Page 001 of 143 to/à Page 022 of 143

Withheld pursuant to/removed as

s.13 ; s.17

Participant Name: Alexa Blain Date: November 24, 2020	**Market Sounding : Investment Strategy and Governance**

Investment Strategy	
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	

What areas (eg. stage of company, asset class, geography, sector etc.) hold the most opportunity for investment within InBC's double bottom line objectives?	s.13
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	s.13; s.17
What assumptions or objectives presented in this document are unrealistic?	s.12; s.13
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	s.13

Participant Name: BCI David Morhart/ Blake Fizzard/ Mark Johnston Date: November 25, 2020	**Market Sounding : Investment Strategy and Governance**

Investment Strategy

Questions:	Response:
Minimum financial return expectations are stated as approximately s.12; s.13 you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment	

s.13

opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?
What assumptions or objectives presented in this document are unrealistic?
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?

Participant Name: Carol James Date: December 8, 2020	**Market Sounding : Investment Strategy and Governance**

Investment Strategy

Questions:	Response:
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	

	s.13
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	
What assumptions or objectives presented in this document are unrealistic?	

	s.13
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

Participant Name: Doug Pearce Date: December 14, 2020	# Market Sounding : Investment Strategy and Governance

Investment Strategy

Questions:	Response:
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13 s.12; s.13 s.13 s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the	

most opportunity for investment within InBC's double bottom line objectives?	s.13
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	s.13 s.12; s.13 s.13
What assumptions or objectives presented in this document are unrealistic?	

Participant Name: Gerri Sinclair Date: November 20, 2020 And November 23, 2020	# Market Sounding : Investment Strategy and Governance

Investment Strategy

Questions:	Response:
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	

s.13

What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	

	s.13
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	
What assumptions or objectives presented in this document are unrealistic?	s.13; s.17

	s.13
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

Participant Name: Irish Strategic Investment Fund Date: December 1, 2020	**Market Sounding : Investment Strategy and Governance**

Investment Strategy

Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	s.13
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	

	s.13
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	

What assumptions or objectives presented in this document are unrealistic?	s.13
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

Participant Name: Kathy Kinloch Date: December 7, 2020	Market Sounding : Investment Strategy and Governance

Investment Strategy

Questions:	Response:
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	

s.13

What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?
What assumptions or objectives presented in this document are unrealistic?
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?

Participant Name: Kristi Miller Date: November 25, 2020	Market Sounding : Investment Strategy and Governance

Investment Strategy

Questions:	Response:
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13 s.13 s.12; s.13 s.13 s.13 s.13 s.12; s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	s.13
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	

What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	s.13
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	

	s.13
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	s.13; s.17
What assumptions or objectives presented in this document are unrealistic?	s.13

	s.13
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

Participant Name: Alison Nankivell Date:	**Market Sounding : Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	

	s.13; s.16
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage?	

What risks do you see in trying to achieve this allocation?	s.13
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	
What assumptions or objectives presented in this document are unrealistic?	s.13 s.13; s.17 s.13 s.13 s.13 s.13; s.17 s.13
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

s.13

Participant Name: Cameron Burke **Date: November 24, 2020**	**Market Sounding :** **Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	

	s.13
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	s.13; s.17
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	s.13
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	
What assumptions or objectives presented in this document are unrealistic?	
What would you expect to see in a document profiling a fund's	

investment objectives that have not been presented in this document?	s.13

Participant Name: Christine Bergeron **Date: December 15, 2020**	# Market Sounding : Investment Strategy
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	

	s.13
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	
What assumptions or objectives presented in this document are unrealistic?	
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

	s.13

Participant Name: Chris Tsoromocos Date: November 3, 2020	**Market Sounding : Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	

What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	s.13; s.17
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	s.13
What assumptions or objectives presented in this document are unrealistic?	

What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	s.13

Participant Name: Glen Lougheed Date: December 1, 2020	**Market Sounding : Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	
What are your thoughts on the assumptions around the timing of the investments and the amounts	

invested given the potential opportunity set in the province?	s.13
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	
What assumptions or objectives presented in this document are unrealistic?	
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

Participant Name: Ingrid Leong **Date: December 9, 2020**	**Market Sounding :** **Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	s.13; s.17 s.13 s.13; s.17 s.13

	s.13
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	s.13 s.13; s.1 s.13 s.13
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	
What assumptions or objectives presented in this document are unrealistic?	
What would you expect to see in a document profiling a fund's	

investment objectives that have not been presented in this document?	s.13

Participant Name: Jill Earthy **Date:**	**Market Sounding :** **Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	
What are your thoughts on the assumptions around the timing of	

s.13

the investments and the amounts invested given the potential opportunity set in the province?
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?
What assumptions or objectives presented in this document are unrealistic?
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?

Participant Name: Karimah Es Sabar Date: December 1, 2020	**Market Sounding : Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	

s.13

What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to	

deliver and administer a portfolio with the allocations presented?	s.13
What assumptions or objectives presented in this document are unrealistic?	
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

Participant Name: Kathy Butler Date: December 10, 2020	**Market Sounding : Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13 s.13 s.12 s.13 s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	s.13
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	s.13; s.17

	s.13
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	
What assumptions or objectives presented in this document are unrealistic?	
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

s.13

Participant Name: Kensington (Rick Nathan, Matt Cross, Dylan Freeze) Date: December 8, 2020	# Market Sounding : Investment Strategy
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	

	s.13
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	s.13; s.17
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	s.13
What assumptions or objectives presented in this document are unrealistic?	
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	s.13; s.17

s.13

	- s.13; s.17 - -

Participant Name: Kevin Campbell Date: December 14 2020	# Market Sounding : Investment Strategy
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	

What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	s.13
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	
What assumptions or objectives presented in this document are unrealistic?	
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

s.13

Participant Name: Kari Lamotte Date: November 3, 2020	# Market Sounding : Investment Strategy
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	

What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	s.13
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	

	s.13
What assumptions or objectives presented in this document are unrealistic?	
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

Participant Name: Michael Bonshor **Date:**	**Market Sounding :** **Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13 s.12; s.13 s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	s.13
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	s.13; s.17
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	s.13

	s.13 s.13; s.16; s.17
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	s.13; s.16
What assumptions or objectives presented in this document are unrealistic?	
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

Participant Name: Nancy Harrison Date: November 26, 2020	**Market Sounding : Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13 s.12 s.1: s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	s.13
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	

	s.13 s.13(s.13; s.17 s.13
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	s.13; s.17 s.13
What considerations can you provide about structuring a team to	

deliver and administer a portfolio with the allocations presented?	s.13
What assumptions or objectives presented in this document are unrealistic?	
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

Participant Name: Simon Pimstone **Date: December 2, 2020**	**Market Sounding :** **Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line	

(commercial return, economic and societal impact, additionality)?	s.13
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	s.13; s.17 s.13 s.13
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	
What assumptions or objectives presented in this document are unrealistic?	
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

Participant Name: Stephanie Andrew Date: December 14 2020	**Market Sounding : Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	

	s.13
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage?	

What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	s.13
What assumptions or objectives presented in this document are unrealistic?	
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

Participant Name: Stephen Nairne Date:	**Market Sounding : Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13 s.12; s.13 s.13 s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	s.13; s.17
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	s.13
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line	

(commercial return, economic and societal impact, additionality)?	s.13
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	s.13; s.17
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	s.13
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	

What assumptions or objectives presented in this document are unrealistic?	s.13
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	s.13; s.17 s.13 s.13

Participant Name: Suzanne Trottier **Date: December 14 2020**	**Market Sounding :** **Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	

What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	s.13; s.16
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	s.13
What assumptions or objectives presented in this document are unrealistic?	
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

Participant Name: Tracey McVicar **Date: December 2, 2020**	**Market Sounding :** **Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13 s.13 s.12; s.13 s.13 s.13 s.13 s.12; s.13 s.13 s.13 s.12; s.13 s.13 s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	
What are your thoughts on the assumptions around the timing of the investments and the amounts	

invested given the potential opportunity set in the province?	s.13 s.13 s.13; s.17 s.13 s.13
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	
What assumptions or objectives presented in this document are unrealistic?	
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

Participant Name: Date:	Market Sounding : Investment Strategy
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	

What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	s.13
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	s.13 s.13; s.17 s.13 s.13
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct	

investment at the scale up stage? What risks do you see in trying to achieve this allocation?		s.13
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?		
What assumptions or objectives presented in this document are unrealistic?		
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?		

Participant Name: Yaletown Date: November 30, 2020	**Market Sounding :** **Investment Strategy**
Questions:	**Response:**
Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?	s.13
Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?	
Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?	
What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?	

	s.13
What areas (eg. stage of company, asset class, geography, sector etc) hold the most opportunity for investment within InBC's double bottom line objectives?	
What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?	s.13; s.17
What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?	s.13

	s.13
What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?	s.13; s.17
What assumptions or objectives presented in this document are unrealistic?	s.13
What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?	

InBC Investment Corp.
Market Sounding Findings

Executive Summary

In November and December 2020, officials in the Ministry of Jobs, Economic Recovery and Innovation ("JERI") conducted a formal market sounding of the province's new strategic investment fund, InBC Investment Corp. ("InBC"). Specifically, they engaged with some key stakeholders and experts to obtain their feedback on both a draft governance framework and a draft investment strategy.

Since the announcement of InBC in September 2020, officials have informally engaged with 160+ market participants, ranging from venture capital and private equity firms to academic institutions, accelerators, incubators, organizations specific to women and Indigenous peoples in business, federal entities, and local boards of trade, amongst others. Officials have also interacted with some similar funds in other jurisdictions, both within Canada and abroad. The purpose of these informal engagements has been to introduce InBC to the marketplace and to obtain some initial feedback. From that group of 160+ participants, officials selected a subset of 30+ representative individuals and organizations to engage as part of the formal market sounding process, the outcome of which is summarized in this document.

Most of the market sounding participants supported the proposed governance framework and investment strategy. On the draft governance framework, most participants agreed that the Board of Directors should set the overall investment framework, whereas individual investment decisions should be made by the Chief Investment Officer ("CIO"). Several participants highlighted the need for an Investment Committee to vet potential investments. Transparency around conflicts of interest (both actual and perceived) and investment performance were also identified as crucial to InBC's success. Participants also suggested that, while the Advisory Group/Forum will add sectoral diversity to the organization, officials might consider having it report to management, and not the Board.

On the draft investment strategy, participants thought that the proposed minimum financial return of s.12; s.13 was achievable. Most participants also felt that InBC's double bottom line approach would not pose significant challenges for co-investment with the private sector and expressed the view that the markets were increasingly moving in this direction. A few participants underscored the riskier, specialized, and resource-intensive nature of direct investments, and highlighted the importance of building up this expertise on the investment team. There was overall agreement on the desirability of the regional allocation strategy. Further, several participants thought that InBC's strategy should include an Indigenous allocation, akin to the regional allocation. Another common theme that emerged was the need for flexibility as investment opportunities arise, and to not unduly constrain the CIO with an overly prescriptive investment strategy. Participants were split on the proposed stage allocation strategy. Some participants believed that InBC should deploy more capital in early stages, whereas others suggested that InBC be more cautious in the beginning, as early-stage investments are riskier. Others still felt that the timing and allocation were appropriate. Finally, several participants mentioned that the success of InBC's investment strategy will heavily depend upon the quality of the team that is hired to execute it.

