

 Pillar 4.
ENDOWMENTS AND ASSETS

TROTTIER FAMILY FOUNDATION

Supporting climate-friendly market-led approaches in Canada

- **Country:** Canada
- **Number of staff:** 5
- **Year of incorporation:** 2000
- **Type:** Family foundation
- **Endowment:** Yes
- **More information:** trottierfoundation.com

Established in 2000 by Lorne Trottier and Louise Rousselle Trottier, the Trottier Family Foundation (TFF) is a Canadian private charitable foundation, based in Montreal. In its first decade, the Foundation's grants reflected the Trottier family's long-standing interests and commitment to education, science, health and the environment. In those early years, the Foundation supported capital campaigns and infrastructural projects, such as building universities and hospitals and providing medical equipment.

In the early 2010s, the family started to become aware of the magnitude of climate challenges and decided to start funding standalone projects. At that time, the Canadian federal government was a borderline climate denier, with few public policies related to the subject and several fossil fuel-based initiatives that were not aligned with the country's climate responsibility. The Foundation's first climate investment of around CAD four million went into a large modelling project that explored how Canada could reach its 2050 decarbonisation target and what the priority sectors should be.

“

“Basically, we feel like the Earth is on fire and we need to act really quickly. So, we are thinking about what tools we have at our disposal and what we can do. The Climate Pledge is one of the examples.”

– ÉRIC ST-PIERRE, EXECUTIVE DIRECTOR OF TFF

In partnership with the Canadian Academy of Engineering and the David Suzuki Foundation, TFF started to employ a systems analysis approach to explore pathways for deep decarbonisation. The idea was to provide alternatives to policymakers about how to reduce Canadian greenhouse gas emissions by 80% by 2050 (with 1990 as a baseline) and reach negative emissions by the end of the century. The document successfully informed what became the Trottier Energy Futures Project¹, an initiative that applies the core principles of diverse participation, transparency, science-based analysis and accountability to help all interested parties work towards the design, development, and implementation of a successful sustainable energy strategy for Canada.

The next project funded by TFF was the Ecofiscal Commission², launched in 2014 with the aim of advising the federal government on different carbon pricing mechanisms. After collecting very positive results, the Foundation decided to go all in by increasing the size of its climate grants, investing in convenings and advocacy strategies and ultimately exploring how it could use its full capacity to contribute to tackling the climate crisis.

Becoming climate philanthropists

The Foundation has been supporting various projects that aim to mitigate climate change and reduce greenhouse gas emissions at scale while addressing social, economic and equality issues. TFF is particularly concerned about the lack of philanthropic funding in the climate space. Despite granting over CAD 8 million a year to climate, the Foundation has identified gaps in the philanthropic sector's contributions to climate issues.

In 2020, the TFF board decided to increase its climate granting budget from CAD 3 million a year to CAD 8 million – an additional CAD 5 million a year for the next decade³. The board also decided to increase staffing capacity to run new initiatives for the Below 1.5C programme, which aims to catalyse change within six sectors: cities, transportation, energy, industry, strategic opportunities and sustainable finance. The Foundation seeks to work with governments, the financial sector and the industry sector to “foster money for solutions” to climate change issues.

TFF uses reactive or proactive approaches when deciding how to allocate money to organisations seeking support. The Foundation employs a reactive approach when an organisation asks for money to support a specific

¹“Canada’s Challenge & Opportunity: Transformations for major reductions in GHG emissions”, Trottier Energy Futures Project, 2016, <https://iet.polymtl.ca/tefp/>

²“Ecofiscal Commission”, <https://ecofiscal.ca/>

³“Below 1.5C Program - TFF Climate Framework (2020-2030)”, Trottier Family Foundation, <https://www.trottierfoundation.com/climate>

project. This is a fast process and constitutes about one-third of the Foundation's climate budget. The other two-thirds of the budget is invested in a proactive approach as a form of 'catalytic capital'. The Foundation comes up with ideas and seeks out key partners to work together on the identified complex gaps. Éric St-Pierre, Executive Director of the Trottier Family Foundation, describes this as "usually unusual stakeholders, and risky projects".

Since the Foundation's initial interest in climate in 2010, the board, which includes scientists and climate experts who deeply value science-based strategies⁴, wanted to create a signature climate project. In 2016, the board accelerated this process and TFF then developed a plan to support climate work across all of Canada.

“

“The word was ‘let’s take risks’, let’s be innovative, let’s be bold, let’s not be afraid to fail.”

