

Report to Donors 2019-2020

Pragmatism and depolarization
on climate and energy issues

A path to recovery and job creation

I joined the Pembina Institute as executive director in April 2020, just as the world began taking measures to limit the spread of the COVID-19 pandemic. Like yours did, our world changed virtually overnight. We quickly reprioritized our work to direct the Institute's efforts and resources towards one overarching goal: a healthy environment and strong economy for all Canadians. The COVID-19 pandemic made clear the degree to which the two are inextricably linked.



Keeping Canadians safe during a pandemic and preparing for a more stable future depends on listening to the science. When the pandemic hit, we at the Pembina Institute shifted gears to help ensure the path to recovery from the social and economic disruption caused by the pandemic would support and create as many Canadian jobs as possible, and was as non-polarizing and non-polluting as possible.

We didn't have to wait too long for the impact of previous work done by the Pembina Institute — with your support — to make a difference.

Among the first federal recovery initiatives out the door was \$1.7 billion in federal funding to clean up environmental damage from inactive and orphan wells in western Canada, and \$750 million for a new fund to accelerate methane reduction. Both of these are issues that we have worked on for the past several years with landowners, companies, governments, workers, and local and Indigenous communities. So solutions that could support up to 10,000 jobs — while reducing the most potent greenhouse gas and rehabilitating a badly damaged environment — were set to go.

Under normal circumstances, this report would have gone out in spring 2020 to provide our donors and supporters with a recap of our work and financial performance in 2019. Because of the delay getting it out this year we are also including an update on our activities in the first three quarters of 2020.

We hope you will agree that despite a pandemic and other circumstances, the past 18 months have been incredibly productive for the Pembina Institute. This is thanks in no small way to the foundation built by my predecessor, Simon Dyer, who is now our deputy executive director. It is also due to leadership and guidance provided by our board of directors, chaired by Dave Runnalls — whose lifelong contribution to our country was recently recognized by his award of the Order of Canada.

As Canadians dig in for a winter with the virus we hope you will join us in supporting a path forward that will continue to emphasize economic recovery and job creation together with a steadfast focus on climate policy and the financial mechanisms that will help Canada successfully navigate the transition to a low-carbon economy.

Together we can create the pragmatic, achievable policy solutions that result in a stronger, safer and healthier world.

A handwritten signature in black ink that reads "Linda Coady". The signature is written in a cursive, flowing style.

Linda Coady
Executive Director, Pembina Institute

Building on a strong foundation

Global, borderless crises like the pandemic and climate change require global solutions — they're far too complex to tackle alone, within our own borders. Success depends on working together.

True to the Pembina Institute's decades-long legacy of working together to build pragmatic solutions, in 2019 we joined with local, national and international businesses to launch solutions-driven initiatives across multiple sectors of Canada's economy.



The **Business Renewable Centre Canada** is a not-for-profit member-based initiative that brings companies (like Starbucks, Marriott International, IBM, the Royal Bank of Canada, Maple Leaf Foods, EY Canada and many more) and renewable energy developers together to procure renewable energy. This initiative has already led to the creation of hundreds of jobs in Alberta.

URBAN DELIVERY SOLUTIONS INITIATIVE

Even before the COVID-19 pandemic, online shopping was experiencing rapid growth, putting pressure on our biggest cities as deliveries led to increased congestion, noise, air and carbon pollution. We responded. With founding partners Purolator, UPS, Canada Post and Fresh City Farms, we launched the **Urban Delivery Solutions Initiative**, a national network of businesses and organizations working to modernize urban freight operations.



In 2019, dozens of businesses joined with us to launch the **Catalyst Business Alliance**, in recognition that businesses rely on and thrive in a stable climate. When the pandemic struck, these businesses — including outdoor apparel company Arc'teryx, car-sharing co-op Modo, Salt Spring Coffee, Innergex Renewable Energy and others — shifted gears to respond to the emergency at hand. Catalyst then hosted a B.C. election candidates forum on climate and the economy, drawing nearly 400 participants. In the grip of the pandemic, these businesses remain committed to climate action.



Since our homes and places of work are the building equivalent of idling cars, we have been working with the construction industry, building owners, policy makers and the financial sector to create building retrofit solutions that will result in lower emissions, better air quality, and dramatically improved energy efficiency. In 2019, the foundation was built for the 2020 launch of the **Reframed Initiative**, in partnership with the BC Non-Profit Housing Association and the City of Vancouver, to scale up deep retrofits. This summer, with the Province of British Columbia, we announced the Reframed Lab, which sees the Initiative teaming up with BC Housing to commission deep retrofit designs — creating healthy, resilient housing and much-needed work for Canadians.