Purpose

Since InBC was announced on September 17, 2020, officials in JERI have met with 160+ stakeholders, ranging from venture capital and private equity firms to academic institutions, accelerators, incubators, organizations specific to women and Indigenous peoples in business, federal entities, and local boards of trade, amongst others. Officials have also interacted with some similar funds in other jurisdictions, both within Canada and abroad. The purpose of these informal engagements has been to introduce InBC to the marketplace and to gain some initial feedback on the concept.

In November and December 2020, a more formal market sounding engagement was undertaken by senior JERI officials. A market sounding is a structured interaction with individual market players, generally undertaken during the planning stage of a project, to provide information and feedback on specific issues. For our purposes, approximately 30+ key stakeholders that officials had already met with during the initial introduction phase (mid-September to late October 2020) were engaged with again in order to obtain structured feedback on both:

(i) a draft investment objectives document, and
(ii) draft governance framework.

This process was structured to test these two crucial pieces of the project with knowledgeable and representative actors in the marketplace, and to then incorporate that feedback back into the project design before finalizing it.

Methodology

Materials

In order to get the most thoughtful and comprehensive feedback possible, without unduly burdening the participants, officials provided each participant with a slim information package ahead of time. This consisted of background documents outlining either (i) the key features of the draft investment strategy and criteria, or (ii) the key features of the draft governance framework, or in some cases, both.

Confidentiality

Officials treated all information obtained via the market sounding process on a 'not for attribution' basis, and made sure that all participants knew this, so that they would be as forthcoming as possible. This report and any other report or summary of the outcome of the market sounding is for internal use only and summarizes information in such a way as to protect the identities of the participants.

Format

Officials had one-on-one phone calls with each participate individually. So, after having received and reviewed the advance materials, officials scheduled a phone call or Skype meeting with each participant, and then posed the same series of specific, open-ended questions to each of them. There was also a final basket clause question that allowed officials to capture any other feedback or information that participants wished to share. One official asked questions, and another was dedicated to note-taking.

Summarized below are the findings from the market sounding on each question asked.

Findings

Governance Framework

Question 1 - The proposal is to have the investment decision-making function statutorily protected and exclusively in the hands of the CIO and his/her team. This would prevent the Board, the responsible Ministers, the Advisory Forum/Group, and any other third parties from influencing investment decision-making. Please provide your thoughts on this proposal.

Summary

- 90% of participants were supportive of the proposed investment decision-making model. They felt that investment decision-making by the CIO will eliminate the perception that politics are involved in these decisions.
- Many participants indicated that they believe that the Board will still fulfill its role, despite the CIO having responsibility for investment decision-making.
- Many participants indicated that the Board should be responsible for ensuring that the investment criteria established are being carried out by the CIO.
- Several participants brought up the need for an investment committee for vetting potential investments.

Almost universally, our participants supported our proposed investment decision-making model. One told us that this statutory independence is "the critical piece" and that it "provides credibility for the entire structure." Another said that separating the macro-level oversight and governance role of the Board from the individual investment decision-making of the CIO "eliminates the perception that politics are involved in these decisions." Yet another participant told us that the model "insulates the investment decision-making from political influence." Of our ten participants who commented on governance, only one was not overwhelmingly positive. That participant told us that they were not familiar with the model we had proposed, and although they appreciated the sentiment behind it, they felt it might be somewhat complicated.

Many participants commented on how they felt the Board will still fulfill its role, despite the CIO having responsibility for investment decision-making. We were told that the Board must be able to ask questions and provide broader input on overall strategy. Another participant told us that the Board should be responsible for ensuring that the investment criteria that are established are being carried out by the CIO. They felt that this piece needed to be built out a bit more, so that both the Board and the CIO are clear in terms of their rules of engagement. We heard that the Board will need to "own the issues" and be involved in the strategic planning of InBC. They will need to set performance objectives and goals, one participant said, and define what acceptable risk is for the organization, including risk parameters and tolerances. Another participant gave us a laundry list of things they would expect to see the Board being responsible for, including:

- Hiring and firing the CEO
- Involvement in HR issues (including compensation)
- Involvement in overall strategy for the entity
- Consideration of reputational risk

One participant used the s.13 as an example of how the CIO and Board might interact. They explained that, while the CIO is responsible for investing, the clients can always fire the CIO. Further, s.13 has to abide by what each of their clients' wishes and there is a clear understanding – on the ground – that any large transactions the CIO is going to enter into need to flagged to the Board. In this way, the CIO retains investment independence, but they're keeping the Board apprised of major decisions and the Board is effectively able to hold the leadership team to account.

Several participants brought up the need for an investment committee. s.13; s.16

s.13; s.16

s.13; s.16 In their view, this body is very important, in terms of vetting what is in the pipeline, as well as sourcing deals outside of the pipeline for consideration.

Another participant mentioned this idea as well, sharing that investment committee adds a layer of objectivity to the process and can help correct misalignments that may result from whatever compensation structure is chosen. This participant also believed that an investment committee can bring in different perspectives and serve as a valuable sounding board. However, they also believed that if Board members were populating the investment committee, this could provide a backdoor way to unduly influence the investment decision-making process.

Finally, some commented on the proposal to have both a CEO and CIO. One felt that this co-leadership model could be tricky and create potential for conflict. They asked how we planned to promote teamwork and cooperation in this model, and how we envisaged each of those roles being ring-fenced. Another participant suggested that we be clear about when the CEO can intervene in an investment decision (e.g. in a conflict of interest scenario, an ethical situation, or when reputational risk arises), if ever.

This same participant told us that the CEO must take ownership over the corporation's performance, and so that means that the CEO and CIO will need to work together and be responsible for achieving those objectives. Although the CIO will oversee investments, and the CEO will be responsible for operations, management and oversight of the corporation, these positions will need to be linked and work together. This participant said that the CEO will need to be tied into the CIO's responsibility, so that they can both be held to account by the Board.

Question 2 - Is there an exceptional role for Board to provide approval of investment decisions that meet certain very specific criteria (e.g. certain high-risk investments, or something that would result in market concentration, or potential reputational risk to the fund)? If yes, what should those circumstances be? And how do we still safeguard the independence of investment decision making - both actual and perceived?

Summary

The participants were split on this question:

- 50% of the participants believed the Board should not be involved in any investment decisions.
- 50% of participants believed there should be some role for the Board in investment decision-making under exceptional circumstances.
- For example, issues of significant reputational risk, conflict of interest, anything not contemplated by investment policy statements or breaches of the investment policy, something unique to the mandate, etc.
- All participants agreed the Board should examine whether a certain mandate is achieved by an investment.

On this question, our participants were split. Some felt strongly that there should never be any role for the Board in the approval of investment decisions, while others felt that, in certain scenarios, there should be.

In the first category, we had one participant tell us that "definitely" the Board "should not muck about in the investment decision-making." They felt that, while the Board had a role in terms of digging into decisions and questioning the CIO, they were not to be involved in the actual taking of the decision. Another participant told us, unequivocally, that "nothing should come up to the Board level." Their view was that government – and by extension, the Board – should not be picking winners and losers, and that this could be risky. In particular, this participant felt that in the case of potentially high risk or reputationally concerning investments, those decisions will need even more accountability, and therefore should be borne by the CIO. Having said all of that, this participant still felt that if an issue of clarity around the investment criteria arose, the Board should be involved in reviewing the criteria to ensure that they are sufficiently clear to the CIO in order to enable decision-making. However, this would not mean actually making investment decisions. In sum, this individual felt that if the Board had any role in reviewing or making investment decisions, this could be ripe for conflict.

Another participant stated that the Board's role should be limited to approving an investment framework. If a decision falls within the framework, then the Board should have no role and it should be left up to the CIO. If the CIO wants to consult with the Board (and not the other way around), then the CIO should be empowered to do so. Ultimately, this participant said, if the Board loses confidence in the CIO, they can fire them.

On the other hand, a number of participants expressed the view that some kind of role for the Board in investment decision-making is necessary. A common perspective was that the Board should only get involved for strategic governance reasons, such as significant reputational risk, conflict of interest issues (e.g. if there is a conflict between portfolio companies), funding risk, anything not contemplated by investment policy statements or breaches of the investment policy, something unique to the mandate, etc. In another participant's words, if something has been exceeded – threshold, risk, or reputational risk – then it makes sense to rise to the Board level. It would likely be captured by the risk committee, and then come up to the full Board.

In almost all their answers though, these participants told us that in order to safeguard investment decision-making independence, these exceptional circumstances had to be incredibly clear. For example, a well-defined investment policy should be set out.

Finally, all participants agreed that the Board should have a role in looking at whether a certain mandate is being achieved by an investment that has already been placed. s.13

s.13

Question 3 - Do you think that the Advisory Group/Forum as proposed adds value? Do you have any additional thoughts or suggestions with respect to the implementation/operation of the Advisory Group/Forum?

Summary

The participants were divided on the value of the proposed Advisory Group/Forum.

- 30% liked the idea of the Advisory Group/Forum, believing it to be a useful mechanism to bring diverse sectoral expertise to the Board.
- Another 30% believed that the idea made sense if the Advisory Group/Forum reported to management, and not the Board.
- 40% did not like the idea of the Advisory Group/Forum. Some felt that a 12-person body was too large, could create conflict between the two bodies, in effect, creating a s.12; s.13
- Several participants felt that it was problematic if the Advisory Group / Forum directed their own work and suggested that they be given concrete direction.

Participants were divided on the value of the proposed Advisory Group/Forum. Of the ten participants who provided views on governance, three liked the idea. These participants thought that it would be a useful mechanism to bring diverse sectoral domain expertise to the Board. They stated that it would also allow the Board to get more insight into where the appropriate range of investments might be.

Of the ten, three more participants thought that the idea made sense, but **only** if the Advisory Group/Forum reported to management, and not to the Board. They expressed the view that it should not have competing interests with the Board, and therefore should exist to support senior staff. Specifically, that it should report to the CEO and CIO of InBC. We heard that the Advisory Group / Forum should be made up of luminaries who can fulfill a very specific mandate relating to investments, or operations, or management. Another participant said that this sort of forum could be set up to support the execution of strategy. If the Board wished to have some support, these participants felt that they could strike their own advisory groups if and when they required.

Of the ten participants, four did not like the idea of the Advisory Group/Forum at all. One said that they "questioned its value" and another said that it "didn't make sense." We heard that a 12-person body would be too large, and that no one would be accountable. We also heard that, while it will be important for the Board to access deep expertise and that this can be achieved by reaching out to relevant stakeholders in the industry, the proposed model may simply devolve into a general "talk shop".

The strongest critique was that, by setting up the Advisory Group as a body to fill gaps for the Board, we were potentially setting the Board up for failure. A few participants stated that this it could create conflict between the two bodies and could, in effect, create a s.12; s.13 One said that they would not agree to serve on a Board that had this structure in place. We heard that, if the objective is to plug gaps in the Board directors' expertise, this can be achieved through other means (e.g. roundtables, focus groups, etc.) that do not have the same potential for conflict.

