

THE
HOUSSIAN
FOUNDATION

Investment Impact Report

September 2021

Message to the Board

Dear Board Members,

In July 2019, The Houssian Foundation made a commitment to transition our investment strategy to a fully mission-aligned portfolio that aligns with the overarching goals of the Foundation.

Over these past two years, the Foundation has reallocated over \$50 million into investments aligned with our stated areas of focus: climate action and environmental protection, and gender equality and human rights. Implementation of this investment strategy has required courageous conversations, a willingness to take the lead and invest before others, and a desire to learn.

The Houssian Foundation is unique in its commitment to this type of investment strategy. Even as the fields of sustainable and impact investing are steadily gaining momentum across Canadian foundations, there are few private or public foundations that have a fully mission-aligned investment portfolio. Some not-for-profit organizations apply an exclusion-based strategy (i.e. application of negative screens), however few are actively engaged in sustainable and impact investing.

Our approach integrates Environmental, Social and Governance (ESG) frameworks as a strategy for sustainable investing through the Foundation's public equities and fixed income investments. The Foundation's impact investments are held within the alternative investments' portfolio.

There is not yet consensus regarding impact measurement methodologies in the sustainable and impact investing fields. This inaugural Investment Impact report is a starting point for summarizing the results of the Foundation's portfolios in our two priority areas. We utilized what we consider to be meaningful measures of impact, with the recognition that the metrics will continue to develop in partnership with our investees and will evolve over time.

We are grateful for the Board's commitment to this approach to investing and look forward to challenging ourselves to have even greater impact in the years ahead.