The backbone of climate action

In late 2019, before the world had an inkling it was about to be radically changed by COVID-19, the Pembina Institute published ***Winning on Climate: Action plan for a decarbonized Canadian economy***. Documenting



key policy outcomes necessary for a strong, decarbonized economy, and the promises each federal political party made on each of those files in the leadup to the 2019 federal election, this report served as a blueprint for co-operation.

From the clean fuel standard to carbon pricing, from the strategic assessment of climate change to the role of the Canadian Energy Regulator, our team tracked and reported on climate policy in Canada throughout 2019, as the nation went to the polls in the first federal election in which climate issues were forefront in a majority of voters' minds.

Since then, our policy experts have remained focused on advancing these critical policy pieces that provide certainty for investors, incentives for innovation,

guardrails for development, and decision-making structures that put us firmly on — or off — pathways to net-zero emissions in time to limit warming to 1.5 degrees Celsius.

While the Intergovernmental Panel on Climate Change warns 1.5 degrees Celsius is the maximum warming we can allow to keep a “safe” world, scientists acknowledge that amount of warming will result in three- to five-degree warming in the Arctic, where many of Canada’s remote communities are found. Ironically, remote communities are overwhelmingly reliant on diesel fuel — which is both expensive and dirty — for heating and electricity generation. Our team is working to change that. They’re deeply engaged in supporting remote communities’ efforts to reduce dependence on diesel and achieve energy independence with non-polluting renewable sources of energy instead. Our **2020 summary of progress** built on our **2019 cross-Canada scan** of diesel reduction and clean energy policies. Despite limitations imposed by geography and the pandemic, our team is advancing community-led efforts on the policy front.



Photo: Roberta Franchuk, Pembina Institute

Looking ahead: A resilient recovery for all

When the pandemic hit, our policy experts immediately regrouped to lay out the principles for economic recovery that would create work in the short term that also provides environmental or climate benefits.

With our **Green Stimulus paper**, released at the end of March 2020, the Pembina Institute was early into the conversation on how change in energy systems can support long-term economic resilience. We made the case for creating jobs and reducing emissions in renewable energy and low-carbon fuels; scaling up of Canada's construction economy for green building retrofits and supply chains; and grid modernization to support electrification of transit and transportation. We also made the case for new policies — and new public and private investment — in the digital and physical infrastructure and technologies that can expand clean electrification and industrial decarbonization.

In 2021, we'll build on this groundwork. And we'll do it the way we've been doing it the past 35-plus years: by testing our recommendations with industry, business, community leaders, academia, and governments to ensure they're achievable and, as always, guided by science. In the year ahead, we will continue with this collaborative approach, working together toward:

- Embracing climate action as a central tenet of Canada's economic recovery strategy
- Ensuring Canada is on a credible path to meeting its commitment to net zero by 2050
- Enhancing transparency and accountability on Canada's performance against its climate and energy goals
- Strengthening policies that can accelerate Canada's shift to zero- and low-carbon energy, including on buildings, energy, infrastructure, transportation, and climate mitigation and finance
- Enabling steps by Canada's emissions-intensive industries to decarbonize and diversify
- Growing a resilient economy that minds the social gaps that the COVID-19 pandemic laid bare and that climate change will further exacerbate
- Reducing polarization through an equitable and inclusive transition to clean and affordable energy for disproportionately impacted communities.

With your help, our people will stay focused on putting forward credible recommendations on liquefied natural gas, hydrogen, methane, building retrofits, zero-emission vehicles, industrial decarbonization, and finance mechanisms as Canadians determine pathways to net zero by 2050. Together we'll create an economic plan that puts Canadians to work while doing our share to limit warming to 1.5 degrees Celsius for a safer planet.

Building solutions from the inside out

Our team is a unique mix of 50 scientists, engineers, business analysts, and communications specialists who share a passion for sustainability. In March 2020, we transitioned to working from home. With five offices across the country, our team is used to working at a distance from colleagues. This has enabled us to continue our work with a new priority on maintaining health and safety during the pandemic.

Board renewal

In 2019 our **board of directors** undertook a process for renewal at the governance level which saw an amalgamation of previous organizational structures, a strengthening of policies and procedures, and the launch of a three-year process for recruitment of a diverse board that is more representative of the communities with which the Institute works. Our board has a broad range of leadership experience: in science, clean technology and innovation, sustainable finance, climate policy, sustainable resource development, youth empowerment and clean electrification.