Regardless of their views on the body, many participants suggested tweaks to the structure of the Advisory Group. We were asked whether these individuals would be paid or not. One participant suggested that this body could act as the stable of people who sit on the boards of InBC's portfolio companies. Another participant suggested that they might provide views on the second part of the double bottom line mandate. Several participants thought it would be problematic if the Advisory Group / Forum was able to direct their own work and suggested that they be given a bit more concrete direction. One participant felt that the body could be one short step to lobbying, and so we would have to be quite mindful regarding their mandate and scope. Finally, another participant felt that this group should be relatively fluid – in terms of its membership – and that three-year terms may be too long for members. Their view was that we should be refreshing the body on a more regular basis than that.

Question 4 - What are the crucial components of a conflict of interest policy for the Board of Directors? For example, is it disqualifying if a Board Member has any kind of interest in a potential investment opportunity that may come to the corporation or can that be managed through disclosure and recusal? What could be disqualifying and what could be managed? What is industry best practice / gold standard here?

Summary

- Strong consensus that Board conflicts of interest are best managed through disclosure and recusal, where appropriate.
- Participants agreed that the Board should be populated by people whose experience will result in some conflicts of interest, but that this is both good and normal.
- Have a high transparency and accountability standard (i.e. put annual reports before the legislature, conflict of interest policy on website, etc.).

There was a strong consensus that conflicts of interest at the Board level are best managed through disclosure and recusal, where appropriate. Participants agreed that, because the Board will not be making investment decisions, there is less risk here. However, one participant felt that, if a Board member would have a perennial conflict that cropped up time and time again, appointment to the Board should be avoided.

On the whole, participants agreed that the Board should be populated by people who will have some conflicts of interest and that this is both good and normal. If we want to have directors that are going to add value to InBC and bring a broad depth of experience, some of them will have conflicts that arise, we heard.

For this reason, participants felt that having a gold standard, rigorous conflict of interest policy, as well as a clear process to follow, will be important. The policy must be in place before directors are appointed, we heard, and it must be clearly explained to directors before they accept the position. It should cover both actual and perceived conflicts of interest.

When a Board director joins InBC, participants told us that they should be told where conflicts may lie and should have the policy clearly explained to them. Some participants suggested that all Board directors be required to make public declarations, akin to what Cabinet ministers do. Some Board members, we heard, may be required to divest assets or put assets into blind trusts, for example, before coming onto the Board. On an ongoing basis, we repeatedly heard that Board directors themselves will need to manage their potential conflicts. If something arises at the Board level that constitutes an actual or perceived conflict for them, the onus will be on them to recuse themselves from the discussion and the corporate secretary must address this through the minutes.

A few participants recommended that the Board have a standing agenda item addressing conflicts. Specifically, at each meeting, they should be asking each Board director if they have taken on any new appointments or advisory roles or made new investments that they should be disclosing. We were told this should happen regularly, as a matter of course, in case a Board director forgets to update their declaration. Having said that, participants were of the view that the onus was on directors to keep their disclosures current.

Another option that was shared pertains to a process that s.13; s.16 has put in place. Their Board directors have the benefit of an independent conduct review advisor – s.13 – who they can seek out for an opinion on a specific issue, if a situation arises. We were told that this process had proven useful for that organization.

Beyond the Board, participants suggested that we needed to be alive to potential conflicts of interest at the both the Advisory Forum and management levels too. s.13 s.13 at their staff level, no conflicts of interest were tolerated. Another participant concurred with this view; they shared that when it came to management, there should be no interests whatsoever, because it would be too easy to create complexities otherwise.

Finally, one participant suggested that we have a section of InBC's website that specifically addresses conflict of interest. Specifically, that the policy itself should be disclosed on the website, and that an explanation of why Board directors who may appear to have a conflict have been appointed.

Question 5 - Are there any other considerations with respect to governance that we need to keep in mind, given that this corporation is responsible for and the custodian of public funds?

Summary

- Several participants talked about how Board directors will need to factor in their accountability to the public.
- The governance structure should have a method for ensuring that the Board remains up to date with current trends.
- For InBC to succeed, the Board must ensure their strategic planning aligns with the province's goals.
- The corporation will need to determine acceptable risk and apply this analytical framework to the investments.
- Transparency and ongoing reporting were also highlighted.

Several participants talked about Board director education or awareness. For example, one participant stated that it is important to think of InBC as a custodian of public funds, but also as the "custodian of a government entity." In order words, in governing such a corporation, the Board will need to factor in their accountability to the public. This will be important to keep in the forefront for directors by, amongst other things, training them on the differences between serving on a private sector vs. a public sector board. Getting this piece right (i.e. accountability to the public) will be key to the success of InBC, this participant said.

Another participant said that the Board will need to stay current with trends, and that the governance structure should have a method for ensuring they remain up-to-date. Someone else told us that director sophistication and training is a huge job, and that the CEO may end up spending most of their time managing this. Another participant told us that Boards and corporations succeed when they are aligned and work closely together on their strategic planning. Someone else mentioned that Board alignment with the province's goals will be crucial for success.

Several participants highlighted risk and conflict of interest as important considerations. They suggested that the organization will need to have a risk framework or – in the words of another strategic investment fund – a "second line risk function." As another participant put it, the corporation will need to determine what acceptable risk is to the organization and apply this analytical framework to the investments being made. Further, in terms of conflict of interest, some participants pointed out that the issue of Board directors and InBC staff using confidential, inside information for personal advantage will need to be confronted. The Board will also need to consider the issue of non-disclosure and strictly enforce non-disclosure requirements.

Transparency was also highlighted in response to this question. Some participants talked about the importance of having the corporation publish what has been invested each year (i.e. each company that has been invested in), as well as reporting on the economic and societal impact. In another participant's words, "setting benchmarks and performance targets" will be crucial. Another participant suggested that – as is proposed in the governance model – the corporation undergo a 'special review' every five or six years.

A few other miscellaneous items were raised in response to this question, including the following:

- There should be strong alignment between staff compensation and performance of the portfolio, both over the short and long term.
- Having seven (7) Board members from outside government might be too low. It may be advisable to have nine (9) non-public sector directors, so that you can have more people around the table to help to avoid power imbalances.
- Do not have Board appointments and re-appointments go through the typical provincial Board appointments process. Instead, have the Board itself provide recommendations in a ranked list to the responsible Ministers.[1]

[1] See below for further recommendations on Board appointments (e.g. the s.13 as potential models to follow).

Question 6 - Are there governance checks and balances that you view as critical to the success of the governance model for InBC?

Summary

- Some participants highlighted the importance of diversity and credibility around the Board table.
- Another participant highlighted the importance of screening candidates for the Board.
- Again, several participants highlighted the importance of transparency and accountability.
- Some participants suggested a staggered Board appointment, so everyone isn't coming up for reappointment at the same time.

Several participants had views on how Board members are appointed and who should be on the Board. s.13; s.16 suggested that we develop a directors' framework document that helps determine who is appointed to the Board.

Some questioned why government needed to have any representation on the Board and took the view that all directors should be independent and from outside the public sector. They worried that having Deputy Ministers at the table might mean that the Board would not be able to have frank conversations. The same participant felt that the Chair of the Board should not be a political appointee but should be non-partisan and independent.

Another participant highlighted the importance of screening candidates for the Board and the need for there to be trust in this process. They highlighted the importance of diversity and credibility around the Board and pointed out that this Board will be more scrutinized in terms of its membership than many others. As such, membership will need to be balanced and government will need a good rationale to communicate why the particular people around the table were selected.

Finally, in terms of Board make-up, we heard that it will be important to stagger appointments over time (so every member doesn't come up for renewal or removal at the same time) and to be clear about how directors are to be removed.

One participant stated that it will be important to be clear about what happens when deals go south. Board members will require indemnification, but more broadly, it will be important to avoid finger pointing and blame, and to create a problem-solving culture.

It will be important, several participants said, to ground the Board in a sense of purpose and assess if the corporation is truly meeting its mandate. In order to do this, measurement will be important and ongoing alignment of the mandate to changes at the government level. In other words, being able to flexibly respond to government as required.

Several participants highlighted the importance of transparency and accountability. One said that InBC should "set a standard that has yet to be achieved in BC with respect to transparency." There were suggestions that the corporation provide an annual report to the legislature that is also published online for the public to read. Another suggested that the corporation provide an annual letter of accountability to government. Several pointed out that the corporation should open itself up to regular audits. It was suggested that the corporation should plan to make announcements in order to keep the public informed at appropriate intervals in terms of how the investments are performing. Further, one participant said that there will be an ongoing responsibility to engage with the sector and with stakeholders, and that a Board committee might be set up specifically to handle this public engagement.

Question 7 - What Board Committees do you feel are critically needed having regard to the structure we have proposed?

Summary

- There was consensus that the Board should strike the following committees: (1) Audit and Finance, (2) Nominations / Appointments, (3) Risk, and (4) HR and Governance.
- We also heard from some participants that the Board may want to have a public engagement committee, and a criteria review committee that regularly looks at the double bottom line mandate.

There was consensus that the Board should strike the following committees: (1) Audit and Finance, (2) Nominations / Appointments, (3) Risk, and (4) HR and Governance.

In terms of the Audit Committee, someone advised that the Chair should be quite experienced and someone who can push for a high standard.

In terms of the Nominations or Appointments Committee, one market sounding participant highlighted the example of s.13 which has a double arms' length nominations process. That body sources candidates then makes recommendations to government for appointment. Another market sounding participant recommended that Board member term lengths as well as possible renewals be recommended by the Nominations Committee, not the responsible Ministers, and pointed to s.13; s.16 as a possible model.

In terms of the Risk Committee, some advised that this committee will need to be able to tackle issues of cyber security, the size of investments, distribution of investments, whether the compensations policy creates any unintended consequences, and conflict of interest issues.

In terms of the HR and Governance Committee, some advised that this committee should be set up right away and should be positioned to deal with the pay, bonusing and performance of the corporation's senior staff. Some advised that a Deputy Minister should sit on this committee. Others pointed out that this committee should be focussed on corporate culture.

One marketing sounding participant had some additional committee ideas, given the unique nature of this corporation's mandate. Specifically, that the Board should strike a Capital / Fundraising Committee (which could help the corporation fundraise and bring other capital in), a Public Engagement Committee, and a Criteria Review Committee (which could assess and review the investment criteria – the double bottom line mandate).

Many participants stated that it will be important to keep committee work to a minimum.

Some thought that having Advisory Group members on the committees made sense; one market sounding participant thought that it did not and that non-Board members should not be privy to conversations at the Board table.

Question 8 – Is there anything else you want to comment on relating to governance?

Summary

- A few participants noted that the proposed governance structure looked good, balancing independence with accountability to the shareholders.
- Another suggested that it will be important to have tech-specific expertise on the Board.
- One participant highlighted that it will be important to set the organisation up for success and resilience by ensuring a clear mandate, good governance model, and deep accountability to the public.
- Another stated that it will be important for the board to be diverse, as this will support the credibility of InBC.

A few participants noted that the proposed governance structure looked good, and that it did solid job of balancing independence with accountability to the shareholders.

