Sustainable FINANCE forum ON THE HILL

NOVEMBER 2-3, 2022

Summary Report and Recommendations

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Introduction

Since the Social Innovation and Sustainable Finance Caucus was founded in 2019, Members of Parliament and Senators have been actively engaged in policy development and advocacy efforts in partnership with sector leaders to leverage and strengthen our vibrant social and sustainable innovation ecosystems to scale solutions and impact for people and the planet. In our ongoing work, we acknowledge the incredible power and potential demonstrated by social innovators and social entrepreneurs in communities across Canada, and around the world, who offer effective new solutions and measurable outcomes addressing the most persistent social and environmental challenges facing Canadians.

Whether we are talking about building affordable housing, alleviating poverty, growing or distributing food sustainably, preserving nature, generating renewable energy, processing waste, caring for children or seniors, helping newcomers settle effectively, or employing those who experience barriers to employment, our social entrepreneurs and innovators are designing market-based solutions that are financially viable, but differentiate themselves with their purpose, which is to put "people and planet first". These practitioners are designing multi-faceted solutions that push our systems toward change and are on course to realizing a more sustainable economy, but they need

access to capital for us to realize the benefits of their world-changing ideas.

Over the past years, our country has witnessed how fragile many of our environmental, political, health, social, and economic systems really are and how events like a global pandemic, extreme weather, and war, can send shockwaves rippling across the planet, having devastating effects on people's lives and undermining the stability of our global economy. It is undeniable that the systems we rely on every day for our sense of security need to be more resilient and purposefully designed if they are to withstand the test of time, and the urgency with which we need to undertake this transformative work is ever increasing. Our financial system is no exception.

It is equally clear that the financial markets must play a key role in realizing a more sustainable economy because without utilizing them, we will surely struggle, if not outright fail, to meet the demands for change. Indeed, the promise of clean growth and collective prosperity is apparent and attractive, but truly relies on how fast capital flows can be redirected toward the innovative and sustainable solutions that can achieve the desired impact at scale.

Without leveraging the transformative potential of our financial markets, we will not be able to scale the emerging solutions rapidly enough to meet the magnitude of the challenges we face today. The investment gap in fighting climate change alone is approximately $120 billion per year every year until 2050, and this is to speak nothing of the investment gap for ending poverty and homelessness, eliminating chronic disease, eradicating systemic racism, or achieving reconciliation with Indigenous people; no matter how big some of these investment gaps turn out to be, it is abundantly clear that the Federal Government will not be able to close these gaps alone. This means we will not be able to conquer what is ahead without working in partnership with financial institutions and the investment community — from philanthropic foundations to pension funds — with the goal of mainstreaming sustainable finance. Achieving this will require many years of concerted effort and an unprecedented level of collaboration to create the enabling conditions, including the right policy and regulatory environment, so that sustainable investing will flourish and become the norm.

The good news is Canada's legislators are showing an increasing interest in supporting sustainable finance in Canada, including Canada's Prime Minister, Ministers, Parliamentary Secretaries, Party Leaders, Members of Parliament, and Senators.

The Sustainable Finance Forum (SFF) on Parliament Hill was a two-day event on November 2-3, 2022, and included 8 events, over 60 speakers, and over 200 participants including parliamentarians from across the political spectrum.

The Sustainable Finance Forum was an opportunity for investment leaders and entrepreneurs across Canada:

1. to showcase the power of sustainable finance in addressing key challenges faced by Canadians,
2. to provide updates on significant milestones on the development of essential financial infrastructure,
3. to profile the creation of new financial tools and products,
4. to make parliamentarians aware of the challenges faced by practitioners, and
5. to identify opportunities for the Federal Government to further support the progress of sustainable finance in Canada.

This report represents a summary of the many sessions and discussions that were held at the Sustainable Finance Forum. It outlines key recommendations for consideration by parliamentarians as we work together to build the economy that meets the challenges of today and prepares us for tomorrow. This will help us build a sustainable economy, one that protects our precious planet, and truly works for all Canadians.

Ryan Turnbull
Chair, Social Innovation and Sustainable Finance Caucus,
Member of Parliament, Whitby

DAY 1

NOVEMBER 2, 2022

Mobilizing Capital to Fight Climate Change

Moderator

Ryan Turnbull, Chair of the Social Innovation and Sustainable Finance Caucus, and Member of Parliament, Whitby

Women's Entrepreneurship

Moderators

Élisabeth Brière, MP for Sherbrooke
Emmanuella Lambropoulos, MP for Saint-Laurent

Energy Transition

Moderator

Patrick Weiler, MP for West Vancouver—Sunshine Coast—Sea to Sky Country

Black Entrepreneurship

Moderator

Arielle Kayabaga, MP for London West







Sustainable
FINANCE
NOVEMBER 2-3, 2022
forum
ON THE HILL


Mobilizing Capital to Fight Climate Change

November 2, 2022

Moderator

Ryan Turnbull, Chair of the Social Innovation and Sustainable Finance Caucus, and Member of Parliament, Whitby

Remarks

Justin Trudeau, Prime Minister of Canada

Jonathan Wilkinson, Minister of Natural Resources

François-Philippe Champagne, Minister of Innovation, Science and Industry

Randy Boissonnault, Minister of Tourism and Associate Minister of Finance

Harjit Sajjan, Minister of International Development and Minister responsible for the Pacific Economic Development Agency of Canada

Presentation from the Sustainable Finance Action Council

Panelists

Kathy Bardswick, Chair, Sustainable Finance Action Council

Michael Torrance, Chief Sustainability Officer, BMO Financial Group

Susan McGeachie, Head, BMO Climate Institute, BMO Financial Group

Barbara Zvan, CEO, University Pension Plan

Special Guest — **Mark Carney**, Vice Chairman and Head of Impact Investing at Brookfield Asset Management

Panel on the Future of Sustainable Finance

Moderator

Tony Loffreda, Independent Senator for Quebec

Panelists

Ray Williams, Vice Chairman and Managing Director, Financial Markets at National Bank Financial – Wealth Management

Jonathan Fowlie, External Relations Officer, Vancity Credit Union

Janis Sarra, Professor of Law at University of British Columbia and Principal Co-Investigator of the Canada Climate Law Initiative

Eliza Riego, Director of Product Innovation and ESG Strategy, Toronto Stock Exchange

Julie Segal, Senior Manager of Climate Finance, Environmental Defence

Alain Roy, Vice President, International Partnerships, Colleges and Institutes Canada

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We are up against many challenges: affordable housing, climate change, inequalities and the rising cost of living. Our government is continuing to work to tackle these challenges. And we know that there are also many Canadians doing their part, and bringing solutions: entrepreneurs, community leaders and many others. We must ensure that these people have the necessary support. More specifically, we need to help them to find investors who will allow them to intensify their efforts. It’s about figuring out how we can mobilize capital towards these ideas, how we can drive more investment towards the solutions that will help the economy grow, improve people’s lives, and ensure we are ready for the future.

At the end of the day, that is what this is all about, investing in people and in ways to make their lives better. Because you see, our government believes that growth is always about more than just profit. It has to be about people, about keeping their environment healthy, about building homes where they can raise their families, about strengthening communities, about creating new opportunities for good jobs and meaningful work, about a future where everyone sees opportunities for themselves and their kids.

Because for everything governments can do, for everything big businesses weigh in on, it is ultimately Canadians who shape, every day, the country we live in and the country we will continue to watch grow and prosper over the coming years. And that's what this is all about: empowering individual Canadians and community-level organizations to have an even bigger impact in not just shaping but defining the kind of country that we are, that we will be, and that we will continue to lead the way for people around the world. That's why we're here tonight: to make big homegrown ideas a reality. So we can all keep working together to build an economy that works for all Canadians.

— **Rt Hon. Prime Minister Justin Trudeau**

If we are to do what science tells us, with respect to fighting climate change, we must also do what we need to do in terms of building an economy that's going to create jobs and economic opportunity for our children. If we don't do the second, we probably will not bring Canadians with us on the journey to do the first. ... This whole discussion around sustainable finance and working towards driving capital into the areas that are going to help us to effectively make that transition is critical.

— **Hon. Jonathan Wilkinson**
Minister of Natural Resources

> So my message to you all today is really, let's think big. Let's think of how we can do it because we need to accelerate the speed and scale of what we have achieved today. I think my message is always, 'Let's seize the moment.' I don't think there's ever been a better time to really be here and seizing that opportunity we have. It's a generational opportunity. Let's be ambitious. I think sometimes, it's the level of ambition we need to raise. And I think with sustainable finance, we can certainly accelerate the transition that the world needs.
>
> — **Hon. François-Philippe Champagne**
> Minister of Innovation, Science and Industry

> You know, there's another force of nature that's really angry. That's Mother Nature. Climate change is ravaging the world. And the most vulnerable — who had nothing to do with creating this — they're impacted right now. But our climate finance investments are producing results. The developing world, they're making changes, I can give you countless examples. They can leapfrog technology. So the work that we do here right now is going to have a significant impact.
>
> — **Hon. Harjit Sajjan**
> Minister of International Development and Minister responsible for the Pacific Economic Development Agency of Canada

Event Summary

Investors and governments around the world recognize that sustainable finance investments are key to a sustainable economic future. Sustainable finance is about incorporating environmental, social and governance factors into investment decisions. With sustainability positioned to be the megatrend of the 21st century, this fast-growing market is gaining speed as more and more businesses adapt to climate change and transition to a low-carbon economy and seize the economic opportunities it presents.

> At the core of what you're asking us to do, Ryan, is to unlock the power of finance, to do right by the planet, and to do right by our economy. We've got these buckets of money, these investment vehicles, and if we direct them in the right place, we can green the planet and have sustainable economies that will sustain our communities for generations to come.
>
> – **Hon. Randy Boissonnault**
> Minister of Tourism and Associate Minister of Finance

Effectively addressing environmental, social and governance factors in investment will also produce a more resilient economy. Economic shocks in recent years have exposed how fragile and precarious our current systems are. The Canadian Climate Institute has estimated that by 2025, climate change will cause $25 billion in losses, which is 50% of projected GDP growth, and that amount will rapidly escalate to $100 billion in losses by mid-century. The cost of inaction will cancel out the many advancements we've made and weaken our economic prosperity.

Those losses, however, are not felt equally by everyone. The impacts of climate change are experienced disproportionately, depending on one's region, income, and other factors of vulnerability. This is why active equity and inclusion must be part of Canada' approach to fighting climate change, recognizing that sustainability means economic, social and environmental impact.

The pathway to net zero presents enormous potential for growth. The value of the emerging green economy has been estimated at $26 trillion market globally, with as many as 60 million jobs to be created. In Canada, according to the Canadian Climate Institute the scale of investment needed to fund the transition is approximately $125 to $140 billion per year, which means that it will be necessary to leverage the power and potential of our financial markets.