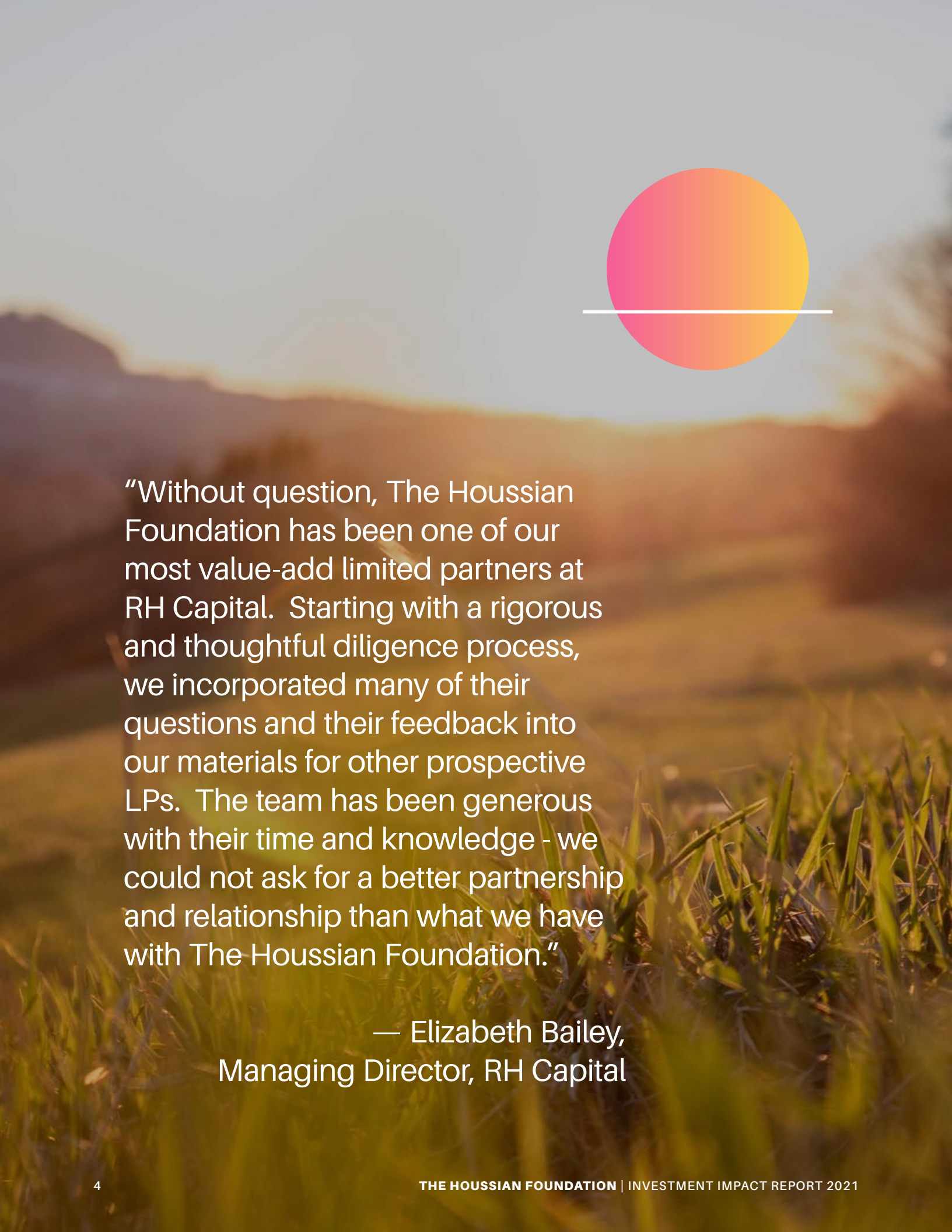
Warmly,



Mira Oreck & Ingrid Leong



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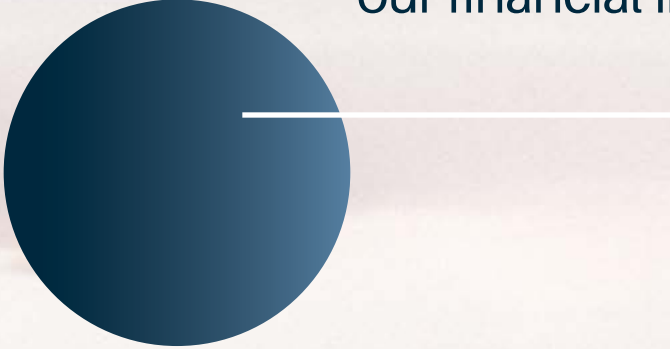


“Without question, The Houssian Foundation has been one of our most value-add limited partners at RH Capital. Starting with a rigorous and thoughtful diligence process, we incorporated many of their questions and their feedback into our materials for other prospective LPs. The team has been generous with their time and knowledge - we could not ask for a better partnership and relationship than what we have with The Houssian Foundation.”

— Elizabeth Bailey,
Managing Director, RH Capital

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While acknowledging the the limitations that exist, we believe it is important to regularly evaluate, measure and consider the impact of our financial investments.

Impact Measurement Frameworks

The State of Impact Measurement and Management (IMM)

During the last few years, there have been several attempts to find a common approach to IMM in the impact investing field. While consensus on a single approach does not yet exist, the most common frameworks rely on a combination of the [United Nations Sustainable Development Goals](#) (UN SDGs), [IRIS+ metrics](#) (created by the Global Impact Investing Network), the [Impact Management Project](#) (IMP), and the Sustainability Accounting Standards Board (SASB) [Materiality Map](#). All of these frameworks vary in depth and rigour. Most organizations - including our own - choose the frameworks that best fit their investment portfolio and resource capacity.

The difficulty of consolidating investment impact metrics means that few private foundations produce annual impact reports. While acknowledging the the limitations that exist, we believe it is important to regularly evaluate, measure and consider the impact of our financial investments.

The Houssian Foundation is in the early stages of impact measurement and we have worked with the information provided by our investees and/or readily available to our investees. This process, and the information and metrics to which we hold our investees accountable, will evolve with the Foundation in the years to come.

Climate & Environment

The Houssian Foundation is invested in venture capital and private equity funds focused on climate mitigation and the development of environmental solutions. Additionally, the Foundation has partnered with Jarislowsky Fraser on its public equities and fixed income strategy, which not only employs negative screens against harmful industries but also measures the CO₂ of its portfolio relative to established benchmarks.

Relevant metrics for climate and environment investments are summarized below.