One participant suggested that we might want to include executives or entrepreneurs in residence into our organization structure. They pointed out that many funds have these and that they can help support scale up and mentorship support for growth companies.

Another suggested that it will be important to have tech-specific expertise on the Board.

In terms of early Board agendas, one participant suggested that we might want – over two or three meetings – to ground the Board in terms of its mandate. It might make sense to walk the Board few a through specific scenarios, and perhaps have the Minister(s) come and speak. Another participant suggested that an early Board agenda might include the following items: report card / performance measures, emerging opportunities, and government suggestions of opportunities to examine.

One participant asked how we might protect the organization from a future change in legislation and best set it up for success. They pointed to the s.13; s.16 as an example here, suggesting that a clarity of mandate, good governance model, resiliency, and deep accountability to the public all protect it from future change.

One participant highlighted that it will be important for the Board to be diverse on multiple different levels and that this will support the credibility of the organization.

Another participant asked whether having two Deputy Ministers on the Board would create challenges for other Crown corporations (i.e. will other Crown corporations expect to get two Deputies on their Board and is this allocation feasible?).

Investment

Question 1 - Minimum financial return expectations are stated as approximately s.12; s.13 Do you see this as a realistic expectation given the objectives of InBC's the double bottom line mandate and investment allocations?

> ***Summary***
>
> - The vast majority of participants thought that this proposed return expectation was realistic and achievable on the entire portfolio over time. Many of these individuals thought that the number was a bit low and that it could be raised somewhat s.13
> - A few people talked about compensation and how it should relate to this minimum financial return expectation. Several felt that performance pay should be tied not only to the financial returns of the fund, but also to the second part of the double bottom line mandate.

The overwhelming majority of participants (27 out of 29) thought that this proposed return expectation was realistic and achievable on the entire portfolio over time. In fact, many of these individuals thought the number was a bit low and that it could be raised somewhat s.13. As one participant put it, the concern is that by setting a low return, InBC might be willing to accept returns that a private fund wouldn't. This could create distortions in the market, and so there may be some value in setting a target that is just a bit higher. However, several participants saw the value in setting a conservative minimum target that is achievable. A few suggested that we strengthen the language around this being the **minimum** rate of return expected.

A few participants found the number s.12; s.13 a bit too precise, and suggested we use a range instead.

s.13

A few participants thought that s.12; s.13 for expenses seemed high and suggested that InBC not exceed s.13 Another participant thought that expenses should be kept at between s.13 s.13; s.16 s.13; s.16 told us that their operating expenses are around s. s.13 Another participant suggested that we express our expenses in terms of actual dollars available to be spent with a hard cap, as compared to in percentages.

Participants posed a number of questions in response to this question. One asked whether there would be any cases in which the rate would be adjusted. For example, if there is a particular industry or initiative that InBC wants to support, would it accept a lower rate of return? Put another way, are both sides of the double bottom line mandate equal with respect to each investment, or does it simply need to work out across the entire portfolio?

Another participant suggested that, just as a minimum financial return expectation is stipulated, so too should the non-financial return expectations be set out (e.g. how many jobs should be created or supported, in what parts of the province, etc.)

A few other participants asked about the timeline to achieve this return, and suggested that InBC establish a time horizon for when they become accountable for achieving this number.

Finally, a few people talked about compensation and how it should relate to this minimum financial return expectation. One participant suggested that compensation should be tied to end performance of the fund, on both aspects of the double bottom line. They warned us against 'carry' and suggested that a long-term bonus is the way to go. s.13

s.13. A few other participants from the private sector disagreed and thought that InBC would have to pay 'carry'.

A single participant told us that the proposed minimum financial return expectation s.12; s.13 should be a bit lower. Given the times, they told us, we should be realistic and make sure we aren't setting the organization up for failure, and so dropping the number somewhat.

Another participant said that the number was not realistic, because the fund needs to be managed by private sector professionals in order to succeed and that government will not get this right.

Question 2 - Do you see InBC's double bottom line and additionality objectives posing challenges in forming partnerships for co-investment with private sector investors?

Summary

- 75% of participants thought that InBC's double bottom line would not pose challenges for co-investment with the private sector. Many felt that double bottom line or impact investing was on the rise and had become much more mainstream.
- One participant made a distinction between ESG and double bottom line investing. Specifically, that ESG is a negative screen that is about risk avoidance, versus double and triple bottom line investing, which focusses on the positive aspects of a business.
- 17% participants thought that InBC's double bottom line and additionality objectives would pose challenges for co-investment with the private sector.
- A few participants asked why we were adopting a 'double bottom line' and not a 'triple bottom line' (profits, people, planet) approach.

Several participants asked why we were adopting a 'double bottom line' and not the 'triple bottom line' (profits, people, planet) approach. Another mentioned that the most cutting-edge investors are beginning to incorporate UN Declaration on the Rights of Indigenous Peoples (UNDRIP) considerations into their investment decision-making approach.

Most of the participants we spoke to (22 of 29) thought that InBC's double bottom line and additionality objectives would **not** pose challenges for co-investment with the private sector. In fact, many thought it would be an asset. One participant told us that "there has never been a time where people would be more receptive to an initiative such as this." Another told us that "this will be an advantage" and that InBC will be "on the right end of the curve." s.13; s.16 told us that they have never found this to be a problem, and that the key, in their experience, is to have commercially minded people on the team. They told us that if a company wants their investment, they will make themselves fit within the double bottom line mandate.

One participant made an interesting subtle distinction between ESG and double bottom line investing. They viewed ESG as a negative screen that is really about risk avoidance (i.e. does this company pollute a lot? Does this company use child labour?), versus double and triple bottom line investing, which focusses more on the positive aspects of a business.

We also heard from multiple participants that double / triple bottom line investing is on the rise, and the marketplace is growing more and more interested in this. One participant suggested this form a large part of InBC's brand, while also maintaining a focus on the first part of the mandate (i.e. that the fund achieve a commercial return on investment and that its investments be financially viable). We were told several times that double bottom line investing, or impact investing is just good investment policy. That it represents a more complete assessment of risk, and that if you do not have these sorts of policies in place, you are not fully calculating risk.

We heard that InBC may need to play a role in educating its market partners and investee companies in what the double bottom line means. For example, one participant told us that we may want to invest a cleantech company that has no gender diversity on its team, and choosing to work with them in order to, amongst other things, promote diversity within the company.

A small minority (5 of 29) of our participants thought that InBC's double bottom line and additionality objectives would pose challenges for co-investment with the private sector. One participant – upon reading the document – thought that we were more weighted towards the second part of our double bottom line, and that we might want to clarify that InBC will give financial and social good considerations equal weight.

Another participant explained that if InBC is willing to accept higher risks or a lower rate of return in exchange for societal benefits, this might be challenging for other investors. For example, InBC could have a more profit-oriented partner in a particular investment that might push for job cuts, but this would harm InBC's double bottom line mandate objective of supporting good-paying jobs. This will create some uncertainty for private sector partners. Another participant told us that you "can't expect investment professionals to do policy work" and that InBC will have to find a way to incentivize the private sector to participate with them.

A couple participants pointed out that Canadian companies often have to get into a broader pool of capital, so they can end up taking on American and international money. They weren't sure how they would react to the double bottom line mandate, and whether it would prevent InBC from having access to these top-tier deals. Another participant said that we don't want to be relegated to the worst deals.

Question 3 - Do you see challenges for InBC in obtaining information from companies on performance measures associated with its double bottom line?

Summary

- 70% of participants thought that it would not be challenging for InBC to obtain information from companies on performance measures associated with its mandate.
- Many participants told us that InBC should be clear what kind of information it wants companies to report on and that this should included in the initial contract or agreement with the company. Most participants reiterated that whatever metrics are chosen, they need to be meaningful to InBC.

The vast majority of participants (20 of 29) thought that it would not be challenging for InBC to obtain information from companies on performance measures associated with its mandate. We heard that plenty of other funds – in the EU, in Alberta, other funds in BC, Telus' new Pollinator Fund for Good – already require this kind of ESG reporting.

Most participants told us that the devil is in the details. If we are asking for an overly onerous level of specificity or data that is particularly difficult to obtain, then this will become much more challenging. More robust parameters can lead to more complications for companies. So long as the requests are reasonable, we were repeatedly told, then this should be entirely achievable.

Many participants told us that InBC should be clear from the get-go what kind of information they want companies to report on and that this should be included in the initial contract or agreement with the company, so that everyone knows what needs to be measured. This also allows InBC to track progress over time, so that when data is collected at regular intervals, there is an initial baseline measurement from Day 1 to measure impact from. Having said that, a few participants told us that the data InBC may want can change over the course of the fund, and that we should be open to cadences in data collection. Another participant told us that this should be left "quite fluid within the context of the investment strategy" because priorities and therefore, metrics can change over time.

On the practical front, a few participants said that InBC should align its metrics with others in terms of what they collect. In other words, try to ask for the same information as others and focus on existing standards. We repeatedly heard that most of this information is basic and that it would be a red flag if a company was not recording it already anyway.

In terms of what InBC might want to measure, we heard the following suggestions:

- Number of jobs created/retained
- Average salary being paid at a company
- How many women/BIPOC individuals are employed
- Revenues being generated by a company
- Number of people who graduated from BC universities and are employed in a company (and what roles/level they are in)
- Number of people that are recruited into BC and are employed in a company (and what roles/level they are in)
- How the company's carbon footprint/GHG output is being reduced?

- Economic multiplier effect (how much money did the investment attract in?)

Bottom line, most participants reiterated that whatever metrics are chosen, they need to be meaningful to InBC, in terms of both aspects of its double bottom line mandate. On this point, s.13; s.16 s.13; s.16 told us that their stakeholders are most interested in the success stories s.13; s.16. They shared with us that, while they gather data on individual investee companies, they report out on a whole. They recommended pulling all the reported data up to a higher level to discuss a few priority themes (e.g. low-carbon or diversity) and then focussing on a few individual success stories to illustrate how the themes have been met. They admitted that data collection is never easy for them, but they simply "throw bodies at the process."

For those participants who thought that obtaining this sort of information from companies would be challenging, nearly all their comments focussed on logistics and process. How could InBC do this? We were told that the smaller a company is or the worse it is doing financially, the less likely they are to report back on data. We heard that fewer data requirements would result in a higher likelihood of a company reporting back to InBC. We heard that the easier it is to provide data and the more confidence companies have in the confidentiality of the process, the more likely we would be to receive it.

One participant suggested that InBC's leadership should prioritize this right away, and immediately develop an ESG screen or impact scorecard that they will evaluate companies against and use to obtain data. This needs to be clear and principles-driven, we were told, and it will set the rules of engagement with companies. It will also allow the deal team to evaluate opportunities. Several participants told us that you cannot expect to get good data by sending companies scorecards, expecting them to fill them out, and then send them back to you. Many people suggested to us that the best data – both qualitative and quantitative – is obtained through interviews. InBC staff need to be in regular conversation with companies, we were told, in order to compile, measure and track this information. And for smaller companies, we were told that InBC may need to provide some technical assistance and education to make sure companies understand what they need to be reporting on and how to do it. Participants told us that sometimes companies will not have been tracking this data, so they will need to be shown how, or they will have been measuring it already, but calling it by another name. Finally, participants urged us to consider engagement between periods of formal data receipts. We were told that regular conversations between InBC staff and investee companies means that you won't suffer from reporting lags, and you'll have up-to-date information on the company's performance.