Canada has the ecosystem and assets

to be the green supplier of choice for the world. Our wealth of natural resources, talent, proximity and access to markets, and business ecosystems give us unique advantages. It's time to demonstrate that we can rapidly scale proven solutions that help us decarbonize. And that means financing them — investing for impact at scale. We must not only consider how our financial systems and institutions may be negatively impacted by climate change, but also understand how financial systems and institutions can either enable or inhibit progress by the decisions they make.

> It's about figuring out how we can mobilize capital towards these ideas, how we can drive more investment towards the solutions that will help the economy grow, improve people's lives, and ensure we are ready for the future.
>
> – **Rt. Hon. Justin Trudeau**
> Prime Minister of Canada

Fortunately, a broad consensus exists on the vision of net-zero aligned to the transition opportunities and goals of the public and private sectors in Canada and globally. The federal government is working towards developing policies that align the financial system with Canada's climate commitments.

> I want to end with an anecdote that comes from the funeral of a great poet named Guillaume Apollinaire. And his English friend went up to the microphone. And he said this: "Come to the edge. It is too high. Come to the edge. We are afraid. Come to the edge. And they came. And he pushed. And they flew." I can't wait to see how high this country will soar when we get sustainable finance right.
>
> – **Hon. Randy Boissonnault**
> Minister of Tourism and Associate Minister of Finance

Launched in 2021, the Sustainable Finance Action Council (SFAC) brings together public and private sector financial expertise to provide input on the foundational market infrastructure needed for a stable and reliable sustainable finance market that will boost investor confidence and drive economic growth.

Over the past year and a half, the SFAC has undertaken an engaged process with key market leaders on climate disclosure, green and transition taxonomies, climate data and analytics and tracking the flows of private capital to those investments.

The environment in these fields is quickly changing, with securities regulators

provincially and in the United States undertaking consultations, a Montréal hub of the International Sustainability

> But our climate finance investments are producing results. The developing world, they're making changes, I can give you countless examples. They can leapfrog technology. So the work that we do here right now is going to have a significant impact.
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> – **Hon. Harjit Sajjan**
> Minister of International Development and Minister responsible for the Pacific Economic Development Agency of Canada

Standards Board having been announced, and a Canadian Sustainability Standards Board under consideration.

Although a broad consensus exists on the vision of net zero, perspectives differ on the scale of finance required to achieve decarbonization and the speed at which action should be taken to achieve identified goals. Towards that end, SFAC's Net-Zero Capital Allocation Working Group has been created to assess how public and private capital is being deployed currently and how it should evolve to increase the speed and efficiency of capital deployment for key climate finance priorities.

The Working Group is focused on three strategic priorities:

1. the finance transition through the capitalization of decarbonization initiatives across Canada;
2. investment in physical climate resilience necessary for economic and social adaptation;
3. the role that carbon markets can play, the protocols they need, and the nature-based types of offsets that Canada could be leveraging.

The Working Group's three-pronged strategy reveals that transition finance is examining solutions focused on clean-energy generation and distribution, including electrification, buildings, transportation, heavy industry, and agriculture. The workstream investigating investment in physical resilience is leveraging the multiple pieces of work already underway through

> Let's seize the moment. I don't think there's ever been a better time to really be here and seizing that opportunity we have. It's a generational opportunity. Let's be ambitious. And I think with sustainable finance, we can certainly accelerate the transition that the world needs.
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> – **Hon. François-Philippe Champagne**
> Minister of Innovation, Science and Industry

other partners such as the insurance industry. For its part, the carbon credits and carbon pricing workstream is looking at possibly designing a carbon price guarantee, in addition to considering the opportunity to prioritize protocols for carbon removals and offset projects that are specifically geared to some of the solutions that are found.

One set of differing paths on the way to transition include either directing the financing focus upon the growth of solutions such as wind power and other forms of renewable energy or companies and activities that already are net-zero aligned. Likewise, debate exists over whether or not transition financing should be directed to those parts of the economy that have high emissions and will ultimately be phased out. Either way, consideration has to be given to the investments that are required to support workers -- the people who will be needed to actually carry out the transition.

The advantage of widely adopted Canadian taxonomies for green and transition investments is clear. Roughly 30 taxonomies have been developed or are under development around the world. Trusted, easily understandable categories grounded in the Paris agreement and consistent across the financial sector will accelerate capital flows to investments that will advance Canada's net zero objectives. Although green bonds are established, creating transition bonds requires a transition taxonomy, that could include elements such as data standardization, risk management, procurement and others. Establishing transition bonds would enable a wider range of institutional investors to move capital towards financial products that accelerate net zero action, and in fact redirect some capital that is going to other jurisdictions back to Canada.

> This whole discussion around sustainable finance and working towards driving capital into the areas that are going to help us to effectively make that transition is critical.
>
> – **Hon. Jonathan Wilkinson**
> Minister of Natural Resources

Accurate data is crucial to inform strategic decisions. Gathering and sharing information will require co-operation between the public and private sectors. For instance, consistent data on the financed emissions of financial institutions is necessary. The Government is also working in consultation with the sector to create clear targets and performance standards.

By way of a model for Canada to consider emulating, the United Kingdom has adopted a framework that involves four main principles:

1. Mandatory climate disclosure for the largest companies with a tiered approach gradually applied to the rest;
2. Mandatory net-zero transition plans, particularly for the financial sector, which is currently developing them in real time;
3. A carbon offset market principal focus outside of the UK but as part of London as a financial sector;
4. Getting more financing to the major emerging economy emitters to help them accelerate away from coal and move forward with their transition.

Two of the principles could be achieved simply by combining them as a single item in the regulatory requirements on financial statements. A transition plan could be added to the financial disclosure in the regulations without the need for any statutory change.

Developing clear actionable regulatory requirements for the financial sector will enable accountability. In Canada's well-regulated banking sector, a mandate is necessary to ensure that financial institutions are moving forward in the right direction with climate science and accountability, in the same way that financial institutions are legally accountable for other types of decisions.

The recently published "**Roadmap to a Sustainable Financial System in Canada**," outlines the contours for such a harmonizing amongst the financial, government, and corporate sectors. Designed as a blueprint for establishing the necessary public and institutional investment policies, the Roadmap's 'Credible Climate Plan' rests on three pillars for institutions:

1. Five-Year Targets: adopting five-year science-based targets to keep warming below 1.5°C beginning in 2025;
2. Disclosure: publishing plans for delivering these targets, including policies for phasing out high-emitting assets, scaling up green investments, and aligning lobbying activities;
3. Reporting: reporting annually to regulators on progress against emission reduction targets.

Rather than hindering the activities of institutions, the pillars of the Credible Climate Plan are designed to unleash the abilities of all stakeholders towards reaching their common transition goal. Regulation is needed for speed. Failure to act quickly in a coordinated manner threatens society, the planet, and the financial system.

Constructing a sound climate governance framework requires speed in the present in order to succeed at reaching effective long-term outcomes. By coordinating efforts, government, finance, and enterprises can reach Canada's climate commitments in a timely manner. The guiding principle underlying all efforts during the climate transition is the acknowledgement that a stable environment is necessary for a stable economy.

Recommendations

- The Government of Canada should implement mandatory climate-related disclosures aligned to international standards (i.e. ISSB) to achieve near complete coverage of the Canadian economy, and do so in a proportional way (taking into account the size and structure of the businesses, and recognizing capacity challenges and data limitations), and phase them in (focusing on the sectors in the Canadian economy that have the most material climate risk and opportunity).
- Based on input given during current consultations, strengthen the Office of the Superintendent of Financial Institutions draft guideline B-15 on climate risk management and bring it into force as rapidly as possible.
- Integrate feedback from consultations and bring into force the Canadian Securities Commission (CSA) National Instrument 51-107 Disclosure of Climate-related Matters
  - Specifically, ensure that CSA National Instrument aligns with the International Sustainability Standards Board (ISSB) by requiring Canadian companies to report their GHG emissions, including scope 3 emissions.
  - To ensure Canadian competitiveness, the Government of Canada must align Canadian disclosure requirements with international requirements set by ISSB.
- In order to encourage the most comprehensive and decision-useful disclosures, seek to enhance "safe harbour" protections in national and provincial/territorial securities law, and ensure that Canadian companies receive the same protections from liability that other jurisdictions offer such as the US, UK and EU.
- Assess the existing and planned disclosure requirements to identify gaps, and specifically ensure that there is a level playing field between publicly-held companies and those that are privately-held entities.
- Consult with provincial and territorial governments and financial regulators to ensure disclosure requirements are consistent for all entities, including municipalities, provincial/territorial crown corporations, and non-federally regulated companies.
- Amend the Canada Business Corporations Act, and also utilize the powers of Canada Revenue Agency and Statistics Canada to the degree necessary, to support the goal of ensuring that climate disclosures are phased-in, proportionally and achieve near complete coverage of the Canadian economy.
  - Companies should be required to disclose their net zero targets, climate scenario analysis, and transition plans.
- Make every effort to improve availability of reliable and comparable climate data, including 1) granular physical risk data freely available to all businesses in Canada, and 2) emissions data associated with energy and fuel consumption.
- Ensure that the Canadian Association of Pension Supervisory Authorities (CAPSA) ESG Guidelines are strengthened to keep pace with regulatory developments internationally including the International Sustainability Standards Board (ISSB) and the Task Force on Climate-related Financial Disclosures (TCFD)

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Recommendations

- Ensure CAPSA's ESG Guidelines apply to all types of defined contribution (DC), defined benefit (DB), and target benefit pension plans.
- Ensure the ESG Guidelines are developed much further to include dimensions corresponding with social responsibilities that specifically consider Indigenous rights; human rights; diversity, equity and inclusion; as well as, ensuring a strong future with good jobs for workers.
- Set clear baseline standards that pension plan administrators and other pension fiduciaries should meet with respect to climate risk management making sure to include requirements for identification, oversight, and management of climate-related risks and opportunities that are material to the pension fund's investments.
- Adopt specific climate governance requirements for pension plan administrators and other fiduciaries, including the need to clearly identify and disclose governance processes, controls, and procedures used to monitor and manage climate-related risk and opportunities.
- Regarding risk management, pension fiduciaries should be required to identify the processes and tools they use to identify, assess, prioritize, monitor, and manage climate-related risks and opportunities.
- Pension fiduciaries should be required to develop and implement a 'transition plan' to net-zero greenhouse gas (GHG) emissions as an integral part of fulfilling their duty of care and ensuring that their plan is at least as ambitious as Canada's international and domestic commitments to net-zero.
- Require pension fiduciaries to annually disclose the fund's oversight and management of climate-related governance, strategy, risk management, targets, and metrics in their financial reporting.