Portfolio Highlights

Funds	CO ₂ Avoided, Removed, Reduced (Tonnes)	Waste Diverted and/or Reduced (Kilograms)
Impact Engine	123,000	76,000,000
CABEF	79,170	<i>Not provided</i>
InvestEco ¹	58,575	420,283

¹ InvestEco metrics include results from both InvestEco Fund II & InvestEco Fund III. These were aggregated via simple addition. Data for InvestEco Fund I was not reported.



Portfolio Highlights

Investment Manager	Equities Compared to S&P/TSX 60 FFF Index	Bonds Compared to FTSE Canada Universe
Jarislowsky Fraser	70% less CO ₂ e tonnes per \$M sales	90% less CO ₂ e tonnes per \$M sales





Gender Equality & Human Rights

As part of our reporting and evaluation process, The Houssian Foundation requested additional information from its investees and investment portfolio managers on representation of women*, as well as other diversity metrics.

Based on this reporting, we have made an initial assessment of each investee. While not all of the funds self-identify as gender lens investments, all have engaged in our discussions and expressed support for the Foundation's intentions in this area through participation in this report. Firms that self-identify as gender lens funds, meanwhile, are genuinely excited about how the information we are seeking will promote deeper conversations and meaningful change in the field of gender lens investing.

** The term "women" and "woman" used throughout the document is inclusive of women, girls, trans people of all genders, gender non-conforming, non-binary individuals, two-spirited, and intersex people.*

Gender Equality & Human Rights

Alternative Investments and EDI Rating

1	2	2	3	3	3
InvestEco	Renewal Funds	District Ventures	Impact Engine	CABEF	Rhia Ventures
<ul style="list-style-type: none"> InvestEco has minimal female or BIPOC representation within its team. Two thirds of InvestEco Fund III's investees are women-led, however, only three investments have been made to date from this fund. The Fund has no formal policies on sourcing diverse-led companies or supporting EDI based policies/reporting in investees. 	<ul style="list-style-type: none"> Renewal's GP team is comprised of 40% women. The fund has a Diversity and Anti Violence and Harassment Policy and has committed to Confluence Philanthropy's Racial Equity Pledge. Renewal considers diversity factors during due diligence and supports investees in reporting and compiling diversity metrics in their appointing of board members, and hiring of employees. 	<ul style="list-style-type: none"> CPG-1 has a one woman GP team, as led by Arlene Dickinson. Currently, CPG-1 does not have formalized EDI initiatives, however, CPG-1 pays specific attention to having a gender-balanced team. In part due to its focus on the consumer packaged-goods industry, 43% of CPG-1's investees are women-founded or led. CPG-1 also requires its investees to recruit at least one woman to its board. 	<ul style="list-style-type: none"> Impact Engine (IE) has an all-women GP team. IE has developed a pipeline strategy rooted in sourcing both women and underrepresented founders and prioritizes investments which benefit women and underrepresented communities. IE asks investees to report Equality, Diversity & Inclusion (EDI) stats quarterly and provides targeted EDI support to its investees as needed. 	<ul style="list-style-type: none"> CABEF's team is 88% Black, Indigenous, and People of Colour (BIPOC) and 44% BIPOC women. The fund recently hired a Gender & Sustainability Officer to support EDI efforts. Further, they are currently implementing a "Gender Smart Scorecard" to holistically assess companies through a gender lens. The fund does not mandate specific policies for investees but uses the scorecard to provide targeted EDI support. 	<ul style="list-style-type: none"> Rhia's GP team and advisory council are all women. Rhia's CEO, Erika Seth Davies, is a BIPOC woman with impressive experience in advocating for a racial equality focus on impact investing. Rhia intentionally sources diverse employees via initiatives such as partnering with historically Black universities and by using diversity-focused job boards. The fund tracks EDI metrics for investees and, by nature of its target industries, many investees are women-led.

EDI Rating

- 1 Fund has explicitly expressed dedication to gender equality and diversity but lacks formal policies. Representation of women & BIPOC women could be improved.
- 2 Gender equality and diversity of fund team and/or portfolio companies meets or narrowly exceeds industry. Several areas exist for further development.
- 3 Gender equality and diversity of fund team and/or portfolio is above industry benchmarks. The firm has integrated gender and diversity initiatives within decision-making processes and organizational policies.

