TAF The Atmospheric Fund

REPORT FOR INFORMATION

Chief Executive Officer's Report

Date: June 26, 2026
To: Board of Directors of the Toronto Atmospheric Fund
From: Chief Executive Officer

GOVERNANCE MATTERS

Board and Committees

A review of the Terms of Reference for the Grants and Programs, Human Resources, and Audit Committees has informed proposed updates to align with a standardized template, current governance framework, and clarified committee responsibilities, as presented in item TA15.12. Following departures from the Grants and Programs Committee earlier this year, staff will undertake an open recruitment process in late summer to support committee renewal, with a focus on diversity and a balance of relevant expertise. Board members are encouraged to share the posting and identify potential candidates.

Risk Register

Given the importance and value of external funding for TAF's ability to incubate, implement and demonstrate low-carbon solutions, significant effort is being dedicated in the lead up to the federal Budget to ensure that programs and funding are in place, including for retrofit acceleration, EV charging, and distributed clean energy. We recognize that there are many priorities and it is a challenging fiscal context, so our engagement is strategically focused demonstrating the very real opportunities for economic value, productivity, security and affordability improvements, and health benefits.

With input from the Direct Investment Committee, staff are actively monitoring and managing several investments facing headwinds. For now, the financial impact is moderated by excellent performance of the portfolio overall.

There is no material non-compliance in respect of The Atmospheric Fund's (TAF) legislative, regulatory or contractual obligations of which I am aware. To the best of my knowledge, this confirms that TAF is in compliance with the terms of the Ontario TPA.

STAFF AND OPERATIONAL MATTERS

Staffing and Recruitment

Isabella C. Ullerick joined the Climate Policy team on a maternity leave coverage, which will both ensure continuity and bring some new skills to the team for advancing key policy initiatives and stakeholder engagement efforts.

Vincent Lau is joining the team as Manager, Finance for Low Carbon Buildings. This new role works collaboratively and cross-functionally with the Retrofits, Net Zero Ready New Construction and Impact Investing teams with a focus on advancing innovative financing approaches and mobilizing capital for low-carbon buildings.

Staff Retreat

In May, TAF team participated in a two-day retreat in the lovely Town of Newmarket, which was also an opportunity to get to know the people and places in the GTHA. Activities included interactives skills and knowledge development, engagement with a panel of government, non-profit and business presenters who offered insights into their climate action in York Region, and team-building. Feedback has been very positive, highlighting the value of connect across teams, collaborate in new ways, and spend meaningful time together, especially given our hybrid work environment.

STRATEGIC PROGRAMS

Advancing Clean Transportation

An action plan for the rollout of publicly accessible electric vehicle (EV) charging infrastructure on non-municipal lands in the City of Toronto – Future Charge Toronto – is advancing well. A multi-stakeholder executive-level steering committee has been convened met three times, and working groups focused on target-setting, municipal permitting, and utility connections have been established and are generating concrete recommendations for the full group's consideration. Engagement and research continue in close collaboration with the City of Toronto and Toronto Hydro, along with the business community and major institutions such as universities and hospitals.

TAF's EV-Ready Pilot, an initiative to install EV-ready electrical infrastructure across multi-family buildings in the Greater Toronto and Hamilton Area (GTHA), has yet to move forward with any buildings due to financial and policy headwinds facing the real estate sector. However, the team continues to advance negotiations with several condo, apartment, and co-op residences. Refinements to the financing model approved by the Board at the previous meeting have helped open doors with more interested apartment managers. The team was also invited to present the Pilot to the GTHA Community Housing Collaborative, where CEOs of the region's public housing authorities expressed interest in exploring this model. Conversations are advancing with CityHousing Hamilton and Toronto Community Housing Corporation. TAF has reduced its budget request with NRCan by about $1.2M to allow them to redeploy the funds and support EV charging as TAF does not currently have the committed pipeline to support a higher level of NRCan support.

To evolve TAF's clean transportation focus, options are being developed for how TAF can lead and support efforts to reduce vehicle-kilometres travelled (VKT) region-wide including mode shifting, land use policies and other pathways to decarbonization. This work is supported by an expert consultant, the R&I team, and TAF's summer intern, and will be the basis for engagements with stakeholders to determine the opportunities and priorities.

Accelerating Clean Electrification

After the launch of Home Solar Accelerator in early April, staff have been working diligently to promote the program through utilities (for example Toronto Hydro circular here), municipalities (for example the City of Toronto here). and community organizations including via events, print and electronic communications, and summer intern Maria Khan is supporting the in-person and virtual outreach to residents and partners. More than 350 homeowners in the GTHA have now entered the program, and installations for homeowners who have chosen to install solar and storage have begun. Working with the Retrofit Accelerator team, several opportunities to apply the Home Solar Accelerator process to affordable housing portfolios are moving ahead.

TAF continues to build relationships with local distribution companies, the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) to support and accelerate the use of available eDSM funding, rate-based distributed energy resources and non-wires solutions, leveraging the Electrification Advantage Report.