- Ensure the Sustainable Finance Action Council (SFAC) has the necessary resources to stand-up and maintain its governance structure and ongoing work to develop the Taxonomy for Green and Transition investments.
- Ensure the Canada Growth Fund is based on and fully leverages the Taxonomy for Green and Transition investments developed by the Sustainable Finance Action Council (SFAC).
- Provide additional educational support to equity issuers on strengthening reporting to include sustainability measures.
- Ensure all legislative and regulatory changes are in line with the science-based requirements to keep warming below 1.5 degrees Celsius.
- The Government of Canada should continue to strategically de-risk investment by participating in blended financing to ensure capital flows are adequate to develop industries and solutions that align with Canada's net-zero targets and pathway, while seizing opportunities for economic growth.
- Perform a landscape assessment and strategic review of the many grants and financing opportunities that are aimed at growing a sustainable economy through different Federal Government Departments, crown corporations, and identify opportunities to align grant making activities and investment.

1. Blended finance is the use of development finance and philanthropic funds to mobilize private capital flows to emerging and frontier markets.

Remarks by Prime Minister Justin Trudeau

Thank you, Ryan. It is so great to be here tonight. Ryan, thank you for organizing this event and for your introduction. Your passion on this issue has been exactly the kind of energy needed.

I have to tell you those of us in the Liberal caucus have heard Ryan talking about this for about a year. And it comes from a tremendous and deep sense of passion. I mean, there's no question that none of us would be here in this room tonight, if it wasn't for your leadership, Ryan, but this is not just something you decided to pull together over the past year, this has been a passion of yours that is evident in everything you do. Your commitment to social innovation and sustainable finance was your professional career before you got into politics. And the idea of bringing that into your work in politics allows us in this place to recognize the impact and the power of this tool. So many people leave their professional lives, when they get elected to office, and focus on the whole new set of tools they have. And very rarely does someone show up here and say, I'm not only going to use all the tools that I get now as an MP and as a member of this extraordinary

House of Parliament, but I'm going to add to those tools we have to make sure that our service to Canadians is as impactful as possible. So your leadership, not just in our caucus, but across government, across Parliament, and into the community that is gathered here tonight has been exceptional and we are all deeply grateful for your leadership, and Canada is better for it.

Of course, dear friends, ministers Wilkinson, Champagne, Boissonnault, Sajjan, Minister Tassi, Minister Holland, Minister Anand, Minister Hutchings, Minister Bennett, Green Party leader, Elizabeth May, other parliamentary friends and colleagues, and stakeholders thank you all, for being here tonight.

Everyone here this evening knows that we are up against many challenges: affordable housing, climate change, inequalities and the rising cost of living. Our government is continuing to work to tackle these challenges. And we know that there are also many Canadians doing their part, and bringing solutions, entrepreneurs, community leaders and many others who want to change things and who have experience. We must ensure that these people have the necessary support. More specifically, we need to help them find investors who will allow them to intensify their efforts.

But what we can do to make sure we're supporting and scaling up the effective grassroots solutions Canadians have to the challenges our country faces? It's about figuring out how we can mobilize capital towards these ideas, how we can drive more investment towards the solutions that will help the economy grow, improve people's lives, and ensure we are ready for the future. There is real momentum in this space from the private sector. And together we need to harness it.

Last year, we launched the Sustainable Finance Action Council. I'm very pleased to see many members of the committee here, including Kathy Bardswick, the President. The work that you do is essential to help us fight climate change, to build a prosperous carbon neutral economy -- for tomorrow's economy -- and to seize the opportunities available to Canadians in the economy of the future.

We're also moving forward on establishing the Social Finance Fund, which will address the gaps that exist between the great socially-driven ideas Canadians have and an investment market that is profit driven. There are a lot of investors out there who want to put their money towards projects that make a positive difference. This fund will help attract those investors and match them with the right projects here in Canada.

We've already launched an Investment Readiness Program to help social purpose organizations be well positioned to take advantage of these opportunities. The call for applications is open for this program. And it's already supported over 680 organizations. Projects like Iron and Earth, an Edmonton based worker-led not-for-profit with a mission to train energy workers in renewable energy, including indigenous workers in rural and remote communities, or Akoma Holdings, which has a plan to redevelop 315 acres of land and build affordable housing for African Nova Scotians, a complex for seniors, a residence for children in care, and much more.

At the end of the day, that is what this is all about: investing in people and in ways to make their lives better. Because you see, our government believes that growth is always about more than just profit. It has to be about people, about keeping their environment healthy, about building homes where they can raise their families, about strengthening communities, about creating new opportunities for good jobs and meaningful work -- about a future where everyone sees opportunities for themselves and their kids.

Across the country, people at the heart of these efforts. The goal of the objectives I've mentioned is to create conditions that will allow Canadians to implement solutions that already exist on the ground, and to amplify them.

We know that the last few years have been hard for everyone. There's a lot of uncertainty for the months and the years to come with a high cost of living, it's hard for Canadians to pay their bills, and Canadians are still recovering from the impacts of the pandemic.

Our government remains focused on supporting Canadians, growing the economy, and positioning Canada to be a leader in the economy of the future. And we will be. I have met so many Canadians with great ideas. Every time, I am inspired by what they want to do for our country. And I know you all are too. Because for everything governments can do, for everything big businesses weigh in on, it is ultimately Canadians who shape, every day, the country we live in and the country we will continue to watch grow and prosper over the coming years. And that's what this is all about: empowering individual Canadians and community-level organizations to have an even bigger impact in not just shaping but defining the kind of country that we are, that will we be, and that we will continue to lead the way for people around the world. That's why we're here tonight: to make big homegrown ideas a reality. So we can all keep working together to build an economy that works for all Canadians. Merci beaucoup, mes amis.

Remarks by Mark Carney

It really is a great pleasure to be joining you. I want to salute your work. Thank you ministers and everyone present. I want to also commend the work of the Sustainable Finance Action Council. And what I'd like to do in the very few minutes that I've been allocated is to talk about the key tools for an inclusive, effective and impactful transition to net zero and a few tools in the financial sector that are essential.

The first, the absolute foundation, is climate disclosure, which needs to be comprehensive, consistent, and it needs to be mandatory. We have gone through a period of private sector experimentation with development of that disclosure through the Task Force on Climate-Related Financial Disclosures' recommendations. I know Canada is moving in that direction; others are moving more rapidly. And it's important that we get to a point soon, where it is mandatory for the largest companies, and then is applied in a proportionate way for medium-sized enterprises in Canada. Without measuring climate impacts, we won't be able to manage it.

The second aspect is, again, something that should become mandatory, which are net zero transition plans in the financial sector first, but also again, for the broader economy. Because if we have a clear objective for net zero, we need plans in order to get there. And what we're finding and what we’ve helped to lead is that the world’s largest financial institutions, including the major Canadian banks, they are members of the Glasgow Financial Alliance for Net Zero. And as part of that, on a voluntary basis, they’re developing these Net Zero plans, we need to develop them in a consistent way and apply them in Canada for a few reasons, but I’ll give you what I think is the most important as we need to put these in place, so there is a common understanding and action of all aspects of transition.

There are certain elements of transition which are very straightforward: investing or lending to and growing climate solutions, or lending to and investing in companies and activities that are already aligned with net zero -- think wind, power, other renewable power that’s already there -- and we need to grow that rapidly as we all know. But critically, we need to do two other things.

The first is to finance the transition of companies that have high emissions and need to get those emissions down and converge with a pathway towards net zero. That’s where in many respects we’ll have the biggest impact on our emissions, but we’ll have the biggest positive impacts, as well, on jobs of today and jobs of the future. Think within the auto sector, the manufacturing sector, our steel and aluminum sectors, and well beyond. Aligning areas of our economy — that is true transition.

And then secondly, we need to ensure that we have financing for those parts of our economy that will be ultimately phased out, parts of our economies that will not be part of a net zero economy in the future. We do not want to wait for the last minute to transition out of those overnight, we want to have an orderly transition so we can reskill workers and we can build jobs in those communities. And that means what we cannot have is, in our financial institutions, what I would suggest is the false comfort of portfolio decarbonization -- in other words, just selling or getting rid of positions in high-emitting stranded assets. We want real world decarbonization, and that requires an overall transition plan framework that’s clear, widely accepted, that doesn’t just fund the green, but funds all the other aspects, particularly companies that are aligning, and managing phase out.

Third big pillar is around data. We need consistent data on financed emissions of our financial institutions, clarity on their targets as well and performance against those targets. And the reason that’s important is that it will, first of all, tell all stakeholders, from shareholders to civil society to all Canadians, who’s doing well, who’s lagging behind, who needs to do better, and it will provide as well, some valuable almost real time feedback back to yourselves -- to governments -- and authorities about where we may be falling behind in terms of public policy. Listen, you have put in place a great policy framework in Canada, clear objective, innovative policies like a price on carbon, like the moratorium on internal combustion engines, carbon contracts for differences that are coming, these are all hugely important. They will drive investment, but we know that there is more that we need to do. And we need better feedback in terms of finding those areas.

A last few words. Unfortunately, I couldn't join you today. I'm on my way to COP 27. So I wanted to give a very quick international perspective in two respects. The first is who's doing well in this respect.

And I would say I'm in the UK at the moment, and the UK government has put in place the following:

- mandatory climate disclosure for the largest companies with a tiered approach coming for the rest;
- secondly, they have announced that they will have mandatory net zero transition plans, particularly for the financial sector, and they're developing those in real time;
- thirdly, developing a carbon offset market principle focus outside of the UK, but as part of London as a financial sector;
- and then the last point, working hard to get more financing to the major emerging economy emitters to help them accelerate off coal particularly and move forward on their transitions.

And I would say in that last respect, one of the areas is making sure that our investment as Canadians in institutions like the World Bank and other multilateral development banks is used as effectively as possible.

So Canada is showing leadership, you are showing leadership in climate policy for Canadians, in financial sector policy, where, as I've suggested, there's a few areas where we could probably accelerate and move forward in partnership. I recognize there's a federal / provincial aspect here but move that forward. So leadership and policy, accelerated leadership and performance on the financial sector side. And I'll leave you with just those considerations on the international side.

Given our heritage, given the expertise in our financial sector, given Canadian values, there is probably more we can do to have a bigger impact internationally to help our partners in the emerging and developing world. Merci beaucoup et bonne colloque.