Equal by 30

Here in Canada, we are already experiencing first-hand the disproportionate risk and impact climate change can have on communities and populations that can least afford it. The need for greater diversity and inclusion is a critical component of any strategy for resilience, knowing we will continue to face global shocks and disruptions. The Pembina Institute is a signatory of

Equal by 30, a Natural Resources Canada campaign encouraging a public commitment to work toward equal pay, leadership and opportunities for women in the clean energy sector by 2030. In 2019, women made up only 10 per cent of the Pembina Institute's board; as of July 2020, the board consists of over 40 per cent women. Over 60 per cent of our executive and management positions are held by women. Externally, we are working to identify additional opportunities to ensure that the shift to a clean economy is just and inclusive for all Canadians.



Our new 2020 board members: (top) Meredith Adler, Sara Hastings-Simon, Anne Giardini; (bottom) Jessica Butts, Jamie Houssian, Nancy Wright

Our reach in 2019



42

Publications and
submissions



48

Media releases



43

Op-eds and blogs



1,850

Publication
downloads/month



5217

Media mentions
and quotes

Financial Data

Revenue 2019

(from audited financial statements)

Grants	\$ 5,634,556
Revenue received from granting agencies for completing specific projects. The Pembina Institute currently does not receive core funding from any granting agency.	
Fee for service	\$ 352,554
Revenue received under contractual agreements for completing research and advisory services.	
Event sponsorship, tickets and honoraria	\$ 263,531
Revenue and non-receipted gifts from sponsoring agencies to support the work of the Pembina Institute, participant event fees, and speaking honoraria.	
Donations from individuals	\$ 231,712
Individual responses to direct mail appeal and other gifts from individuals.	
Other (rental, interest)	\$ 103,245
Revenues from rental sub-lease arrangements and investment interest.	
Total revenue	\$ 6,585,598

Expenses 2019

(from audited financial statements)

Staff costs	\$ 4,311,551
Hard costs including wages, wage costs, staff benefits, and professional development.	
Project costs	\$ 997,991
Costs including contractor services, project materials and communications incurred to design, develop, deliver and manage our project work.	
Administrative	\$ 553,200
Overhead costs including rent, equipment rental, library, and office and admin incurred in the daily operations of the organization.	
Business expense	\$ 316,384
Costs including property tax, amortization, bad debt and professional fees.	
IT/Communications	\$ 148,126
Overhead costs, including telecommunications, IT support, website, and internet, incurred in the day-to-day operations of the organization.	
Financing costs	\$ 45,837
Interest, bank fees and mortgage costs.	
Fundraising and events	\$ 9,272
Costs including travel, event hosting and fundraising-related expenses.	
Total expenses	\$ 6,382,361
Net income	\$ 203,237

Statement of Financial Position Year ending December 31, 2019

ASSETS

Current

Cash	\$ 857,266
Accounts receivable	\$ 788,309
GST recoverable	\$ 37,848
Prepaid expenses	\$ 209,059
	\$ 1,892,482

Capital assets

\$ 1,485,277

\$ 3,377,759

LIABILITIES AND NET ASSETS

Current

Accounts payable and accrued liabilities	\$ 338,677
Deferred revenue	\$ 998,326
	\$ 1,337,003

Callable debt

\$ 921,813

\$ 2,258,816

Net assets

Investment in capital assets	\$ 563,465
Restricted	\$ 60,000
Unrestricted	\$ 495,478
	\$ 1,118,943

\$ 3,377,759

These statements are excerpts from the audited financial statements prepared for the organization and exclude the audit report, other pertinent statements and notes to the financial statements. Users are cautioned that these statements alone may be inappropriate for their purposes.

Thank you to our donors and supporters

Photo: © Jeff McIntosh

Like you, we are committed to a strong economy and a safe climate for all Canadians. We are committed to working with business, investors, governments and local and Indigenous communities to address critical gaps in Canada's net-zero plans and performance between now and 2030, to achieve meaningful and lasting change. We will continue to bring diverse parties to the table to solve tough problems and mobilize joint solutions.

We are excited to have an even bigger impact by:

- Charting a prosperous economic future by embedding climate goals and emissions reductions in new national strategies for job creation, technological innovation, and economic revitalization
- Accelerating emissions reductions through new investment in energy efficiency and renewable energy, net-zero transportation, and building retrofits
- Tackling the toughest one-third of Canada's emissions, from oil and gas, trucking, manufacturing and other hard-to-decarbonize sectors.

We believe our history and inclusive approach position us to address the gaps that contribute to polarization and stymie climate action. We now have an opportunity to make progress in the next three to five years that would otherwise have taken a decade. Let's make the most of it, together. From voicing support for strong climate policy and investment in a net-zero future, to a donation to help us deliver on our research, convening and advocacy work, we need your help. **Please consider supporting our work with your gift.** Any amount helps.

The Pembina Institute firmly believes that together we can prepare for a healthier, more resilient future, and we express our deepest gratitude for your ongoing support as we rebuild a stronger, safer Canada.

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