Council (CaGBC) – Workforce Transformation Initiative:  
Building a Green Future**

*\$300,000 over 29 months, approved in July 2019*

The goal of this project was to bring together stakeholders to champion policies and actions that would build the workforce necessary for low-carbon retrofits and new construction in the GTHA. CaGBC fulfilled by convening and supporting Workforce 2030, a coalition of over 70 organizations representing the cross-section of the green building industry including professional associations, developers, educators, and non-profits. The coalition has focused on three key workstreams: advocating for skills development (strengthening education curriculum with green building content and new programs); driving workforce innovation (including transformative design and construction processes with new technologies and practices); and strategic talent recruitment (attracting new workers to the low-carbon building sector especially overcoming barriers and creating opportunity for the inclusion of women, people of colour, newcomers, Indigenous, and LGBTQ+ persons). A condition of grant was to leverage TAF's investment and CaGBC secured over \$1.5 million in additional funding to support and expand this initiative – a five-fold increase. Given the key role of provincial and federal governments in workforce development, and their priority to training/re-training and job creation in the current context, Workforce 2030 also transitioned from the initial GTHA-focused programming towards a more holistic, Ontario-wide approach, including engagement with TAF's LC3 partner, the Ottawa Climate Action Fund. CaGBC intends to use its expanded network and funding base to increase the number and quality of coalition support services that are provided to grow engagement and meaningful impact.

**Mohawk College, Centre for Climate Change Management – Home Energy Retrofit  
Delivery Centre for the Hamilton-Burlington Region**

*\$27,450 over 14 months, approved in November 2020*

The objective of this project was to develop a business plan for a regional Low-rise Home Energy Delivery Centre which would drive homeowner participation in home energy retrofit (HERO) incentive programs being developed by the City of Hamilton and City of Burlington. The project team undertook extensive research to inform its business plan, including consultation with the contractor and skilled trades industry, multiple municipalities, and hundreds of homeowners; a landscape analysis of best practices in retrofit program design; and multiple workshops with subject matter experts serving as project advisors. This culminated in a detailed report outlining key recommendations related to program offerings, service standards, marketing and communications, governance structure, partner selection, pathway to financial sustainability, and monitoring and evaluation. The report also outlines recommended next steps for the City of Burlington to pursue in order to implement the program including passing a bylaw that establishes a local improvement charge to cover the upfront cost of priority retrofit measures, hiring staff to see program development through to implementation,

securing follow-on funding to resource the first four years of program operations, and selecting a program delivery agent to administer the program.

## **CONTACT**

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## **SIGNATURE**

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Julia Langer  
Chief Executive Officer