"

Women's Entrepreneurship

Virtual Session: November 2, 2022

Moderators

Élisabeth Brière, MP for Sherbrooke

Emmanuella Lambropoulos, MP for Saint-Laurent

Panelists

Lisa Birikundauyi, Managing Partner, BKR Capital

Narinder Dhami, Executive Lead and Co-Founder, New Power Labs

Sagal Dualeh, Director, Investment Readiness Program, Canadian Women's Foundation

Rosalind Lockyer, Executive Director, PARO Access Community Capital Fund

Suzanne Siemens, Co-Founder, Aisle

The full and equal participation of women in the economy is good for women and for Canada. Up to $150 billion can be added to the GDP by advancing gender equality and women's participation in the economy. Applying an intersectional lens to equality in investment opens opportunities such as accessing a larger talent pool, staff retention, employee motivation, and stronger financial performance.

But women and gender-diverse social entrepreneurs leading for-profit and non-profit social purpose organizations (SPOs) face persistent barriers to starting and growing their enterprises. Obstacles to funding, too few capacity-supports and mentors, and a lack of knowledge of the social finance sector impede women's ventures.

Overcoming these hurdles requires tailored business development, investment, and support services. Social finance practitioners are enabling SPOs led by women and gender-diverse people to apply feminist business practices in innovative ways.

Feminist approaches to investment are re-examining the financing process from initial pre-investment activities to later-stages of deal-monitoring by incorporating gender-based factors to better inform investment decisions.

One organization examining the investment process with a view to addressing the root causes of gender inequality is the Canadian Women's Foundation (CWF). Through the Investment Readiness Program (IRP), CWF has supported social purpose organizations serving women and gender-diverse people to address issues of food security, poverty, affordable housing, and gender-based violence by building their internal capacity and making them more investment ready.

For its part, the IRP supports SPOs in addressing the issues mentioned above by strengthening the internal capacity of ventures. It begins levelling the playing field by enabling SPOs to access investment opportunities, including the proposed Social Finance Fund (SFF).

The Investment Readiness Program (IRP) helps enterprises in diverse ways such as fine-tuning their business models, testing the financial health of their ventures, building out prototypes or concepts, testing their assumptions, developing impact investment strategies, as well as providing resources to communicate their story to investors or find value- and mission-aligned investors.

A recipient benefitting from the IRP is Aisle, a B Corporation that manufactures sustainable menstrual care products. Committed to working through the lens of supporting as many Sustainable Development Goals as possible, Aisle takes pride in diverting over 20 million pads and tampons from landfills every year in addition to advancing dignity

and inclusion for everyone using their products. After raising capital through friends, family, and banks, Aisle has now raised a round of capital from impact angel investors and funds thanks to the IRP. These fierce advocates for menstrual equity fighting period poverty are positive proof of the sustainable solutions that the IRP delivers to its users, community, and ultimately the planet.

Examples like Aisle and the CWF illustrate how SPOs are uniquely capable of catalyzing the transformational change necessary to empower diverse women leaders and entrepreneurs in feminist development systems.

In order to build feminist development systems, women need a seat at the table at all levels of government and within

the for-profit and non-profit sectors. Investing in women's expertise is proven to achieve the outcomes needed so that every individual can contribute to Canada's advancement.

Recommendations

- Renew and expand the IRP so that more SPOs demonstrating intersectional diversity can attract capital and grow
- Create more flexible, sustainable financing options that meet demonstrated needs (financing at the pre-seed level, working capital loans, patient capital, specific capital towards the purchase of major assets like a building or vehicle) in the form of financing contracts in which repayments are tied to revenues
- Channel more of the $120 billion of direct endowments in philanthropic foundations towards gender-informed impact investing
- Supplement investment in intermediary organizations that support women and gender-diverse Canadians with development and operations funding

Energy Transition

Virtual Session: November 2, 2022

Moderator

Patrick Weiler, MP for West Vancouver—Sunshine Coast—Sea to Sky Country

Panelists

Andrea Harris, VP of Impact Strategy, Vancity Credit Union

Caroline Brouillette, National Policy Manager, Climate Action Network Canada

Jean Nolet, CEO, Coop Carbone

Gildas Poissonnier, Senior Director, Sustainability and Responsible Finance, Desjardins Group

Dick Bakker, Director, Ottawa Renewable Energy Co-operative

Canada may have a small population in global terms, but we are among the top three per capita climate emissions and per capita historical emissions.

So we have a long way to go to get to net zero emissions, and the pathway won't be an easy one. But it is also an incredible opportunity.

The World Bank has estimated there's about $30 trillion worth of opportunity in the emerging clean economy. And we as a wealthy nation, have the ability to mobilize our financial strength, both to take advantage of the opportunity to build a stronger economy and greater prosperity, as well as making large meaningful and concrete progress on tackling the existential threat of climate change.

The transition is going to need serious investment, between $125 to $140 billion each year to 2050 to reach net zero. And this is a far cry from the $15-$25 billion annual investment that we're currently seeing in Canada. So it's a big gap and beyond the ability of any one government to fill. And as countries around the world position themselves in the international competition to attract capital, it's important that we find ways to make Canada an attractive locale for investments in decarbonisation, and to mobilize domestic private capital towards investing in the clean economy.

The passage of the Inflation Reduction Act in the US — a 10-year investment package of approximately $500 billion CAD in tax credits for clean electricity, transportation, manufacturing, energy efficiency and electrification rebates for low income households — makes it very clear that it is urgent for Canada to take action and compete.

Moving to a sustainable, net-zero economy will require shifting electricity production to non-polluting sources, and electrifying sectors such as transportation, manufacturing, agriculture, retail, building heating/cooling and others.

Panelists emphasized that important financial risks due to climate change are real, and closer than we think. In 2021, extreme weather events in Canada cost $2 billion in insured losses, with an additional estimated $6 billion of uninsured losses.

Canadians' expectations are changing, in terms of demand for sustainable products, including investment products. Vancity Credit Union, for example, offers only 100% sustainable responsible investments since 2020 to meet that growing demand. Increasing litigation internationally on 'greenwashing' by financial institutions is another indicator of that shift.

Application of the United Nations Declaration on the Rights of Indigenous Peoples and the growing contribution of Indigenous knowledge and partnerships to sustainable stewardship of land and water for energy production also offer innovative opportunities. For example, Six Nations of

the Grand River Development Corporation partnered with Vancity Community Investment Bank to refinance the Niagara Region Wind Farm. With 77 turbines, it's the second largest wind farm in Ontario.

Strengthening corporate reporting requirements will improve transparency, comparability, and hopefully accountability, that will enable better market functioning and address double materiality.[4] Requiring financial institutions to align lending investments and risk frameworks to net zero targets would also help. Currently, the financial sector isn't properly accounting for physical and transition risks, leading to overvaluation of unsustainable assets and then under valuation of green and sustainable assets. This escalates the level of risk in Canada's financial system and threatens the stability of the national and global financial systems. Requiring that financial institutions implement climate transition plans, including targets in line with 1.5℃ of warming, emissions disclosures and transition strategies would accelerate action.

A challenge, however, for Canada is in the shared jurisdiction over financial institutions between federal and provincial governments. Credit unions and securities, for example are regulated provincially, while banks are regulated federally. Aligning regulations would help create a level playing field and reduce costs for the changes that are coming.

Insurance is also a sector where barriers to sustainable transition come up, such as with different housing or car ownership structures. Government assistance to de-risk innovative sustainability projects that facilitate insurance coverage would be valuable.

The growing market in carbon credits is stimulating innovative new projects, and should not be forgotten in the mix of regulation, taxation and investment options on the table for governments. However carbon contracts that provide certainty to investors that policy measures such as carbon pricing would further ease capital flow.

4. Double materiality acknowledges that risks and opportunities can be material from both a financial and non-financial perspective. In this context, it means that financial institutions must not only consider the financial impacts of climate change on their business, but how they are contributing or inhibiting Canada's progress to net zero through investments or other business practices.

Community-based projects, where local residents are co-owners of new electricity generation or other initiatives, can attract investment capital and improve social license to operate.[5] This also has the advantage of reducing distribution costs and improving resiliency of the grid through distributed generation capacity. The Ottawa Renewable Energy Co-operative has raised $11M from local residents for solar and wind generation projects. Government procurement of electricity from community-based renewable sources can advance this practice.

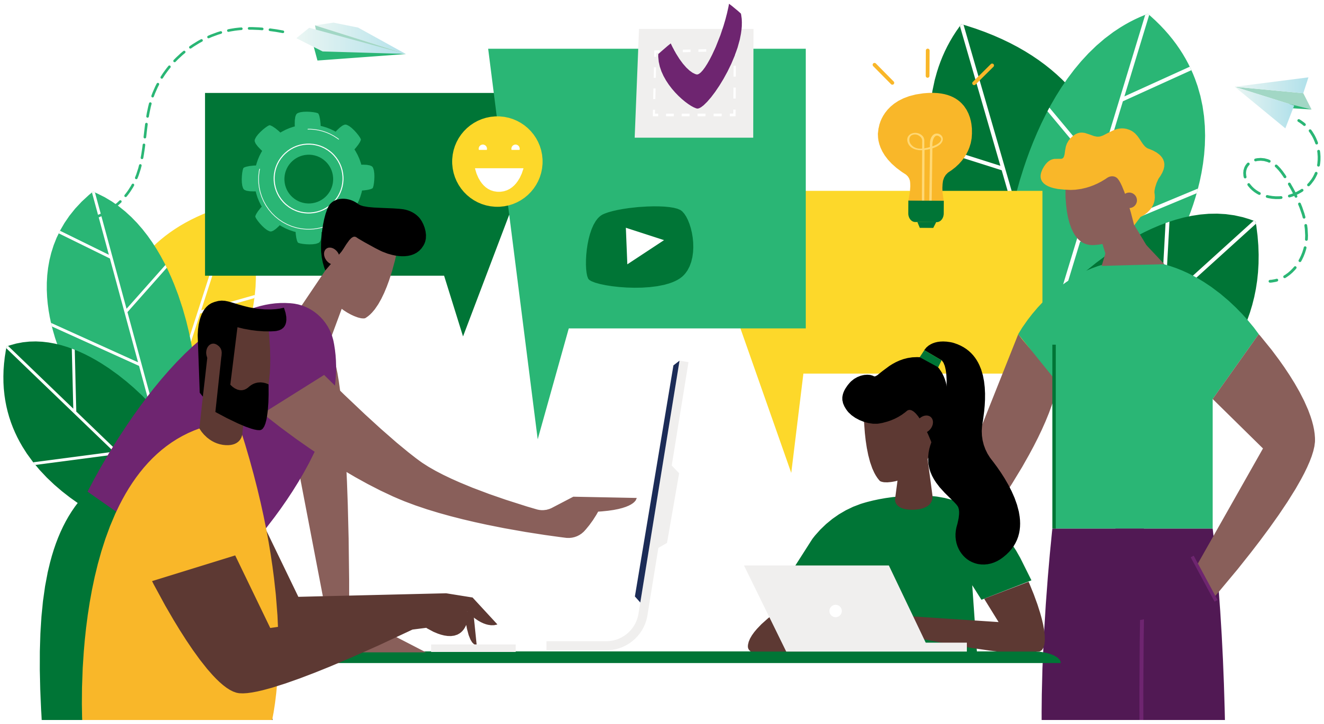
Despite the urgent and daunting challenges before us, it is important to remember that climate action can also have a wide range of co-benefits, like better health, communities that are more pleasant to live and travel in, more time spent with your loved ones, good quality jobs.