ÉRIC ST-PIERRE, EXECUTIVE DIRECTOR OF TFF

To pursue other market-based approaches, the Foundation created the Great Canadian ESG Championship⁵, which advocates and increases the competitiveness among asset managers while identifying new responsible investment opportunities. In more low-key interventions, TFF has also provided technical and convening capacity for Canadian experts and constituents to propose climate-aligned finance legislation. The Climate-Aligned Finance Act⁶ is a new bill that will hopefully be voted into action by the Canadian Senate.

Divesting an endowment and advocating for sustainable finance

When the TFF board decided to completely divest from fossil fuels around 2015, good alternative investments were required. However, few options were available. The year-long implementation of this decision was complex, with challenges on two fronts: the supply of sustainable products and finding sustainable service providers. Finding asset managers who were able to offer low-carbon financial products and attractive ESG-

⁴“The climate crisis galvanised us”: Trottier Family Foundation on their climate action”, Alliance Magazine and International Philanthropy Commitment on Climate Change, 2021,

<https://www.alliancemagazine.org/blog/the-climate-crisis-galvanised-us-trottier-family-foundation-on-their-climate-action/>

⁵“The Great Canadian ESG Championship announces winners of \$104.5M investment pool and launches State of the Industry report”, GlobeNewswire, 2022, <https://www.globenewswire.com/en/news-release/2022/11/10/2553294/0/en/The-Great-Canadian-ESG-Championship-announces-winners-of-104-5M-investment-pool-and-launches-State-of-the-Industry-report.html>

⁶Climate-Aligned Finance, Senator Rosa Galvez, <https://rosagalvez.ca/en/initiatives/climate-aligned-finance/>

aligned financial assets for immediate reinvestment was harder than expected. After some attempts, the board hired new investment managers and, since 2015, has only hired investment managers that exclude fossil fuel-related companies (coal, oil and gas) from their portfolios.

After these initial steps, the Foundation regularly asked its investment managers about the CO2 emissions data of their investment portfolios. This second step was also challenging because it was tough to set a baseline and benchmarks for analysing the emissions related to the investment portfolios. Knowing the departure point and tracking divestment progress required data that was not available or systematically produced. Éric St-Pierre shared that “it’s not the perfect measurement – we are scientists, so we are aware we don’t have all the data”.

“Divesting is a really good first step, but we need to invest our money in new solutions: like renewables, green hydrogen, energy efficiency, etc.”

ERIC ST-PIERRE, EXECUTIVE DIRECTOR OF TFF

The Foundation acknowledges that even though the philanthropic sector is small in comparison with the private and public sectors, it has an important role to play in the global economic decarbonisation process. TFF states that philanthropy can be bolder and more innovative in its interventions because it is not directly accountable to voters or shareholders. That is why the Foundation’s climate advocacy priority focuses on national politics and is rooted in systemic change, trying to build partnerships – including with other philanthropies – to push for more ambitious climate policy and finance⁷.

Exploring philanthropy’s potential

The Foundation’s goal is to have greater impact than philanthropic funding typically does, thereby exploring philanthropy’s catalytic potential. TFF is creating a new initiative called ‘Foundations Engage’ – a small network of Canadian philanthropic foundations that are willing to do more in terms of shareholder advocacy and engagement. One of these ways is to demand more climate-coherent voting strategies from their investment managers at annual general meetings of companies in which they hold stocks. The Foundation has also helped establish the Canadian Philanthropy Commitment on Climate Change and has been actively encouraging other funders to grant to climate organisations and integrate a climate lens into their investments. Supporting

⁷ “Using assets to catalyze impact”, Trottier Family Foundation, <https://www.trottierfoundation.com/climate-finance-leadership>

networks of philanthropies is part of TFF's bigger goal of mobilising more philanthropies, and building a philanthropic community in Canada that recognises climate issues as part of its strategic priorities.

“We are trying to hit different audiences, looking into regulatory aspects, the investment management aspects, and also the impact investments space that we are involved in – where we use our own capital, and we take risks in projects with renewables and the cleantech sector.”

– ÉRIC ST-PIERRE, EXECUTIVE DIRECTOR OF TFF

The Foundation's team feels that it is working against the clock and dealing with many expectations. “Being a small team and dealing with challenges as huge as climate issues, it is common to feel overwhelmed. On the other side, we know that guaranteed outcomes are impossible and that it is a must to take a chance. More funders are needed to go all in,” concludes St-Pierre.

This publication was produced with the financial support of the European Union.
Its contents are the sole responsibility of WINGS and do not necessarily reflect the views of the European Union.