Question 4 - What challenges do you believe InBC will face in identifying investment opportunities in scale-ups that meet the criteria of its double bottom line (commercial return, economic and societal impact, additionality)?

Summary

- Most participants believed that InBC would be able to identify enough investment opportunities in BC in the scale-up category that meet its criteria.
- We heard that, because the double bottom line mandate is described so broadly, this will allow InBC to cultivate enough investment opportunities.
- In terms of making good investment choices, we heard that InBC will need detailed investment policy documents that guide this process.

Most participants believed that InBC would be able to identify enough investment opportunities in the scale-up category that meet its criteria. Many used the words "possible" or "doable" to describe this, but also acknowledged that there would be many challenges.

We heard that, because the double bottom line mandate is described so broadly, this will allow InBC to cultivate enough investment opportunities. As one participant put it, "lots of companies will come out of the woodwork" that may not normally seek traditional financing. However, we also heard that the additionality objective will add another layer of complexity. One participant said that InBC may lose out on some of the hottest deals, but that there are sufficient opportunities around BC, especially in the regions, to meet the mandate. We heard that BC companies, culturally, tend to focus on getting their product right, before they focus on scaling their business, which should allow InBC lots of opportunities to scale some excellent companies.

In terms of the double bottom line mandate specifically, one participant told us that there are two ways to look at this. One is to focus on products that inherently have a social or economic benefit. A second is to look at companies that achieve social or economic benefits in terms of how they operate (e.g. greening a traditional industry, diversifying the executive team of a company, etc.). If InBC adopts both approaches to achieving its mandate, we heard that there will be no shortage of opportunities.

In terms of making good investment choices, we heard that InBC will need detailed investment policy documents that guide this process. One participant told us that there are two parts to this process: (1) filling the funnel with as many great prospects as possible and then choosing a select few of them, and (2) supporting and managing these businesses as investee companies. We heard that, even if the funnel is full of potential opportunities, InBC will need the discipline to do nothing and to wait for the correct deals.

Apart from what is set out above, we heard four main themes in response to this question.

Definition

Several participants asked us to clarify what exactly was meant by "scale up". s.13; s.16
told us that they think of business development in three stages: inception, proving a concept, and scaling. For them, the categories of series A, B, C, etc. are less meaningful, and it is more useful to think of scale-ups as companies that are producing and selling a product in a repeatable and profitable way.

Another participant told us that, in their view, InBC should not be taking controlling stakes in these companies they are seeking to scale, and that as such, they should not be taking more than 20% in a company.

Screening

We heard that there will be plenty of companies "knocking at the door" of InBC seeking funding. We also heard that the challenge will be in filtering the opportunities as they come in. One participant told us that the public communications of what InBC is looking for will need to be clear and crisp; we were told that when the s.13 was first established, the s.13 investment objectives only ran to one and a half pages.

Several participants told us that adverse selection bias will be a challenge; that, if a company can get money elsewhere without any "strings attached", then they will and that, by definition then, InBC will see a lower tier of deals. Another participant acknowledged this and said that, while InBC will not be in on the deals that everyone else wants, there is still a category of deals that are worth investing in that will be InBC's "bread and butter". Someone else suggested that, in order to see enough quality deal flow, InBC will want to leverage its relationships with its fund managers. We were repeatedly told that we should expect – and in fact, write into the contracts with InBC's fund managers – that pending deals are shared with InBC, as well as the opportunity for follow-on investment with companies in these funds.

Flexibility

We heard repeatedly that the investment strategy needed more flexibility built into it. One participant suggested that we use ranges or bands for each category of investment, so that InBC is more adaptable to respond to investment opportunities as they arise. Another told us that this flexibility to invest in opportunities that come up is how InBC will build its credibility in the marketplace.

Revenue Requirement

Several participants urged us not to define "scale up" in a way that requires a company to have revenues. We repeatedly heard that many biotech and life sciences companies that employ hundreds of British Columbians have no revenues yet, like s.13. Many participants told us that they are clearly worthy of investment and have the potential to massively scale, but that a narrow definition of "scale up" could box them out.

Question 5 - What areas (e.g. stage of company, asset class, geography, sector etc.) hold the most opportunity for investment within InBC's double bottom line objectives?

Summary

In response to this question, several common themes emerged, including:

- Regions: Many felt that the regions of the province outside of the lower mainland would be an area of opportunity.
- Traditional Industries: Several participants identified more traditional industries as another opportunity . Specifically, integrating tech into these companies and helping them pivot to more green, clean operations.
- Indigenous Peoples: Several participants identified Indigenous entrepreneurs and businesses as an area of opportunity for InBC.
- Women: Several participants encouraged us to invest with female entrepreneurs and female fund managers.
- Sectors: Participants listed sectors they thought would be rich in opportunity for InBC; including healthcare, life and health sciences, medtech, biotech, and personalized medicine. Other specific sectors that were mentioned several times included cleantech, agritech, fintech, e-commerce, gaming, computing, apparel, enterprise software, software as a service, the energy sector, and hospitality.
- Company Stage: We heard that InBC might develop a niche in companies that are growing, but not at the pace that venture capital and private equity firms would be looking for.

In response to this question, several common themes emerged from participants' answers.

Regions

Many felt that the regions of the province outside of the lower mainland would be an area of opportunity for the fund. In one person's words, "Geography is the biggest piece. There are so many possibilities in the rural communities" and "there is huge potential for economic development in the rural areas – wise development that protects the environment." We heard that, outside of BC's major urban centres, it is hard to access to capital and that most investment happens in the lower mainland right now because that is where the networks and clusters are located. This lack of access to capital, our participants felt, did not indicate a lack of opportunities in the regions. We heard that there are both untapped and overlooked regions throughout the province, such as in the North, a burgeoning tech hub in Trail and Castlegar, lots of activity in Kelowna, and a growing medtech hub on Vancouver Island. With COVID-19 enabling remote work, lower mainland-based companies can now more easily have employees or operations in the regions, we heard.

We also heard that the scale-up challenge is most relevant in the regions. Participants told us that there are lots of regional companies with early revenues that have a lot of potential for growth, and the challenge is getting them to the next level. Participants felt that our ecosystem in BC was not as mature as other parts of Canada, and they wondered how InBC might work with organizations like Community Futures BC and the federal government's newly announced regional development agency for the province.

There were a handful of participants that felt that the regional focus of InBC would be challenging and that there may not be enough opportunities to invest in the regions, but these voices were clearly in the minority.

Traditional Industries

Several participants identified resource development and more traditional industries as another opportunity for InBC. Specifically, integrating tech into these companies and helping them pivot to more green, clean operations. We heard that InBC could help disrupt more traditional sectors, such as forestry, that may not normally be the target of impact investment funds.

We heard that there are many businesses in BC that are being run by an aging founder, and that those businesses are poised for scale-up and modernization. In fact, many of these are based in the regions. We also heard that there will be situations in which, you have a traditional industry that is more mature, but is looking for a debt-based solution. Bank lending criteria often do not accommodate or capture their operations, and so they are without access to capital. Examples of this would be smaller food producers and manufacturers. Again, this might be an interesting niche, we heard.

Indigenous Peoples

Several participants identified Indigenous entrepreneurs and their businesses as an area of opportunity for InBC. We heard from one participant that working with the economic development corporations of First Nations government might be valuable. We also heard that InBC might want to speak to the s.13 as well as possibly co-lending with Indigenous groups or institutions. We heard that making partnerships with those sorts of institutions might allow the fund to distribute risk. Participants also suggested that we put more emphasis in our documents on Indigenous peoples not just as business owners, but also as Board members and executives in companies.

Women

Several participants encouraged us to invest with female entrepreneurs. We also heard that female-led funds often have a harder time raising capital, and that InBC should consider supporting female emerging managers (i.e. people who are raising their first fund).

Data

A couple of our participants highlighted data assets as a unique opportunity. They told us that the BC government has access to incredible data sets, including in the forestry and mining sectors, as well as via the BC Cancer Society. If there was a permissible way to allow that data to be accessed and monetized, they believe this could be a huge draw to getting companies to come to BC and that this is a particular competitive advantage for the province.

Sectors

Many participants listed particular sectors they thought would be rich in opportunity for InBC. Several mentioned healthcare, life and health sciences, medtech, biotech, and personalized medicine. Other participants warned that medtech and healthcare investments, as well as life sciences and therapeutics have very long-time horizons and can be very expensive to invest in. Other specific sectors that were mentioned several times included cleantech, agritech, fintech, e-commerce, gaming, computing, proptech, apparel, enterprise software, software as a service, the energy sector, and hospitality.

Anything tech-enabled or digitally enabled was mentioned by several participants as a clear area of opportunity. Another participant said that InBC should focus on "working with BC companies where they can expand their technological advantage." Having said that, one participant felt that InBC should be focussed more broadly on small and medium-sized enterprises (SMEs), beyond simply tech and tech-enabled industries, especially when it comes to scale up.

Capital Structures

One participant felt that InBC could innovate in terms of the capital structures used. For example, perhaps the fund could provide a debt structure for an exit or adopt a co-operative structure. We heard about other opportunities for creative financing instruments, especially on the exit side. Another participant asked us to consider the use of debt as an asset class.

Universities

Participants told us that InBC should engage with BC's universities in order to move innovation out of academia and towards commercialization. Another participant told us that there is amazing technology in our public institutions that needs to be commercialized and grown, and that InBC could be well-positioned to do that.

Company Stage

Many participants said that there is an opportunity to invest at the early stage of many companies. We heard that this shouldn't be limited to tech companies and that apparel companies like s.13 (when it was at an earlier stage), for example, should be eligible. One participant told us that there are many companies floundering at this early stage, working to achieve $1 million in annual revenues, and that institutional investors do not write these smaller cheques for them.

Others told us that companies looking to scale are another clear area of opportunity. We heard that there is enough talent in BC to support scaling a variety of businesses, and so InBC should be well-positioned to take them to the next level. However, a few participants queried what was meant by 'scale up' and whether it would capture a life sciences company that is rapidly growing, but without any revenue yet.

Finally, we heard that InBC might develop a niche in companies that are growing, but not at the rapid pace that most venture capital and private equity firms would be looking for.

Miscellaneous

We heard that foreign direct investment was missing from this document, and that we should specifically targeting this. We were also asked by several participants if InBC would invest in a cannabis company, and it was suggested that we clarify this.

Finally, several participants told us that, while they understand there must be a connection to BC, those requirements should not be too stringent or constraining. One participant argued strongly that companies receiving InBC investment should not be precluded from expanding their operations into other jurisdictions or hiring executives in cities outside of BC, for example. Many participants agreed that having company headquarters in BC mattered and benefited the province, but that there should be flexibility outside of that to facilitate growth and employment. Another participant mentioned that there should be less focus in the document on "retaining IP" in BC, and more on retaining human capital in the province.

Question 6 - What are your thoughts on the assumptions around the timing of the investments and the amounts invested given the potential opportunity set in the province?