It's important for governments to hear from Canadians who support the energy transition, taking action with their consumption, investment and everyday choices.

Recommendations

- The Office of the Superintendent of Financial Institutions should mandate financial institutions to implement climate transition plans that uphold Indigenous rights, include targets in line with 1.5℃ warming and disclose emissions.
- Align federal and provincial regulations for reporting and disclosure of financial institutions.
- De-risk insurance coverage for innovative sustainability projects
- Develop carbon contracts to provide greater certainty for investments.
- Procure electricity from community-owned renewable energy projects

5. Social license to operate refers to the level of acceptance or approval by local communities and stakeholders of companies and their operations.



Black Entrepreneurship

Virtual Session: November 2, 2022

Moderator

Arielle Kayabaga, MP for London West

Panelists

Liban Abokor, Co-Founder, Foundation for Black Communities

Victor Beausoleil, Executive Director, Social Economy Through Social Inclusion

Tiffany Callendar, CEO, FACE Coalition

Jonah Chininga, Co-Founder and Chief Executive Officer, MICC Financial

Susan Henry, Director of Community Impact and Financial Inclusion, Alterna Savings

Members of the Black community are eager to bring solutions to Canada's current challenges ranging from economic and pandemic recovery to the climate crisis. While nearly 30,000 Black businesses are formally registered, representing $1.6B of annual economic activity, the scale of Black entrepreneurship is likely much larger in informal activities.

People of African descent have always played a key role in the Canadian economy, often organizing economic relationships within co-operative frameworks. "Ubuntu," the African term encapsulating this practice of reciprocity can be translated as "I am because we are." Black entrepreneurs in Canada are drawing upon cultural roots to create 21st century solutions for equitable prosperity.

Systemic racism affects most Black entrepreneurs, with access to capital being the greatest barrier. A survey by Abacus Data for the African Canadian Senate Group found that 75% of Black entrepreneurs surveyed would struggle to find $10,000 to support their business if necessary, with only 19% saying they trust banks to do what is right for them and their community.

TransUnion has found 9 million Canadians are considered credit invisible[6], hindering their access to the mainstream economy.

To improve access to capital, the Federation of African Canadian Economics (FACE) has partnered with the federal government and the Business Development Bank of Canada to establish the Black Entrepreneurship Loan Fund, approving nearly $30M in loans since its announcement in May 2021. By having a Black-led fund dedicated to the Black community, FACE is better able to understand the issues facing Black entrepreneurs, build trust, and deliver capital that enables growth, expansion, hiring, and modernization.

Alterna Savings' microloan program, which has disbursed over $7.5M to underserved individuals — over ¾ of whom were racialized Canadians — found that lending to underserved entrepreneurs, particularly those who require loans for start-up purposes, must be different from traditional commercial lending. Re-assessing factors such as loan size, eligibility requirements, the board's risk profile and a more inclusive character-base model for lending are adaptations that better reflect the profile of successful entrepreneurs.

For FACE as well as Alterna, ensuring that community members have a voice in the design and delivery of financial products is fundamental. Providing more flexible financial tools for accessing different types of lending products and investment opportunities as well as support beyond financing is also necessary. Other needs range from requiring assistance with writing proposals, contract bidding, hiring management, completing business applications, as well as financial advising.

The Foundation for Black Communities (FFBC), Canada's first Black-led, Black-serving philanthropic foundation, found that only 7 cents out of every $100 in charitable giving was going

6.Being 'credit invisible' means that a person lacks a credit history and is therefore 'invisible' to a lender.

to Black communities, indicative of historic and systemic underinvestment. Recent commitments by the federal government have begun addressing that underinvestment, including FFBC's delivery of the Black-led stream of the Investment Readiness Program (IRP), providing $2 million to enhance the investment readiness of Black-led SPOs. However, the Social Finance Fund does not currently have a Black wholesaler, which will present challenges reaching and serving Black-led SPOs.

Procurement is another lever for business development with which Black-led SPOs should engage in order to increase and diversify revenues.

Data will be key in demonstrating the impacts of Black-led social finance initiatives. Tracking regional, sectoral, and firm size data over time will enable seeing the economic impact arising from investments in Black-owned businesses. Such mapping will allow the social finance and banking sectors to compare their respective impacts and progress in supporting Black entrepreneurs. Black social finance and entrepreneurship ecosystem stakeholders should participate in setting indicators

and defining success measures together, overseeing the collection, ownership, and dissemination of data.

Providing access to capital and capacity building to Black entrepreneurs presents opportunities to build community and generational wealth. All members of our communities need to be able to participate in the circle of reciprocity and prosperity in order to build an economy that works for all Canadians.

Recommendations

- Add a Black wholesaler to the Social Finance Fund (SFF) and name a lead Black delivery partner for the Community Services Recovery Fund
- Continue supporting the development of programs by a larger capital injection around capacity building
- Ensure that the Black community has stewardship over its lending capacity to diversify the types of vehicles that will achieve different impacts
- Enable and facilitate methods for the procurement of government and corporate contracts
- Expand and continue the Investment Readiness Program to better facilitate access by SPOs to different types of funding and finance, from grants to loans and other financing options.

DAY 2

NOVEMBER 3, 2022

Mobilizing Capital to Build an Economy That Works for All Canadians

Moderator

Ryan Turnbull, Chair of the Social Innovation and Sustainable Finance Caucus, and Member of Parliament, Whitby

Indigenous Entrepreneurship & Reconciliation

Moderator

Jaime Battiste, MP for Sydney-Victoria

Food Security

Moderator

Lloyd Longfield, MP for Guelph

Affordable Housing

Moderator

Chad Collins, MP for Hamilton East-Stoney Creek









Mobilizing Capital to Build an Economy That Works for All Canadians

November 3, 2022

Moderator

Ryan Turnbull, Chair of the Social Innovation and Sustainable Finance Caucus, and Member of Parliament, Whitby

Remarks

Hon. Karina Gould, Minister of Families, Children and Social Development

Hon. Mona Fortier, President, Treasury Board of Canada Secretariat

Hon. Mary Ng, Minister of International Trade, Export Promotion, Small Business and Economic Development

Presentation from Five Social Impact Funds from across Canada

Panelists

Jeff Cyr, Managing Partner, Raven Indigenous Capital Partners

Oumar Dicko, National Director, Windmill Microlending

Peter Cantelon, Executive Director, Jubilee Fund

Lise Birikundavyi, Managing Partner, BKR Capital

Graham Singh, Founder and CEO, Trinity Centres Foundation

Special Guest - **Sir Ronald Cohen**, Chairman, The Portland Trust and Bridges Ventures

Panel on the Future of Social Finance in Canada

Moderator

Ratna Omidvar, Senator, Independent Senators Group

Panelists

Lili-Anna Peresa, CEO, McConnell Foundation

Mitchell Anderson, Chair, Inspirit Foundation

Debra Schwartz, Managing Director of Impact Investments, MacArthur Foundation

Bernard Brun, Director, Government Relations, Desjardins Group

Jerry Koh, Impact Measurement, New Power Labs

Derek Ballantyne, Chief Executive Officer, Encasa Financial

> So if you can't tell, I'm a little excited about what we have in store for the future. I'm really proud of the work that our government has done, of the work of the people in this room who have gotten us to where we are today, and to what we're about to unleash in Canada, because I think that there is so much potential and so much opportunity. And I quite frankly think Canadians are ready, willing, and want to be part of building this new economy that's going to provide that opportunity to contribute to equitable prosperity for everyone in Canada.
>
> — **Hon. Karina Gould**, Minister of Families, Children and Social Development

> Non-profit organizations and small businesses are the backbones of our economy. And they help us reach our goals of inclusivity and accessibility, and often are the first ones to work in a sustainable, innovative way. And sustainable finance will support these organizations and the critical work they do while creating good long-term jobs in Canada.
>
> — **Hon. Mona Fortier**, President of the Treasury Board

> We have been consistent, we've been clear that our service to Canadians, in particular as the trade minister, as a small business minister, is to make sure that we have an economy that works for all and that we are able to create opportunities so that all are able to benefit in the economy: small businesses, entrepreneurs, women entrepreneurs, Indigenous entrepreneurs, Black entrepreneurs. Investing in people, investing in growth, and supporting that growth, is what we're going to see… we're starting to see this work.
>
> — **Hon Mary Ng**, Minister of Small Business, Export Promotion and International Trade

> Tonight is really about how we continue to work collectively, government, community organizations, foundations, corporations, credit unions, banks, and institutional investors, to build the financial tools and infrastructure to support social enterprises and social purpose organizations from startup to scale. And we know what's at stake in this conversation. For me, it's very clear, it's a more inclusive and equitable economy. It's an economy that really does work for all Canadians.
>
> — **Ryan Turnbull**, MP for Whitby

Session Summary

Throughout Canada, thousands of social purpose organizations are putting their values at the core of their business model to transform peoples' lives.

The most pernicious social and environmental challenges our communities face require new approaches. The efforts of social entrepreneurs and social innovators to address these challenges are increasingly being recognized by governments here in Canada and around the world.

Innovative grassroots initiatives are building affordable housing, alleviating poverty, growing and distributing food sustainably, preserving nature, generating renewable energy, diverting waste from landfill, caring for children or seniors, providing employment to those who experience multiple barriers to employment, helping immigrants settle in Canada and empowering entrepreneurs from equity-seeking or equity-deserving groups. The purpose-driven Canadians behind these initiatives are creating public benefit by harnessing the creativity and determination that defines the entrepreneurial spirit to solve some of the toughest and most entrenched problems we face today.

We are witnessing the emergence of vibrant social innovation ecosystems with countless community-based businesses and intermediaries that are realizing our collective prosperity by putting people and planet first.

These ecosystems vary across the country, from region to region, province to province and even community to community. For example in Québec, a global leader in this field, the social economy is used as a framing concept for a powerful collective effort.