Research on the value proposition of virtual power plants (VPP) was completed which is informing recommendations on VPP uptake in the GTHA. TAF continues to advocate along with other stakeholders for the advancement of distributed energy resources and VPP at the distribution level.

Accelerating Net-Zero-Ready New Construction

TAF met with a dozen building officials across the GTHA on how permitting departments can best support industrialized construction, with discussions focused on the types of developments being submitted, common challenges officials face when reviewing, and strategies to address a lack of submissions utilizing new methods of construction. This work is helping inform TAF's strategy on industrialized construction and how we can support the scale-up of this emerging approach and sector. TAF is also part of the LC3 Pre-Fabrication Project Development Steering Committee which is exploring opportunities for cross-Canada work in this space and sharing resources like TAF's research on the regulatory framework.

TAF provided comments to the proposed amendments to the Ontario Building Code related to enabling the construction of four-storey townhouses to facilitate more efficient and cost-effective pathways for delivering new housing. TAF also supported proposed updates to the National Model Codes on enforcing CSA procedures for certification of prefabricated modules and panels which would give jurisdiction clear and consistent pathway for approving these innovative construction methods.

TAF grantee, Affine, recently released two reports: Financing the Future identifying capital relief as a high-impact opportunity to scale preferential financing for high-performance new construction, and Advancing Climate-Aligned Real Estate Valuation in Canada on best practices that link better building performance with financial valuation. TAF is working with Bay Area Climate Change Council and the Town of East Gwillimbury grantees on rescoping their green development standards focused projects in light of the passage of Bill 98.

Research on domestic hot water heat pump technologies, including market size and available products for the GTHA was completed, and opportunities were shared with the impact investing team. Key findings from TAF's research on the performance gap between modeled and actual building performance were presented at the eSim2026 energy modeling conference.

Retrofit Accelerator

TAF is supporting CityHousing Hamilton with an ambitious deep retrofit of more than 100 homes in two townhouse complexes. TAF helped secure $10M from NRCAN, and is providing guidance on procurement for what will be their first retrofit planned and delivered using Integrated Project Delivery (IPD). TAF will be a party to the CCDC-30 IPD contract and will have representation on the Project Management Team and Senior Management Team, which are responsible for guiding and managing the project. This project will advance our work on non-traditional contracting models which have the potential to improve cost-effectiveness and quality for complex retrofit projects.

The Retrofit Accelerator team presented at the two largest green building conferences of the year. At the Canada Green Building Council's Building Lasting Change conference in Montreal we facilitated a panel on industrializing deep retrofits, with a focus on the retrofit of WoodGreen's 444 Logan Avenue apartment building. At the Retrofit Canada conference in Halifax we facilitated a roundtable discussion on financial tools for scaling retrofits and did a presentation on how to effectively implement social contracting in construction projects.

The Retrofit Accelerator team is providing funding support for and subject matter expertise for the Better Condos Boot Camp sessions hosted by Sustainable Buildings Canada, with a focus on overcoming barriers to decarbonizing condominiums. These are important sessions for raising awareness and knowledge among condo boards, owners, and managers about the opportunities and need for creating “climate-aligned” condominiums.

Climate Policy

Comments on the Federal Sustainable Development Strategy, which will shape departmental goals and objectives for the 2026–2029 period, focused on advancing a productive low-carbon economy, improving energy efficiency, and supporting the construction of homes that are resilient to future climate conditions and improving affordability and eliminating energy poverty. TAF also provided and updated the health benefits analysis of the Tailpipe Emissions Standard. TAF's submission to the House of Commons Standing Committee on Natural Resources highlighted the value of framing energy security as a national security issue, how ensuring Ontario's clean electricity advantage supports this objective, the security risks associated with increased gas use, and the economic benefits of electrification.

TAF responded to the parallel Provincial and Federal consultations on the proposed expansion of Toronto's Billy Bishop Airport with comments focused on air quality impacts and the need for further analysis such as was undertaken for the Pickering Airport Lands. Feedback was submitted to the Ministry of Transportation on the Ontario Transit-Supportive Guidelines.

The 'red tape reduction' recommendations that TAF first made in 2023 were adopted by the City of Toronto, along with several other improvements that emerged through the development process. This was a collaborative effort with City staff and work is underway to implement similar regulatory updates by other GTHA municipalities to eliminate zoning and other barriers to low-carbon solutions. Bryan Purcell, VP of Policy and Programs deputed and provided written comments to the Planning and Housing Committee in support of the Low Carbon Zoning Recommendations, and also regarding the implications of Bill 98 on the Toronto Green Standard and the efficiency and affordability of new construction.

Campaigns & Communications

Data gathering for the 2025 GTHA Carbon Emissions Inventory is largely complete and the analysis will include deep dives on the emission reduction and avoided emissions associated with heat pump adoption, solar and battery storage uptake, transit ridership and active transportation.