Summary

In terms of timing, we broadly heard three views.

- Slower than proposed: Some participants urged a more cautious approach. They felt, too much allocated to early stage investments tend to be riskier.
- Many participants told us that the timing was fine as proposed.
- Several participants thought that the early stage funds investments should be placed faster than is proposed. We heard that deploying capital to the earlier stage faster would benefit BC's economic recovery.
- Finally, a theme that emerged in response to this question was the need for flexibility and for investments to be made as opportunities arise.

In terms of timing, we broadly heard three views. A handful of participants thought that the investment timing should be slower than proposed, many participants thought it was fine as is, and another large group thought that capital should flow out the door faster than proposed.

Three participants urged a more cautious approach. One participant told us that we needed to "walk before we run" and take the time to build InBC's reputation. Another agreed that it was wise to start with just doing funds-based investments, then moving on to co-investments, and finally embarking on direct equity investments. We heard that s.13 had adopted this approach. One participant thought that it was wise to go slow, especially at the beginning of InBC's life, and that perhaps there was too much allocated to early stage investments, given that they tend to be riskier. Instead, this participant urged a slower approach that focussed on a few solid investments out of the gate, acknowledging that both the private sector and the public had to see these as wins.

Seven participants thought the timing and modelling made sense. They were comfortable with the proposed distribution of investments over time and the assumptions underpinning it. Again, we heard from some that InBC may want fewer investments in the early stage space, and more allocated to scale-up and growth equity.

A couple of participants thought that the timeline should be rapidly accelerated. One of them told us that the next six (6) months – the first half of 2021 – is key and that momentum will last until the summer. They believe that InBC should get up and running as soon as possible in order to take advantage of the boom in the market.

Over ten participants thought the timing should be faster, not nearly as fast as the two above suggested. Several of these participants thought that the early stage funds investments specifically should be placed faster than is proposed. We heard from many participants that you want to get this capital out as early as possible in the 10-year cycle, so you have the chance to harvest the investments and potentially do follow-on investing later on. We also heard that deploying capital to the earlier stage faster would benefit BC's economic recovery. One participant said that, by year 5 of the fund, InBC should have 80% of its capital out the door. Another told us, with their own private sector fund, they aim to get their early stage investments out as fast possible (acknowledging that you need a capable team in place to do this out of the gate). We heard that, if you pick any 3-year window, you should be able to access fund raising cycles. Several participants also said that by forming relationships with and investing with funds earlier, this will facilitate the deal flow for the direct investment stage sooner. This participant urged us to be more active in the early years, and then to slow down. We also heard that, once the pandemic abates and the economy recovers, there will be a lot of pent-up demand; this participant felt that we would take less than 10 years to go through the $500 million.

Many of these same participants also felt that the later stage/growth equity investments were happening too late as well. They urged us to consider making those sooner; in fact, several of them argued that those investments could be placed right out of the gate. Another participant told us that having proposed investments being placed in years 9 or 10 of the fund will take another 10 years to exit, potentially, and so this pacing will be problematic if the fund is intended to be evergreen. This participant suggested, again, that investments be clustered more towards the beginning of the fund's life, so as to have returns coming back sooner rather than later. A few participants felt that the growth equity investments did not make sense, and that instead of writing s.13; s.17 cheques, InBC should instead reallocate this money to the earlier stage. Their view was that any company requiring a s.13; s.17 s.13; s.17 cheque does not need government support as much as a start-up or scale-up company.

Another interesting idea we heard from a participant was that, in the first year or two, InBC might consider buying out a position in an existing fund. This participant suggested approaching a well-respected fund manager. In their view, InBC could ask to buy out a position (at a premium); they felt that this could be a bold way to stake a claim right out of the gate with some solid investments.

A few participants highlighted that the successful execution of this strategy will depend, of course, on having the right team in place and on the right opportunities being out in the market. We heard from one participant that s.13 had been challenged finding the appropriate opportunities that matched their risk profile.

Some participants thought InBC should look at opportunities to place capital with angel investors and smaller funds. They felt that InBC should look to allocating a small portion of the earlier stage investments to some of these smaller funds.

Finally, a theme that emerged in response to this question was the need for flexibility. One participant suggested that each type of investment (early stage, scale up, growth equity) could happen in any year of the 10-year cycle. They counseled us not to be too rigid in our approach, as opportunities could arise at various intervals, and the CIO should have the flexibility to respond to these as they come up. Another participant said that it would be difficult to forecast and that CIO candidates – as part of the interview process – should give guidance on what they believe the best approach might be. Someone else told us that a CIO will need some latitude to shape the investment approach. Another participant proposed that we keep things very simple and have an early stage allocation and a late stage allocation (i.e. just those two categories).

Question 7 - What are your thoughts on the proposed investment criteria, specifically around investment allocations to fund investments at the early stage, and direct investment at the scale up stage? What risks do you see in trying to achieve this allocation?

Summary

- While many participants agreed with the proposed criteria and allocation, the opinion on stage allocation was split. Some participants felt there was too much allocated to the earlier stage, while others felt that there was not enough.
- Again, we heard that the CIO should be given more latitude and flexibility in terms of which investments are made and at what stage.
- A few participants suggested that InBC have a specific Indigenous investment allocation, in the same way that a regional investment allocation has been proposed.

In terms of risks and challenges, we heard the following:

- Achieving additionality is hard.
- Co-investing with other players and sharing due diligence mitigates risk.
- Investing in emerging fund managers poses risks but might support more diverse fund managers.
- By taking direct equity positions, InBC may be taking a Board or management position in the investee company. This can be labour-intensive but an important part of managing investments.
- Have a relationship structure with fund managers and other institutions, especially in early stages, to maintain quality deal flow into InBC.
- s.13; s.16 have had success looking for overlooked opportunities to grow the local ecosystem.
- Earlier stage investments are risky. InBC may want to invest in stable companies with lower risk profiles initially.
- InBC shouldn't be a lead investor right away because it is risky.
- Having two substantial cheques at the growth equity stage is risky.
- Feedback on ESG and diversity was positive.

Many participants generally agreed with the proposed investment criteria and the proposed allocations. However, for each stage allocated (i.e. early stage vs. scale up stage vs. growth equity stage), some participants felt that there should be more or less put into any given bucket. Opinion was divided on all these points (e.g. some felt there was too much allocated to the earlier stage, others felt that there was not enough). Some participants also usefully pointed out that there will always be risks with any proposed investment allocation, and that they cannot all be mitigated away. For example, one participant said that some InBC investments will not remain in the province, and there is nothing the fund can do prevent that.

In terms of the risks or challenges associated with achieving this allocation, participants identified the following:

- **Being additional.** The challenge with direct equity investments, we heard, is achieving additionality. One participant suggested, in order to do this, InBC consider financing debt. They argued that this would allow InBC to go longer term than banks do and that it's a way to get a good return without having to take a major stake in a business.
- **Bringing other players to the table.** We heard that having partners to co-invest with and share due diligence with will help InBC mitigate risk.
- **Investing in a first fund.** A few participants asked whether InBC would invest with emerging fund managers or people who haven't raised a fund before. While this could pose a risk, it was also pointed out that this might be a way to support diverse fund managers in the province.
- **Board seats and management support.** We heard that when InBC is taking direct equity positions, it may be taking a Board position in an investee company or providing other support to management. Participants warned that this can be quite labour intensive, although they also argued that InBC should always try to get a Board seat, as it is an important aspect of managing investments.
- **Relationships that supply deals.** Several participants mentioned that deploying capital to funds in the early stage is important because it builds relationships with fund managers that will support deal flow to InBC in the future. One participant told us that he sees deals all the time that do not necessarily fit his institution's investment criteria, but which are suitable for others, and that these could be passed along to an organization like InBC. Having that relationship structure in place, we heard, will help InBC achieve its goals.
- **Avoid competing with private capital and build the ecosystem.** We heard that InBC should not compete with private capital for the hottest deals, because that is not the role of this kind of fund and, further, that InBC will always lose out. s.13; s.16 s.13; s.16 have had success looking for underserved or overlooked opportunities or areas, building those up, and then moving on. This, we heard, allowed these funds to grow the local ecosystem, without competing with the market.
- **Earlier stage investments are riskier.** We heard that the strategy may be over-weighted to the first two buckets (early stage and scale-up) from a returns perspective, because these stages are riskier than later stage investments. Another institution in BC advised us that InBC may want to focus on investments in stable companies with lower risk profiles initially.
- **Leading vs following.** We heard that, at the scale-up stage, InBC will need to decide whether it is willing to be a lead investor and whether this fits its risk framework. On the one hand, we heard that it could be possible to be additional by leading (i.e. InBC could facilitate a round that may not otherwise happen by starting it). On the other hand, we also heard that it is a riskier position to be in from a returns perspective. Generally speaking, participants agreed that InBC shouldn't do this right away.
- s.13; s.17 **cheques are risky.** We heard that the proposal to have only two substantial cheques (approximately s.13; s.17) at the growth equity stage was a risky idea. If one of those fails, this will cause major issues with the return profile. We also heard that companies at this stage – the growth equity stage – do not need government support and this money should be reallocated to the early stage.
- **ESG and diversity is an asset.** We received positive feedback for the focus on diversity and ESG. We were told to build out the diversity and equity piece even further, to make it more complete.

Flexibility

A major theme that emerged, in response to this question, was that investing is based on opportunities. In other words, InBC must be prepared to "go with the flow." We heard that the document reads as a little overly prescriptive, and that it should instead focus on principles. Several participants said it will be hard to tell, ahead of time, how much of any category will be available and that it is all about the pipeline. In this regard, we heard that the CIO and investment professionals employed at InBC will need to be given the latitude to make the investment decisions, and for this reason, a flexible strategy is key.

s.13; s.16 told us that their investment experience has been "bottom-up." They suggested that InBC create a general flavour of what it wants to do, as compared to setting out a top-down detailed structure. They agreed with the general direction that the document was moving in but thought it should be kept more flexible and adaptable, so the CIO is not "tied up" at all.

Regional Allocation

A few participants questioned the value in having a distributed growth or regional allocation in the portfolio. They argued that, instead, regional consideration should be overlaid across the entire investment portfolio. Put another way, a participant told us that InBC should treat geographic diversity as a metric within the fund allocation, and not as a specific category. For example, at the earlier stage, they suggested that each fund that receives InBC capital to invest be required to show some benefit to regional British Columbia. They argued that this could be applied creatively so that a company could be based in Vancouver, but employ people in the interior, for example.

Indigenous Allocation?

One participant suggested that InBC have a specific Indigenous investment allocation, s.13 s.13. This participant felt that, if this was not specifically carved out, InBC could face backlash. They argued that the appropriate allocation for Indigenous investment was around s.13; s.17 and that it should be framed as a focus on emerging opportunities that the province wants to be at the table for. Another participant felt that the allocation should be approximately s.13 of the total fund s.13; s.17 They pointed out that with the scope and timeframe associated with InBC, there is an ample opportunity to do something in this space.

Another participant felt that there should not be a specific Indigenous allocation, but rather, that the consideration should overlaid across the entire portfolio. Their view was that each segment or portfolio allocation should have money going to Indigenous investments. In their view, the investments that InBC makes should represent all the people of British Columbia.