Social innovation requires a robust ecosystem for success, and a key component of that ecosystem is social finance. Like all businesses, social purpose organizations require access to capital to grow and scale. That's why the Government of Canada created the Social Finance Fund with $755M in repayable capital: to catalyze growth in the social finance market. It will leverage each dollar of public funds 2:1 with private capital in order to expand the investment capacity of existing or emerging social finance intermediaries, such as credit unions, community loan funds and other community investment platforms, private equity firms and new fund models, including outcomes finance funds. These intermediaries will then offer financing, with flexible terms, to social enterprises, co-operatives and social purpose organizations across Canada. The Social Finance Fund is expected to be announced soon.

The United Kingdom has been a global leader in social finance, with Big Society Capital one of the most well-known examples. Capitalized with £600 million in 2012, the experience of Big Society Capital has illustrated how social sector organizations that have not traditionally accessed investment markets are able to grow much faster and to greater scale when they attract finance capital.

To complement the Social Finance Fund, the Investment Readiness Program has provided funding to social purpose organizations in order to build their capacity to take on social finance.

The Social Finance Fund and Investment Readiness Program are two of 12 recommendations made in the Social Innovation and Social Finance Strategy Inclusive Innovation that, taken together, can build a pipeline of investment-ready social enterprises and social purpose organizations, give them access to the capital that they need, and allow them to scale their businesses – which means scaling the social and environmental impacts they were founded to produce.

The ways that social innovation and social finance are being practiced in communities across the country are countless. This session highlighted a few.

Raven Indigenous Capital Partners and the Raven Indigenous Impact Foundation are sister organizations, both drawing on Indigenous knowledge and epistemologies to transform economies and use money as medicine instead of for extraction, as it has been used since colonization. Raven works simultaneously at both enterprise and community levels. In addition to providing Indigenous-owned and -led capital to Indigenous enterprises and being the first Indigenous venture capital firm in North America, Raven is innovating with Community-Driven Outcomes Contracts (CDOCs).[2] In their current geothermal CDOC in Peguis First Nation and Fisher River Cree Nation in southern Manitoba, capital was raised from private markets to cover the upfront costs and

2. Outcome-based contracts are results-based, focusing on the outputs, quality or outcomes. They typically tie at least a portion of a contractor's payment, contract extensions or contract renewals to the achievement of specific, measurable performance standards and requirements. (source)

training necessary for Aki Energy, an Indigenous social enterprise, to complete 124 heat pump installations. An outcomes contract was struck with the Canadian Mortgage and Housing Corporation (CMHC) and Efficiency Manitoba. The initiative works to strengthen Indigenous energy sovereignty, reduce costs of energy, and reduce the greenhouse gas (GHG) footprints of both communities. Due to its success, all parties -- including communities, the province, CMHC and Efficiency Manitoba -- are now ready to scale the model at three to four times

the initial effort. Furthermore, the CDOC model is now being applied to healthcare in support of Type 2 diabetes reduction with four First Nation communities in the Island Lake region of Northern Manitoba.

Windmill Microlending is a social innovation that is using social finance in two ways. It offers low-interest microloans -- a social finance product -- and wraparound supports to skilled newcomers whose credentials are not recognized in Canada and who lack the credit history to access traditional finance in order to get Canadian accreditation. As a result of a $10,000 loan and coaching supports, Windmill participants on average triple their incomes and Windmill has a repayment rate of 97%. In recent years, Windmill has also used a social finance innovation—community bonds[3]—to raise over $18M in capital that has allowed them to more than quadruple their loan book to $26M, increasing the number of people served from 400 to 1,500. Windmill's work is achieving multiple simultaneous outcomes -- reducing poverty, providing skilled labour and improving immigrant settlement in Canada -- through social finance.

Another innovative social finance instrument is Jubilee Fund's Rent Guarantee Program. The Jubilee Fund is a nonprofit social impact investment fund serving nonprofits and social enterprises in Manitoba that are working to reduce poverty. They found that at-risk women leaving transitional housing or shelters were having trouble finding safe and affordable housing because they didn't have the financial track record that was needed. Mobilizing private investment,

3. Community bonds are interest-bearing loans that allow non-profits, charities or co-operatives to raise capital in order to pursue their mission. Read more at https://communitybonds.ca/

Jubilee acts as a co-signer to back a one-year lease for applicants, enabling the women to qualify for housing, and building a positive financial track record in the process. Given the success of the program to date, Jubilee is looking at expanding the program to other groups such as newcomers, people exiting the justice system, youth aging out of care, and others.

As the first Black-led venture capital fund in Canada managing institutional dollars, BKR Capital is making strides towards normalizing diversity by focusing its investment thesis on black founders, sharing its pipeline of talent and co-investment opportunities with other venture capital firms, and providing skills education to mid-career professionals from the Black Community wishing to enter the investment space. Targeted initiatives to improve representation in finance and venture capital allow investments to be distributed in a way that contributes to equitable prosperity while optimizing for technical innovations that benefit our society. To date, BKR Capital has raised $18.5M to invest in black entrepreneurs, and was able to help its portfolio companies fundraise on average 2.5 times more money than what the fund invested in them, adding a strong multiplier effect on the impact generated. By supporting the creation of more success stories from Black entrepreneurs, BKR Capital is set to build a sustainable platform for social justice and break existing biases in the investment ecosystem.

Canada's faith properties also represent a significant social innovation and social finance opportunity. Resulting from a sharp decline in Christianity, Trinity Centres Foundation estimates that at

least 4,000 places of worship will close in the next five years. Closed churches are already being converted to mixed-use and affordable housing, as well as operating space for non-profits and charities. The Investment Readiness Program has been instrumental in helping structure the combined financing of land value, private and public sources to allow these historic community locations to continue to serve the community in new ways.

As each of these examples demonstrate, there are both a wide range of innovative social purpose organizations achieving remarkable outcomes in communities, and investors interested in placing capital in ways that enable those outcomes. That is the heart of social finance and impact investment – investors seeking returns that are beyond financial.

And while all SPOs exist for social objectives, simply intending to create impact is not enough. The impact created needs to be measured, and the economic shifts we are witnessing through impact measurement are optimizing risk return and impact in order to bring solutions

to the great social and environmental challenges we face.

One significant source of capital that is already impact focused and values-aligned with social finance is the close to $100B in assets under management by foundations. In 2010, the Canadian Task Force on Social Finance called for 10% of foundation capital to be directed to mission-related investments by 2020. Research indicates that progress has been made towards that goal, but comprehensive data is not available. Tracking investing by charities in annual T-3010 reporting would provide a stronger evidence base for subsequent action.

In the United States, the MacArthur Foundation has been active in impact investing since the 1980s, creating affordable housing, helping build the Community Development Financial Institution field, and making access to capital more inclusive and equitable to spur entrepreneurship and business development within historically marginalized populations and communities. Federal legislation in the United States, in particular the Riegle Act and the Community Reinvestment Act are models that successfully created a community finance ecosystem and were instrumental in it reaching a sustainable scale and scope.

Recent changes in Canada to “direction and control” requirements made in Bill C-19 will facilitate program related investments by charities in non-qualified donees at concessionary rates since the requirement for direction and control has been removed. But the draft guidelines issued by the Canada Revenue Agency do not specify how the new rules may affect program related investments. A clear message from the Department of Finance to the Canada Revenue Agency indicating that the recent changes were intended to expand impact investing and allow foundations to use their capital in pursuit of social impact through new financing mechanisms might help CRA clarify the guidance accordingly.

Still, program related investments (PRIs) remain complicated instruments for typically risk-averse charity boards. The increase of the disbursement quota to 5% could have a further chilling effect on impact investing without greater clarity on what constitutes a PRI. Currently, the lost cost of opportunity in a PRI can be applied to the disbursement quota, but the ‘normal rate of return’ as defined by CRA is so low

that it discourages many foundations from trying impact investing, given the risk.

As with sustainable finance more broadly, an underlying lack of data hinders clear action and tracking on the current and future position of social finance. Identifying how much impact investment capital is actually going towards women or black founders, for instance, depends on multiple different sources. Improving data and diversifying leadership and decision-making in philanthropy and investment will improve capital flows. A harmonized impact measurement framework applied by Social Finance Fund wholesalers would provide greater data and a strong foundation for expanded consistent reporting.

The diversity of people that must be involved in the leadership and decision-making of social finance is also a reflection of the diversity of challenges faced by communities. One of the strengths of the Mouvement Desjardins, for example, is its structure as a federation of localized and specialized entities, including the Caisse d'économie solidaire, which is dedicated to social finance. This allows financial providers a better knowledge of the communities they serve, informing better decisions.

As Canadians hear more about social innovation, social finance and the work of social purpose organizations, interest continues to grow. These examples illustrate how, when given the opportunity, individual and institutional investors are eager to support new approaches to our most complex challenges. Quite frankly, Canadians are ready, willing, and want to be part of building this new economy, one that will provide opportunities for equitable prosperity for everyone, regardless of background, race, gender, or sexual orientation.

This is the power of social finance to build an economy that works for all Canadians.

Recommendations

- Deploy all $755M committed to the Social Finance Fund and continue to build scale in social finance intermediaries where possible, in order to attract conventional capital and grow the social finance marketplace.
- Build on the success of the Investment Readiness Program by renewing and expanding it, as well as taking an ecosystem approach to social innovation and social finance similar to other entrepreneurship strategies by fostering supportive networks, making mentoring and skills development available, building knowledge and evidence, advancing procurement opportunities and pursuing regulatory change while the Social Finance Fund improves access to capital.
- Appoint the Social Innovation Advisory Council and continue cultivating sector leadership and engagement in the co-creation public policy, recognizing talent, leadership and vision to propel progress in this ambitious agenda.
- Provide funding to support the start phase of a National Advisory Board so Canadian impact investors and practitioners can participate in the ongoing work of the Global Steering Group for Impact Investment (GSGII)
- Integrate social outcomes into the objectives of the Canada Growth Fund
- Ensure that the Sustainable Bonds framework includes social and community bonds.
- Commit to community-based outcomes purchasing by acting as a purchaser.
- Explore avenues for spurring board and leadership diversity such as through voluntary or mandatory disclosure.
- Consider adding reporting on investments by charities to Canada Revenue Agency's T-3010 form to be able to track the scale and evolution of impact investing.
- The Department of Finance should clearly signal to the Canada Revenue Agency that the recent changes to direction and control requirements by charities should also serve to expand impact investing.
- Clarify the rules and provide guidelines for Program-Related Investments.
- Adjust the 'normal rate of return' as calculated by CRA as part of the lost cost of opportunity in a PRI in order to offset risk for foundations and encourage greater involvement in impact investing.
- Use the Business Development Bank of Canada legislative review currently underway to improve accessibility by SPOs and diverse groups to BDC services.
- Evaluate the types of tax incentives that could motivate social impact investors.
- Make sustainability disclosures – which include social impact – mandatory for the largest companies, followed by a gradual and proportional expansion of the mandate to mid-size and smaller companies.