The TAF-led multi-stakeholder Steering Committee continues its work to share resources and perspectives on advancing a by-law establishing Building Emissions Performance Standards (BEPS), which will be on the City of Toronto Council agenda in Q1 2027. TAF co-hosted a stakeholder workshop for City staff, tenant advocates, and affordable housing providers to explore the potential affordability impacts and possible tenant protections that should be addressed within a framework of BEPS and maximum temperature bylaws.

Several thought leadership pieces have been published including blogs on recapitalizing DRAI in the federal budget, Vancouver and NYC retrofit policy updates, a new approach to GTHA congestion, industrialized construction, emissions impacts of Billy Bishop

expansion, federal tax credits, and Bill 98 advocacy. We also provided media statements in response to Toronto's red tape reduction, Canada's new electricity strategy, and the launch of Home Solar Accelerator.
TAF experts were interviewed about Bill 98 and green standards in The Energy Mix, The Pointer, and The Canadian Press, Home Solar Accelerator in The Energy Mix, Toronto Star and on CBC Metro Morning, and municipal and provincial climate policy in Canada's National Observer.

Impact Investing

Since the last report, 46 potential Direct Investment opportunities have been reviewed and declined due to lack of fit with TAF's investment thesis or misaligned investment timelines. There are currently six active leads in the investment pipeline and 14 more under consideration or waiting for progress updates from the proponents. TAF is very active and engaged with several of the Direct Investments and investees in the portfolio including two that are facing business challenges due to changes in the macro environment, and innovative financing structure that requires effort for market acceptance, strategic support for a company working on a business pivot, and guiding one of our earliest Energy Savings Performance Agreement (ESPA) retrofits to maturity. Two investments approved in January by the Direct Investment Committee under the delegated authority for the retrofit financing facility were rescinded as the borrower was unable to comply with the conditions of the loan that required the building owner not to pursue above guideline rent increases.

Three Direct Investments and one Alternative Investment are being recommended to the Board for approval, presented in Items TA15.6, TA15.7, TA15.8, and TA15.9. An additional potential Direct Investment is undergoing full due diligence. If each of the recommended Direct Investments are closed, TAF's total deployed capital to approximately 16% of TAF's Assets Under Management (AUM). If the value of all TAF's committed capital in Direct Investments is considered, the total is 31.5% of TAF's AUM , however the rescission noted above brings it to 28% of AUM. Overall we are aligned with the 30% target allocation for this asset class.

Investment Committee endorsed the outcomes of the Asset Class review. The report to the Committee will be presented at the meeting by TAFs investment advisor HUB in compliance with the requirements under TAFs Statement of Investment Principals and Objectives (SIOP).

Grants, including summary of completed Grants

A summary of two recently completed grants is provided below.

Climate Action Partnership (formerly known as Clean Air Partnership)
Advancing Low Carbon Energy Planning in New Developments at the Neighborhood Scale
$165,000 over 18 months, approved April 2023
The project engaged municipalities and developers to identify low carbon energy systems and business models and enable low-carbon new construction. CAP secured participation from eight developers, each of whom applied one of their developments to the costing study scenarios and participated in interviews to assess the value of the study and whether it influenced their energy decision-making. Results were published in November 2025 in the Low Carbon Energy Planning (LCEP) Costing Study Results report. CAP also worked with the five municipalities that hosted the costed development scenarios (Toronto, Oshawa, Pickering, Halton Hills and Hamilton) to understand both existing practices and preferred approaches for engaging the development community in low-carbon energy planning. Insights from these engagements were incorporated into the LCEP Guide, which provides a comprehensive overview of how municipalities, utilities, and developers can advance low-carbon, resilient energy systems in new developments. An online training program for municipal staff was developed to give climate, planning, and energy staff an accessible introduction to how energy systems are chosen in new communities, and how municipalities can influence those decisions. Over 40 municipal staff have been trained to date.

Clean Energy Canada
Ensuring Home Charging Access for Condo and Apartment Dwellers
$120,000 over 18 months, approved July 2024
The project objective was to expand access to affordable and convenient home EV charging for Canadians by reforming existing federal- and Ontario-level EV charging programs to support EV-ready charging infrastructure in multi-unit residential buildings (MURBs). CEC conducted research and analysis to develop policy recommendations to advance EV-readiness in MURBs. These recommendations were then advanced with federal and Ontario ministers, civil service staff, and federal and provincial political parties through briefing notes, meetings, budget submissions, and advice on effective program design/delivery. CEC released a public report, *Electrifying the Lot,* in March 2025 which contained key policy recommendations for federal, provincial and municipal governments to support EV charging in apartments. Their work elevated the issue of charging access in MURBs among policymakers, the media and engaged Canadians. CEC held over 40 meetings with policymakers at various levels of government, reached over half a million Canadians through videos and newsletter updates on the topic, and distributed materials to over 10,000 companies and organizations in relevant sectors.

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SIGNATURE

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