Gender Equality & Human Rights

The following table summarizes gender metrics for fund investments held in the Foundation's portfolio. This provides an initial baseline of our portfolio which we will measure and consider over time. To provide context to the Foundation's portfolio as it relates to gender, we have included commentary relative to industry.

Our Portfolio: Gender Representation Overview

THF Representation at the GP Level		THF Representation in Fund Decision Making		THF Representation in Investee Management	
63%	12%	64%	14%	45%	-
Women	BIPOC Women	Women	BIPOC Women	Women	BIPOC Women

There are no commonly reported benchmarks for the representation of women and BIPOC women as general partners nor as decision makers within their respective firms. We know however, that women and BIPOC women in particular, are grossly underrepresented in venture capital and private equity. A 2019 report by James L. Knight Foundation shows just 1% of the wealth management industry is controlled by women and BIPOC women. While the number of women represented as decision makers in our portfolio is stronger than industry at large, we will continue to seek greater representation of women and BIPOC women within our portfolio.



Portfolio Highlights

Renewal Funds

56%

% portfolio with gender diverse management teams

CABEF

45%

% of portfolio that have women on their board

InvestEco

54%

% of portfolio investees that are women-led

Impact Engine

57%

% of portfolio investees that are women-led

Rhia Ventures

38%

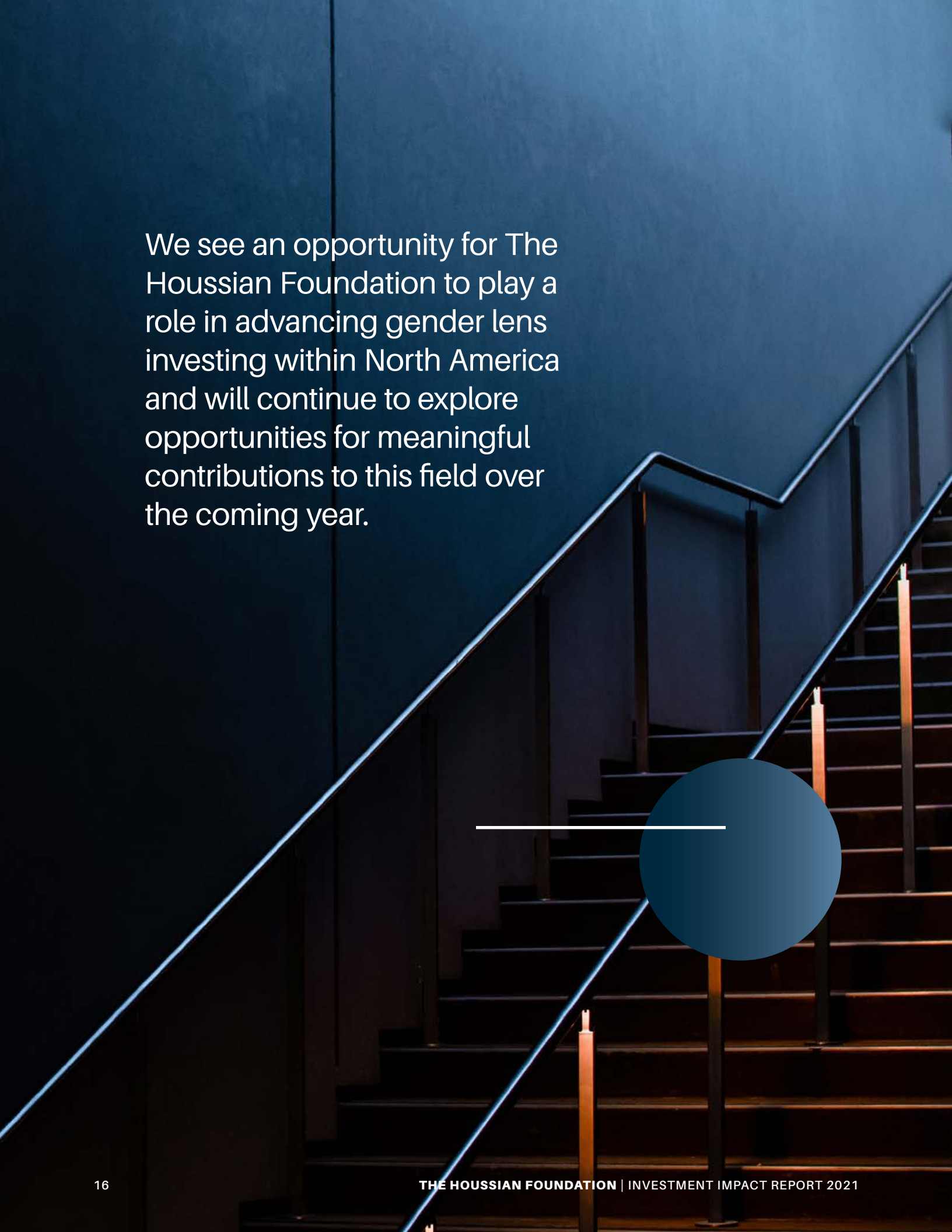
% of portfolio investees that are women-led