Remarks by Hon. Karina Gould, Minister of Families, Children and Social Development

Well, excellent. Thank you so much, Ryan. And I'm actually not going to talk to you about childcare right now. I normally talk about childcare, but I'm going to talk about social finance this evening. But I actually want to echo what Mary and Mona said about Ryan, because I'm sure all of you that work in the social finance and innovation space know how much of a champion he is. He works tirelessly, every single day, to bring colleagues on board. I think a lot of people are interested in it. But he's trying to get them to care and trying to get them to understand and to appreciate the value of what we're trying to achieve with social finance. And so if you could just join me in giving him a round of applause, because he's doing yeoman's work.

I'm glad to be with you today to talk about something really important and really interesting and really different from how we do things here in Canada.

Apologies that we had to run out, but we didn't want to lose the fall economic statement.

So it was pretty important. It means I missed any of the opening remarks, but I did catch something of what Jeff was saying. And it's something I've been reflecting on a lot in the sense that we build economies -- people create these constructs. And what I think the Social Finance Strategy, and Fund, and all of the initiatives that we're working on, is trying to do, is to actually build the economy that I think Canadians want. I think Canadians want investment in entities and organizations and enterprises that do good, that they feel good about supporting, because they're tackling really pernicious social, economic, and environmental challenges. And that's what's behind the Strategy – it's saying there are really complicated things out there, that the way we're doing things right now is not helping to solve. Sometimes the way we're doing things is actually reinforcing or creating those problems, right? So how can we imagine something different?

And actually, there are a lot of you in this room who are doing that work. And we need to support what you're doing. And we need to bring it to scale and to tell Canadians about it. Because when Canadians start to hear about this really incredible work that you're doing, they say, 'Oh, yeah, I want to get behind that. Actually, I want to put my money in that. Because these are things that I care about, and you're working to solve these big social problems that we have.'

And when I think about it, I also think that it's about creating equitable prosperity. Mary talked about investing in our people, investing in good ideas, investing in new ways of addressing these challenges, so that at the end of the day, what we'll create is equitable prosperity where everyone in this country, no matter their background, no matter their gender, no matter their sexual orientation, is able to thrive and to succeed.

So it's exciting for me to be in this position at a point in time when the rubber is really starting to hit the road with the strategy. As you know, there are three components to it. And those of you that are in this space, you know all about it, so this is for the MPs in the room.

The first component is the Investment Readiness Program, which is really exciting. A number of you were there this summer, when we launched the second iteration -- $50 million -- with our partners to get social purpose organizations investment ready, because we recognize that when we created the Social Finance Fund, the $755 million fund, that we wanted to make sure that it wasn't just the big established players that were able to access that fund. We wanted to ensure that we were actually setting everyone else up for success as well, that the smaller players, those maybe haven't even thought about this yet, could access it. And our partners are doing phenomenal work building that ecosystem, because it really is building the ecosystem, and setting social purpose organizations up to be successful to tackle those really difficult challenges. And so it's wonderful to be able to work with the Canadian Women's Foundation, the Chantier de l'économie sociale, Community Foundations of Canada, and the National Association of Friendship Centres.

And for me, the best way to talk about social finance is to give some examples of what we're talking about, because when you hear the term social finance, as a layperson, you're like, okay, what does that mean? So I just wanted to share some examples because I think when you actually get to know the organizations and the activities that are being supported, you really want to get behind it.

So I was up in Yellowknife this summer, for example. And I was visiting with EntrepreNorth. And I got to meet Misty Ireland, who is the founder of Dene Roots. I got to meet Theresa Ward, who's the founder of Grandma Treesaw's Bannock. And I got to meet Bernice Clark, who is the founder of Uasau Soap. And these are absolutely amazing Indigenous women who had ideas for small businesses, and they were supported by entrepreneurs. They went through EntrepreNorth's program to get set up. And now they are doing exciting work in their communities. They're hiring from within their community. They're building a business based on their own Indigenous community values. And it's really exciting to see them take off and have not just clients within their Indigenous community, but really to be able to set up right across the country, and in some cases, even have international clients as well. And so it's these kinds of initiatives that are really exciting.

It's like First Light in St. John's, at the St. John's Friendship Centre in Newfoundland, where they offer a training program in a safe space for individuals to come together and gain Indigenous knowledge.

It's like Brave Technologies Co-op in Vancouver, which uses technology to connect drug users with community support to prevent accidental overdose death.

It's these things that might not have been supported by traditional capital, but have such huge impact in the community -- in people's lives -- that actually can make a real difference in some of the challenges that we're looking to solve.

C'est comme Réno-Jouets au Québec, un organisme de Québec qui donne aux jouets une deuxième vie. Réno-Jouets a pu élaborer un plan stratégique pour stimuler la croissance de l'entreprise et établir des nouveaux partenariats avec des communautés des Premières Nations et des Inuits.

And it's like Nourish Women's Enterprise Fund in Guelph, which helps women design, seed, and grow their very own sustainable food-based businesses and give back to their communities.

So it's these really neat projects and initiatives that the Investment Readiness Program is helping to fund to get established, to build up so that they will be literally, as the program says, investment ready when the Social Finance Fund is launched. And we can work alongside them, to make sure that they can access that capital and grow and take off and just do amazing work in their communities across the country, and hopefully right around the world.

And then the second pillar is the Social Innovation Advisory Council. And I know this is a very, very long time coming so we're super, super close to being able to announce it. But this is also about making sure that we have experts from the ecosystem, from the community, that can provide advice to help advance inclusive social innovation and social finance approaches. You've heard me say that before, but I promise it's really coming soon.

And then finally, the third pillar in this is the Social Finance Fund, which is the $755 million repayable program to grow Canada's social finance market. And we have identified three consortia to do this -- stay tuned, there's going to be an exciting announcement soon. But what I can say is that this is exciting because it's building something new in Canada.

So many of you in this room have been doing excellent work and really moving the dial on this. The Social Finance Fund is about creating an ecosystem and providing confidence to more traditional investors as well, that these are organizations, entities, businesses, projects that are worth investing in. Because not only do they do social good, but there's also a financial return as well -- that these are worthwhile projects and initiatives, and that investors should be thinking about this.

So if you can't tell, I'm a little excited about what we have in store for the future. I'm really proud of the work that our government has done, of the work of the people in this room who have gotten us to where we are today, and to what we're about to unleash in Canada, because I think that there is so much potential and so much opportunity. And I quite frankly think Canadians are ready, willing, and want to be part of building this new economy that's going to provide that opportunity to contribute to equitable prosperity for everyone in Canada.

So with that, thank you so much, Ryan, for organizing this. Merci, tout le monde. We've got a lot of work to continue to do, but I think we have a lot of really exciting steps on the horizon. So, merci, miigwech.

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Remarks by Sir Ronald Cohen

It's my great pleasure and honour to be with you today for this very important occasion. My congratulations go to all of those who have been involved in this great effort, including the Social Innovation Caucus, to attract the government support for the launch of this important Social Finance Fund. $755M is a very significant amount of money, and if it is matched, as is the intention, by contributions from the private sector as we did with the Big Society Capital, then there will be a significant amount of capital to shift the performance of social organizations in Canada.

The experience of Big Society Capital in the UK, which was started with £600 million in 2012, of which £400 million came from unclaimed assets and £200 million from the leading UK banks, has shown that social sector organizations which have traditionally not accessed the investment markets are able to grow much faster and to greater scale when they attract investment capital. And if there is an organization such as the one you're establishing with this fund, which is capable of attracting parallel investment from institutional and private investors, that you can aspire to achieve about two or three times multiple on the amount of money that is available in the fund. The goal is to create organizations that can be pillars of the impact sector in Canada.

And Canada was present at the birth of the impact movement, which I trace back to the creation of the G8 Task Force on Social Impact Investment where Canada was a very active contributor. We have seen the world shift from a vague understanding of what ESG investment involves, with about $13 trillion invested in ESG in 2008 to more than $40 trillion today. And efforts are now being made to counter the accusations of greenwashing, by measuring the impact of ESG -- in effect transforming it into impact investment, which in its own right is a $3.5 trillion sector today.

Intending to create impact is not enough. We need to measure the impact created. And the world is shifting our economies through impact measurement, to optimizing risk return and impact in order to bring solutions to the great social and environmental challenges we face. So Canada is taking a very important step forward with this initiative. And I wish you well, in all your efforts to bring the Canadian economy to address our great challenges, improve the lives of people and preserve our planet. Thank you.

Indigenous Entrepreneurship & Reconciliation

Virtual Session: November 3, 2022

Moderator

Jaime Battiste, MP for Sydney-Victoria

Panelists

Jeff Cyr, Managing Partner, Raven Indigenous Capital Partners

Ross Dixon, Director of Development, Coast Funds

Shady Hafez, Special Projects Advisor, National Association of Friendship Centres

Jenn Harper, Founder, Cheekbone Beauty

Shannin Metatawabin, CEO, National Aboriginal Capital Corporations Association

Canada's Indigenous communities are the nation's fastest growing domestic population and a significant source of economic growth. Closing the productivity gap between Indigenous and non-Indigenous Canadians would add $27.7 billion to Canada's GDP annually. In a time of urgent transition to greater sustainability, Indigenous worldviews offer unique insights drawn from thousands of years of stewardship of land and marine life.

In the Cree worldview, for instance, quatchee is a word that describes how the health of one's neighbour determines one's success. This circular understanding of reciprocity and prosperity characterizes the Cree approach to sustainable finance, social impact investing, and ecology.

Similarly, netukulimk is a Mi'kmaq word signifying one's responsibilities to our families, our community, our nation, and also our ecosystem. Drawing on Indigenous ways of knowing and western knowledge is what Mi'kmaq Elder Albert Marshall calls "two-eyed seeing". It can complement evolving environmental, social, and governance investment reporting, taking steps to decolonize finance, and embed Indigenous values in business, as social finance investors such as Raven Indigenous Capital Partners and Coast Funds are demonstrating.

The National Aboriginal Capital Corporation Association (NACCA) has a long history of positive social finance investment impacts that generate collective wealth. With an initial capitalization of $240M 35 years ago, NACCA's 59 Aboriginal Financial Institutions have made over 50,000 loans totaling $3.3 billion. For every loan provided, NACCA has found that entrepreneurs experience on average a 72% increase in life satisfaction, a 52% increase in mental health indicators, and a 20% improvement in health indicators. The economic impacts of this financing increases Indigenous communities' own-source revenues while reducing social costs.