Question 8 - What considerations can you provide about structuring a team to deliver and administer a portfolio with the allocations presented?

Summary

- There was consensus amongst participants that InBC should not rush these decisions and should start by hiring its CEO and CIO. We also heard that it will need to be clear who is doing what as between those two roles.
- Participants had a lot of specific suggestions around the investment team, including that we needed expertise around funds and direct investments, as well as early and late stage investments. We also heard that industry expertise will be important, and that InBC should start small – from a staff perspective – and grow over time.
- We heard that InBC needs a committee to select and vet investments.
- We also heard that InBC should have people with diverse backgrounds.
- Participants told us that it will be important to incentivise the investment staff to maximize InBC's access to the best possible deals and to achieve the double bottom-line mandate.

Participants generally agreed that InBC needed to hire its leadership first – the CEO and CIO – and that, in the early days, the fund could operate with a skeleton team supporting them. Many participants told us that it was important to take the time to get these leadership hires right, and that the executives should be able to build the team around them necessary to support the fund.

Chief Investment Officer

We heard that the CIO needs to be someone well-respected and credible in both traditional investing, as well as impact investing. That person, we heard, will need savvy and industry knowledge, and will need to be innovative and collaborative in the way that they work, so that investee companies are able to succeed.

Other participants told us that InBC needs a CIO who is a leader and who can put the investment team together. We heard that it is important to get this hire right, and therefore, not to rush the decision, but to take the time necessary to find the best person. Several participants told us that the person will likely be a generalist, although they will need to understand the tech sector, understand both impact and private equity investing, and be able to bring those two concepts together.

Several participants suggested that InBC try to get by without as few resources as possible in the early days, in order to best determine what is needed, and that perhaps advisors or contractors could support the CIO to provide specific advice.

Chief Executive Officer

Several participants recommended that the CEO be the first hire, and that that person then hire the CIO. We generally received positive feedback about having separate CEO and CIO roles, but several participants told us that we needed to make sure that there are clear lines of responsibility between the two, so that there isn't any tension between the roles. Put another way, a participant told us to be think about the work of InBC and be quite clear about who is doing what. We heard that the CEO and CIO had to be compatible and work well together.

Participants agreed that the CEO and CIO were the first hires InBC should make, and that with just these two hires – and perhaps the help of some consultants and an investment committee – InBC could begin operating. Participants also agreed that the CEO and CIO should be able to shape the hiring of the rest of InBC's staff.

In terms of the necessary skillset for the CEO, we heard that they need to be someone who knows government and knows how to work with government, knows the world of investment, and is well-versed in governance.

Investment team

Many participants had specific thoughts on how the investment team – under the CIO – should be structured. One participant thought there should be two leads within the team: one responsible for funds, and the other for direct investments. Someone else suggested that InBC have a sector lead for each area it invests in. Another participant thought InBC should consider having a late stage opportunity team, and an early stage opportunity team, and that industry experts should be sprinkled throughout both teams. Several participants told us that making funds investments is more straightforward and that it will be easier to build a team to support that work out the gate. We heard that different assets and different types of investing usually means different people with different skillsets, and so the funds team, for example, may be different than the direct equity team.

In terms of skillset, we heard that InBC will want people who are commercial, enterprising, energetic, and good team players. Several participants urged us to take the hiring slowly, focus on finding generalists who are smart. Another participant suggested that the team hire people who have investor and venture capital experience, as well as those who've been entrepreneurs themselves and have operational experience. Perhaps, we heard, this might look like people who have been CEOs before and people who have HR experience. We heard that it will be important to hire people who know BC, as well as the regions, and people who know how to operate and scale a company. We heard that employees will need to be able to "tell the InBC story." We also heard that staff should know the regional tech scene in BC, and not just Vancouver. If there is a specific Indigenous component to the fund, we heard that the team will need people who are familiar with this area in order to support this aspect.

Investment staff will need to be able to do proper due diligence, we heard, and be able to screen opportunities and triage incoming applications. We heard that these people should have experience in structuring and reviewing deal flow and should be able to bring their relationships and networks to bear. We also heard that they will need to be able to help investee companies navigate from their big idea to managing operations and talent development. We also heard that this team will need to understand venture capital and private equity, but also government and public accountability, and how InBC is different as a Crown corporation.

One participant warned us that it will be challenging for InBC to find good, qualified investment talent. They told us that, in their view, there are only 20-30 jobs in the province in venture capital investing, and so recruiting a team will be difficult. They felt that, with the breadth of investments proposed, the team will need different skillsets. They urged us to consider hiring a senior team that is relatively small to start out. We heard that a lot of investment professionals tend to focus, rather than investing all over, and so InBC will need to hire financial modellers, people who understand tech, as well as people with impact investing expertise. We also heard that InBC will need to enough investment staff to sit on Boards.

We heard that InBC will need to have human resources staff, as well as a Chief Financial Officer.

Investment committee

Many participants, in answer to this question, raised the idea of an investment committee. Specifically, we were told that InBC will need a committee of people that can select and vet potential investments. We were told that this committee would represent various segments and areas to advise the CIO, and should be populated with people who have built successful companies and who can ask tough questions. Participants felt that having other voices and diverse perspectives on this committee is important. Another participant told us that the investment committee should incorporate various sectoral perspectives (e.g. life sciences, cleantech, AI, robotics, etc.). We heard that this committee could help review investment proposals and conduct due diligence to support specific technological assessments. All participants agreed that getting input from a broader group will challenge assumptions and make a difference in investment decision-making, especially in a model where the CIO has sole responsibility for this domain. They can serve a challenge function and as a support to the CIO and investment team.

One participant said that, in the early days, so long as InBC has a CIO and an investment committee in place, it can start to make funds investments.

Miscellaneous

Several participants spoke to us about compensation, and how it was important to align this with incentives around performance. We heard that InBC could be at risk of not getting access to the best deals, and so the compensation structure should incent investment staff to go out and get them. We heard that the investment team will need to be paid comparable to their private sector equivalents, if we want InBC to succeed. While a few participants told us that investment staff should get 'carried interest', one participant with substantial experience in this area told us that this should not be on the table. In their view, there should be some form of incentive that is tied to financial performance and achieving the double bottom line mandate – likely, a long-term bonus if objectives are exceeded. However, this participant pointed out that none of the pension funds pay "carry" and that it should not be necessary to attract good people. In fact, in this participant's view, any person asking for carry is not the right person for this kind of role. Of course, the pay must be reasonable and fair, and it will be natural to lose staff – over time – to private sector jobs, but it will be very important to find people who are the right fit for the organization.

Participants told us that, given InBC's status as a Crown corporation and its relationship to government, it will be important to have staff who know how to and are responsible for interfacing with government. We heard that the team will need dedicated resources that are focussed on managing that relationship. We also heard that the team will need a community engagement / stakeholder relations person on the team that is responsible for forming and cultivating external relationships.

In terms of culture, participants told us that the InBC team will need to be friendly and cordial in order to get the right deal flow for the fund. Several participants told us that culture is really important and that InBC can't afford to have personality issues within the team. We were told that it will be important to find staff who are passionate about BC and about the fund's mandate. We also heard, especially in the early days, it will be critical to find staff who are willing to wear a lot of different hats. In other words, individuals who are willing to roll up their sleeves and build the organization. Finally, participants told us that InBC will achieve better outcomes with a diverse team. Not just diversity in terms of gender and ethnic background, but also in terms of experience.

Question 9 - What assumptions or objectives presented in this document are unrealistic?

Summary

- Several participants thought that elements of the portfolio construction were unrealistic. For example, we heard about the need to deploy capital faster out of the gate. We also heard that it is not realistic for InBC to lead investments, especially early in its life.
- A few questions were unclear for participants: What happens to funds after returns are achieved (i.e. is it an evergreen fund or do profits go back to government)? Are investment decisions around the double bottom line made across the portfolio as a whole or on each individual investment? What's the basis for follow-on investments and is there is a maximum size of the contribution?
- Some participants said the strategy needs more flexibility and should be less prescriptive and top-down.

Several participants said that "anchoring IP" or "retaining IP" in the province was something they struggled to understand. They suggested that, instead, the issue should be framed as anchoring people or talent in the Province or protecting jobs in British Columbia. Another suggested that we instead aim to build a system that creates foundational companies in British Columbia, which will then result in the intellectual capacity of their people staying here.

Several participants thought that elements of the portfolio construction were unrealistic. In terms of timing, several told us that we need to deploy capital faster out of the gate, if we want to realize returns more quickly. We also heard that the volume of activity proposed in later years wasn't realistic, and that it would necessitate a second fund. We also heard the distribution may not be realistic; one participant suggested that we only allocated s.13; s.17 to the early stage (this person felt that s.13; s.17 was too much for early stage in the BC market) and reallocate that s.13; s.17 to the growth/later stage category. Further, one participant told us that they would not want to see a lot of direct investments being made in the early years. Instead, this participant advised that it would be more realistic to focus on indirect investments in the early years, and then those funds will become allies and supporters of InBC in the broader community. In a similar vein, another participant felt that it was not realistic for InBC to lead investments, especially early in its life.

By way of operating expenses, one participant told us that s.12; s.13 was too high and that we should be targeting at s.12; s.13 as a more reasonable range. On the other hand, another participant told us that achieving s.12; s.13 operating expenses would be quite challenging while InBC is ramping up, and that the organization may achieve this in years 4 or 5, but that there will be a lot of impact-specific staff required in the early days (e.g. compiling information on the double bottom line) and that this costs money.

Several questions were posed by participants that – while not items they found to be unrealistic – are areas that perhaps require more clarity. For example, we were asked:

- Will money be reinvested back into the fund as returns are achieved? In other words, is this an evergreen fund or will it need to go back to government to be refinanced?
- How will investment decisions be made with respect to the double bottom line – across the portfolio as a whole or with respect to each individual investment?
- With funds, will we be prepared to accept market terms? Would we ever be the only funder in a round? Do we have a maximum size of contribution we would make to a fund? On what basis would we consider follow-on investment?

We heard from one participant that cleantech opportunities may not be a realistic investment focus from a purely commercial returns perspective.

Several participants spoke to the issue of staffing. We heard that more thought had to be put into how staff would be compensated, and also about the construction of an investment committee. We also heard about InBC's ability to appoint people to Board seats and how this will impact staffing. Specifically, that InBC can rely on its more junior staff to manage investments, but that it will require more senior staff to go onto Boards.

Finally, some participants felt that the strategy needed more flexibility. We heard from several people that the document was too prescriptive, and that it should instead focus more on principles, such as the notion of scaling up. For example, s.13 has a 1.5-page document that sets out what they are looking for in prospective investments, we heard. We were told not be too precise about the amount of capital we were allocating to each stage/category (i.e. perhaps have ranges of potential investment and not exact numbers). Another person told us that it would be important for the CIO to have flexibility in terms of how they dealt with these allocations. As another participant put it, it's about striking the right balance "between accountability and keeping things entrepreneurial and nimble."

Question 10 - What would you expect to see in a document profiling a fund's investment objectives that have not been presented in this document?