District Ventures

43%

% of portfolio investees that are women-led





We see an opportunity for The Houssian Foundation to play a role in advancing gender lens investing within North America and will continue to explore opportunities for meaningful contributions to this field over the coming year.

Next Steps

Where We Want To Go

When we began our work to transition The Houssian Foundation's investment portfolio, our first objective was to align the investment portfolio with our philanthropic areas of focus. As we moved deeper into this work, we realized how critical our participation and that of similar organizations is in advancing the fields of sustainable and impact investing. This type of investing requires people and organizations to embrace new ways of sourcing opportunities, conducting due diligence, and evaluating risk. Our continuing work on implementation of this investment strategy will serve to elevate and support the expansion of sustainable and impact investing.

Impact investing focused on climate change mitigation is substantially more advanced than the field of gender lens investing. We see an opportunity for the Houssian Foundation to play a role in advancing gender lens investing within North America and will continue to explore opportunities for meaningful contributions to this field over the coming year.

With respect to sustainable investing, there are opportunities to dive deeper into the work of shareholder activism. Jarislowsky Fraser is a leader within this space and, while we are learning from them as partners, we are also exploring how we might deepen our own work in this area.

The Houssian Foundation has progressed greatly over the past two years, making a significant impact through our investments while also earning strong financial returns. Moving forward, our focus areas will narrow in scope to achieve the greatest possible impact.

We will continue to lead and contribute within this space, with the goals of generating strong financial returns, inspiring others to join, and promoting greater flow of financial investment to women, BIPOC founders, and underserved communities.

Appendix A: Impact Focus Areas

The Houssian Foundation's impact investments are focussed in two areas: (i) Climate & Environment; and (ii) Gender & Human Rights. Below is additional information on our sub focus areas within each category.

Focus Area: Climate & Environment

Clean Energy

Increasing penetration of clean energy sources through building supply, demand, and infrastructure.

Clean Tech

Reducing environmental impacts via products and services that limit resource usage and restrict or mitigate emissions.

Sustainable Food Systems

Cultivating responsible agricultural practices, reducing food waste, and increasing local food system capacity.

Focus Area: Gender & Human Rights

Gender lens investing can be viewed through six different lenses:

- Women as Investors
- Women in Supply Chain
- Women's Access to Capital
- Women in Leadership
- Products/services for Women & Girls
- Workplace Equity

The Houssian Foundation's gender lens investments focus primarily on women as investors (women GP's), women's access to capital, and women in leadership. This is indicated in our portfolio by a significantly higher than average number of funds with women GP's, women founders and women-led companies, and representation by women in positions with decision-making power.

In addition to these metrics, we also look closely at workplace equity, both at the fund level and at the portfolio company level. Areas we are curious about and are in active conversation with our partners include:

Gender pay gap (e.g. ratio of women:men pay for the same position)
Gender-equal workplace policies (e.g. parental leave, childcare benefits)
Talent retention and promotion (e.g. tenure of women employees, promotions records).

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