With capital in part from the Social Finance Fund (SFF), NACCA has partnered with the Business Development Bank of Canada to create the Indigenous Growth Fund that launched with $153M. However, ensuring consistent terms with other SFF wholesalers as the social finance marketplace continues to expand is of great importance.

Although there is a growing number of Indigenous social finance intermediaries, the variety is nowhere near as robust or accessible as in the mainstream financial system. Indigenous entrepreneurs require the same diversity of capital sources as others, while also being adapted to Indigenous values and knowledge on a decolonial path.

Indigenous social purpose organizations (SPOs) also need adapted supports to become more investment ready. Through the Investment Readiness Program, the National Association of Friendship Centres has distributed over $6M to Indigenous SPOs serving the more than 860,000 First Nations, Inuit, Metis, and people living off reserve and in rural and urban areas.

Indigenous participation in co-designing federal social procurement programs will help ensure they meet community needs. Directing spending towards Indigenous social enterprises can expand economic opportunities and produce additional long-term cost savings.

It has been estimated that 1 billion tons of critical minerals will be needed to meet climate targets. In asserting Indigenous rights related to resource development, mechanisms such as robust impact benefit agreements, equity involvement and revenue sharing can bring certainty to ventures and attract investment that will position Canada competitively while advancing our net-zero goals.

When Indigenous nations and communities have access to self-determined funds for investments in sustainable land, water and resource stewardship, these clearly pay back in increased income levels, reduced unemployment, as well as ecological and conservation outcomes that can include resilience to climate change.

Investments in Indigenous stewardship, entrepreneurship, and innovation offer unique opportunities for Canada. A robust, diversified social finance marketplace will accelerate shifts towards resilience, well-being and sustainability.

Recommendations

- Renew and expand the Investment Readiness Program
- Set consistent terms between the Indigenous Growth Fund and other Social Finance Fund wholesalers
- Ensure Indigenous participation in co-designing social procurement opportunities
- Support the growth of Indigenous social finance intermediaries to expand the scope and scale of financing options available to Indigenous SPOs
- Learn from Indigenous knowledge and epistemology to decolonize finance and strengthen sustainability

Food Security

Virtual Session: November 3, 2022

Moderator

Lloyd Longfield, MP for Guelph

Panelists

Grayson Bass, Founding Manager, Smart Waterloo Region Innovation Lab

Linda Best, Founder and Managing Directing, FarmWorks

Eoin Callan, Executive Director, Upper Canada Equity Fund

Lucy Cullen, Food and Sustainability Program Manager, Spring Activator

Frederic Laforge, Co-Founder and CEO, The Farmers' Truck

Sally Miller, Project Manager, Fair Finance Fund

Food security challenges facing Canadians have both global and local roots. The most significant among these interconnected challenges include the pandemic, international conflict, displacement from agricultural districts, inflation, and inequality, all within the context of the climate crisis.

At the global level, recent disruptions in international supply chains have shone a light on vulnerabilities in Canada's agricultural production and distribution. Some producers cannot find processors, and some wholesalers cannot find distributors. Access to capital for growth is challenging at all steps of the supply chain. As a result of such supply disruptions, many parts of Canada – especially isolated or remote regions such as the North -- lack access to a variety of nutritious, affordable foods.

The climate crisis compounds the issue. According to UN estimates, Canada's food system accounts for 1/3 of our greenhouse gas emissions. This makes the food system one of the key areas to meet our climate goals. Fortunately, Canadians are developing strategies to ensure food and climate resilience while protecting the health of the soil and water upon which their businesses depend.

These include social purpose start-ups specializing in food waste reduction by diverting perfectly edible fruits, vegetables, and proteins otherwise needlessly sent to landfills. Other like-minded ventures are building the zero-waste supply chain infrastructure necessary to connect farmers to businesses and consumers.

These same start-ups have identified the need for educating farm and food businesses interested in these innovative systems and practices and the policies regulating them, in order to build food security and climate resilience. Hands-on mentoring would be a particularly useful tool to support the viability and success of new farm and food ventures.

A holistic approach to addressing food waste by integrating links in the food chain would enable the scaling required to meet Canada's net-zero emissions goals. In addition to reducing the food system's greenhouse gas emissions, improving food security also improves Canadians' health. As the adage "food is medicine" encapsulates, improving food security alleviates pressures and expenses in the health care system.

Not only would raising food standards provide health care savings, but it would also contribute to a robust economy. Ontario, for instance, imports almost 50% of its food. If the province grew just 10% more of its food locally, it would create 3,400 full time jobs and add over a quarter billion dollars to GDP.

In Nova Scotia, FarmWorks is a Community Economic Development Investment Fund (CEDIF) tackling the interconnected challenges of food, health, economics, and climate by lending shareholder funds to food related businesses across the province. Over 500 Nova Scotians have purchased $4.6M of shares in eleven offers of FarmWorks' CEDIF, which has provided these investors with provincial tax credits and RRSP deferrals for five-year commitments. The CEDIF model redirects local capital back into communities to build more resilient local economies.

Just as creative Canadians devise innovations for a changing world, significant transitions are occurring in demographics as related to the food system. Conventional succession is increasingly rare – current opportunities in the farm and food business pique the interest of a diverse population, including women, Black, Indigenous, People of

Colour, and youth. As much of the existing infrastructure remains tied to convention, the new cohort of farmers face not only traditional challenges but also exclusion from established financing networks. As an astonishing 75% of farmers reach retirement age in this decade, equitable investments will be needed to enable a new generation in agriculture.

In this rapidly changing context, many emerging innovations can strengthen Canada's food security and make our food systems more sustainable, as well as offer opportunities for investment and scaling impact. Initiatives such as unique farm succession and land transfer models for a new era of regenerative farming, farm incubators, community food centres, community supported agriculture programs, indoor vertical growing, aquaponics, regional food hubs, community kitchens, and technology enabled local food distribution services are but a few examples of the significant number of food-based business social-purpose organizations (SPOs) in social innovation and social finance.

Food is a powerful platform for community engagement. When we invest in the innovative solutions that are creating more sustainable food systems, we are also realizing direct benefits in a whole host of other areas, such as employment, local economies, health, national security, and the climate. The food system is a platform for impact.

Recommendations

- Renew and extend the Investment Readiness Program to help more food-related SPOs become investment-ready
- Increase capital available to SPOs by launching the Social Finance Fund
- Expand Nova Scotia's Community Economic Development Investment Fund model across the country
- Ease CFIA restrictions in the north on the processing and sale of "country food," meat obtained from hunting

Affordable Housing

Virtual Session: November 3, 2022

Moderator

Chad Collins, MP for Hamilton East-Stoney Creek

Panelists

Ray Sullivan, Interim Executive Director, Canadian Housing Renewal Association

Thom Armstrong, CEO, Cooperative Housing Federation of British Columbia

Derek Ballantyne, Managing Partner, New Market Funds

Julia Deans, President and CEO, Habitat for Humanity

amanuel melles, Executive Director, Network for the Advancement of Black Communities

Housing is the largest expense for most Canadian households. The affordable housing crisis in which we find ourselves is a social and economic problem that is deeply connected to many other challenges. The situation is particularly difficult for too many urban, rural, and northern Indigenous communities where an effective housing strategy is urgently needed.

At the root of the problem is a speculative approach to real estate that financializes housing and drives up property values and rents, leading to destabilizing effects on employment, transportation, and physical and mental health for people affected by housing insecurity.

As the cost of housing increases, home ownership is increasingly out of reach for more and more Canadians. This in turn exacerbates wealth disparities, since home ownership is a primary motor for household wealth generation.

The good news is that progress is being made within not only the government, but also the robust non-profit and co-op housing sectors that are quickly advancing solutions. Combined, these efforts can counter the rentier model of Real Estate Investment Trusts (REITs) that seek to maximize returns at the expense of affordability.

Although Canada's National Housing Strategy is at the end of a historic 30 to 35-year investment program in social housing, recent efforts are reviving its mandate for a new era. However, the significant investments in the National Housing Strategy, even when supplemented by provincial and municipal partnerships, are not sufficient to meet the goal of a safe, secure, affordable home for every Canadian by 2030. In this context, community land trusts [7] (CLTs) are increasingly providing an option for more affordable housing stock.

The CLT model is effective in not only developing and redeveloping affordable homes, but also providing the long-term asset management capacity that gives confidence to investors, lenders, and funders.

Furthermore, CLTs can leverage a growing portfolio of assets to pursue housing development and acquisition opportunities outside government programs and recycle government investments to deliver outcomes beyond initial funding.

The Community Land Trust of BC (CLT BC), for instance, is making meaningful progress in advancing this model. In Burnaby, CLT BC recently completed the purchase of two co-op properties that were at risk of being sold at market rates. Through financing from BC Housing and an equity contribution from the city, CLT BC saved 425 homes with the acquisition of these two properties, many of them occupied by low-income seniors. Those homes will now be safe and affordable forever, rather than assets in an investment portfolio.

In a similar Coquitlam project, CLT BC is redeveloping a 97-unit housing co-op suffering structural compromises into 400 new homes through financing from the province and Vancity Credit Union to take ownership of the site and add to the stock of new affordable homes.

7. Community Land Trusts are community led, non-profit organizations that acquire and hold land in the interests of their local communities, acting as long-term stewards for a range of purposes such as affordable housing, civic buildings, commercial spaces, and other community assets.

An even larger CLT BC project is the development of 1,000 homes over 11 sites in partnership with municipal, provincial, and federal governments. Weaving together all available housing funds, CLT BC is tackling the twin housing crises of supply and affordability.

Innovative non-profit business models are also generating revenues for housing while reducing waste. ReStore is a social enterprise that accepts and resells a range of new and used home related goods, the profits of which fund the work of Habitat for Humanity. Together, they have diverted over 1 billion pounds of items from landfill so that they can be used in people's homes. Local Habitats are also drawing on social finance alternatives to raise capital for housing. For instance, Habitat for Humanity Guelph-Wellington is using community bonds to raise capital from local residents to buy land and finance upcoming builds.

While the participation of governments at all levels contributing to such projects is central to their current success, social finance could unlock the decisive capital needed to leverage existing capacity and scale these innovations.

To counter growing housing insecurity, all levels of government can draw on sustainable and social finance to provide the promise of hope that a home affords.

Recommendations

- Leverage social finance models to create a housing acquisition fund that could convert existing affordable rental units to permanent affordability
- Host a National Social Innovation Challenge on Housing Affordability to bring together key stakeholders and different levels of government to improve collaboration similar to the Smart Cities Challenge
- Expand non-profit CLTs and supplementary social finance instruments such as community bonds
- Act rapidly on the recommendations of the HUMA Committee report on the Government of Canada's Housing Accelerator Fund


Susan





Sustainable
FINANCE

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