Summary

- We were asked to provide a bit more detail around InBC's value proposition and what makes it unique, as well as its relationship to other government initiatives. We were also asked for more clarity around InBC's mandate, including the specific objectives of the second part of the double bottom line and whether DRIPA would be incorporated.
- We heard that InBC should be seeking foreign direct investment, and that references to CleanBC could be broadened out to "low carbon" or any enabling technology and infrastructure.
- Finally, we heard that the language around the kind of jobs InBC is seeking to support should be changed to "family supporting jobs". Another participant encouraged us to talk about workers in all types of employment, not just "good-paying jobs".
- We were also asked some operational questions, including: how will cash flow from government into InBC? How will undeployed cash be treated? How will exits and divestments be treated?
- We heard that InBC would need to contemplate in more detail how its first failures are handled.

Several participants wanted more contextual information about the creation of InBC and what it will be doing. We heard that we need more of a discussion of the gap that InBC is seeking to address in the marketplace. We heard that we needed more content with respect to who is already in this space, and who InBC's potential partners or market competitors might be. Someone else wanted to know how InBC would complement other government initiatives. Other participants told us that we should provide more information about what was achieved with the BC Tech Fund and the Renaissance Capital Fund, so that readers have a clearer sense of what can be achieved with InBC and what lessons were learned from those other experiences. We also heard that there should be more detail around InBC's 'value proposition'. In one participant's words, "what is the magic that only InBC can bring to the table?"

Several participants also expressed a need to better clarify the mandate of InBC and its double bottom line mandate. One participant asked us what impact we wanted to achieve around the second part of the double bottom line (i.e. is there any ideal number of jobs created? GHG emissions reduced? etc.). They expected more rigor and detail around the investment criteria, as well as the focus on IP and how it is defined. One participant told us that we needed more clarity around how IP would be measured (e.g. number of patents). We heard that it should be explicitly stated that InBC will be rigorous in its due diligence processes and that InBC will not be looking at the "same old, same old" investments, but at companies that are innovative, disruptive, and competitive. We heard that the mandate should be expressed as "a market fund" that also wants to make "progressive, impactful investments." Another participant told us that the mandate should more expressly talk about having top tier companies stay here in BC.

Several participants spoke about aspects of the investment approach that they would like to have seen in the document. One participant said that it should more explicitly state that InBC is sector agnostic, because companies can come from diverse quarters and the fund shouldn't inadvertently exclude potential investment opportunities. We heard that the only focus should be investments that are "innovation-driven." Another participant said that they would expect to see a reference to foreign direct investment as something InBC is seeking to achieve. A few participants said that the fund should clearly state that it wants to place investments that reflect the diversity of the people of the province. Someone else said that we should "broaden out" the equity section of the investment document. We heard that a subordinate or sub-debt position may be useful in some situations, and that royalties should be contemplated as a potential revenue stream (e.g. in a situation where there may not be an exit strategy, but royalties are available). We were also asked about whether we would have specific criteria or circumstances laid out for follow-on investment, and several participants told us that it is much harder to decide – when a company is floundering – if InBC is to continue financing them.

Along those same lines, several participants spoke to us about having an Indigenous-specific allocation. We were asked how DRIPA would be incorporated into this document, and specifically, how InBC will tangibly address the legislation. A few participants said that, [redacted] s.13 [redacted] s.13 they would like to see an Indigenous investment allocation. We heard that it may be challenging for many Indigenous businesses to fit into the existing investment categories as described, and that InBC might work with the Aboriginal capital corporations to connect with appropriate opportunities. We heard that many of these opportunities might be resource-based, for example in the forestry sector, and that many First Nations have ideas for implementation, but are challenged in raising capital to operationalize these ideas.

A few operational questions were raised by participants, including how cash will flow from government into InBC and how cash that is not yet deployed would be treated. We were asked whether InBC would pay co-investment fees to its partners in order to benefit from knowledge transfer, which is apparently something that [redacted] s.13 has done. We were repeatedly asked about divestments and exit strategies for InBC. Participants warned us that InBC had to be prepared for the impact of its first failure, and how important it is for the Board to understand the law of averages and the fact that not all investments will perform, especially direct equity placements. Perhaps obviously, several participants emphasized the importance of having the first few investments placed being cautious, solid investments that are unlikely to fail. We heard that there is a lot of "trickiness" involved in letting a company die, including reputational and political risks.

Several participants pointed out items they wanted to see with regards to InBC's internal HR policies. More detail was expected around InBC's own hiring commitments, as well as what InBC will expect of their fund managers and investee companies. Specifically, participants talked about diversity commitments and making sure that InBC was "practicing what it preaches". We heard that the fund's investment criteria should not only exclude companies that are engaged in unethical business areas (e.g. narcotics and arms dealing), but that it should also preclude companies that conduct themselves in an unethical manner (e.g. a company with a sexist or racist work culture). Another participant told us that InBC should be looking to invest in companies with diverse executive teams. Finally, we heard that InBC should embed itself with a culture and policies to support its ability to move quickly. One participant told us that you need to be able to say 'yes' or 'no' to a potential deal in ten (10) days or less. That requires agility within the team to move those kinds of decisions along quickly.

In terms of InBC's climate mandate, a few participants told us that the references to CleanBC should be removed and the language in this part should be broadened. They suggested that references be made to "low carbon" or "enabling technologies and infrastructure". We heard from a few participants that climate measures are moving beyond just GHG emissions, and towards building an industry that is clean.

Their advice was that InBC should have the broadest possible conception of what "low carbon investment" can look like.

In terms of InBC's focus on quality jobs for British Columbians, we heard that this language was too vague and that we should talk instead about "family supporting jobs". Another participant said that we should talk about workers in all strata of employment, not just office-based or executive jobs, but good blue collar or hospitality jobs as well, for example.

Finally, one participant was opposed to the whole concept of InBC. In response to this question, they told us that mixing policy goals with financial investing does not work. They suggested instead that half the $500 million amount be devoted purely to driving commercial returns, and that the other half be devoted exclusively to achieving policy aims (presumably in the form of a grant). Their view was that any attempt to achieve a double bottom line mandate would result in an adverse selection bias, meaning that InBC would only ever see lower quality deals.

Conclusion

The purpose of InBC's formal market sounding process was to obtain structured feedback on a draft governance framework, and a draft investment strategy for the Crown corporation. This was done by engaging in structured, one-on-one conversations with 30+ experts and stakeholders from diverse backgrounds. Broadly speaking, officials received supportive feedback from the market sounding participants on both the proposed governance framework and investment strategy.

The process also yielded worthwhile recommendations that will help make InBC's governance structure more transparent, accountable, and effective. Participants also drew attention to investment risks and opportunities that will enable InBC to build upon its current investment strategy to achieve sustainability and to ensure an effective and responsible use of public funds for British Columbians.

s.12; s.13

Recommendation	s.12; s.13
There should be an investment committee for vetting potential investments.	
The Board of Directors should have a role in investment decision-making in exceptional circumstances.	
The Advisory Group/Forum should report to management, and not to the Board. Alternatively, get rid of the Advisory Group/Forum completely. Concern that it might become a s.12; s.13	
Conflict of interest – put in place an independent conduct review advisor who the Board can get an opinion from on a specific issue, if a situation arises.	
Do not have Board appointments and re-appointments go through CABRO. Instead, have the Board provide recommendations in a ranked list to the Ministers.	

Have 9 directors from outside government, instead of 7. Alternatively, don't have any Deputy Minister directors.	s.12; s.13
Stagger Board appointments, so everyone isn't coming up for reappointment at the same time.	
High transparency and accountability standard – i.e. put annual report before the legislature. Put conflict of interest policy on website.	
Board Committees – we should have the regular ones, but also have a public engagement committee, and a criteria review committee.	
Executives / Entrepreneurs in Residence?	
Minimum financial return – too low?	
Minimum financial return - state it as a band s.12; s.13 and not a specific number?	

Why not the triple bottom line (people, planet, profits)?	s.12; s.13
Need a clearer definition of 'scale up' . Also, don't define it in a way that requires a company to have revenues. We repeatedly heard that many biotech and life sciences companies have no revenues yet.	
Adverse selection bias concern – make sure that in our fund of funds contracts, we stipulate that we want to see the best deals going forward.	
Investment strategy – more flexibility, less top-down. For example, consider expressing each category as bands or ranges, and not specific amounts of money.	
Foreign direct investment – expressly state this as an aim for InBC (attracting it to the province).	
The connection to BC can't be too stringent – e.g. companies receiving InBC investment should not be precluded from expanding their operations into other jurisdictions or hiring executives in cities outside of BC. Many participants agreed that having company headquarters in BC mattered and benefited the province, but that there should be flexibility outside of that to facilitate growth and employment.	
Will cannabis companies be eligible for investment?	
Several participants thought that the early stage funds investments should be placed faster than is proposed.	

	s.12; s.13
Later stage/growth equity investments are happening too late. Consider making those sooner; those investments could be placed right out of the gate.	
In the first year or two, InBC might consider buying out a position in an existing fund. Approach a well-respected fund manager. InBC could ask to buy out a position (at a premium).	
InBC should look at opportunities to place capital with angel investors and smaller funds. InBC should look to allocating a small portion of the earlier stage investments to some of these smaller funds.	
Each type of investment (early stage, scale up, growth equity) could happen in any year of the 10-year cycle.	
Keep things simple and have an early stage allocation and a late stage allocation (i.e. just those two categories).	
Will InBC invest with emerging fund managers or people who haven't raised a fund before? While this could pose a risk, this might be a way to support diverse fund managers in the province.	
At the scale-up stage, InBC will need to decide whether it is willing to be a lead investor and whether this fits its risk framework. On the one hand, we heard that it could be possible to be additional by leading (i.e. InBC could facilitate a round that may not otherwise happen by starting it).	

The proposal to have only two substantial cheques at the growth equity stage is a risky idea. If one of those fails, this will cause major issues with the return profile.	s.12; s.13
Companies at the growth equity stage do not need government support and this money should be reallocated to the early stage.	
The regional consideration should be overlaid across the entire investment portfolio. InBC should treat geographic diversity as a metric within the fund allocation, and not as a specific category.	s.12; s.13; s.17
InBC should have a specific Indigenous investment allocation, s.13 s.13 Another participant felt that the consideration should overlaid across the entire portfolio.	
Whether to offer "carry" to employees, or whether a bonus structure is sufficient.	s.12; s.13
"Anchoring IP" or "retaining IP" in the province was something several participants struggled to understand. They suggested that we focus on anchoring people or talent in the Province or protecting jobs in BC.	
Operating expenses – too high?	
InBC's investment criteria should not only exclude companies that are engaged in unethical business areas (e.g. narcotics and arms dealing), but also companies that conduct themselves in an unethical manner (e.g. a company with a sexist or racist work culture).	

References to CleanBC should be broadened and language should be incorporated around "low carbon" or "enabling technologies and infrastructure". Climate measures are moving beyond simply measuring GHG emissions. InBC should have the broadest possible conception of what "low carbon investment" can look like.	s.12; s.13
We should talk instead about "family supporting jobs". Talk about workers in all strata of employment, not just office-based or executive jobs, but good blue collar or hospitality jobs as well, for example.	