

InBC Investment Corp.

**2023/24 – 2025/26
Service Plan**

February 2023



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Board Chair's Accountability Statement



The 2023/24 – 2025/26 InBC Investment Corp. Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of January 2023 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, InBC Investment Corp.'s mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of InBC Investment Corp.'s operating environment, forecast conditions, risk assessment and past performance.

Signed on behalf of the Board by:

A handwritten signature in black ink that reads "Christine Bergeron". The signature is fluid and cursive, with a long horizontal stroke at the end.

Christine Bergeron
Board Chair, InBC Investment Corp.
February 13, 2023

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Strategic Direction

In 2023/24, public sector organizations will continue working to make life better for people in B.C., improve the services we all rely on, and ensure a sustainable province for future generations. Government will focus on building a secure, clean, and fair economy, and a province where everyone can find a good home – whether in a rural area, in a city, or in an Indigenous community. B.C. will continue working toward true and meaningful reconciliation by supporting opportunities for Indigenous Peoples to be full partners in an inclusive and sustainable province. The policies, programs and projects developed over the course of this service plan period will focus on results that people can see and feel in four key areas: attainable and affordable housing, strengthened health care, safer communities, and a secure, clean and fair economy that can withstand global economic headwinds.

This 2023/24 service plan outlines how InBC Investment Corp. (InBC) will support the government's priorities and selected action items identified in the most recent [InBC Mandate Letter](#).

Established as a provincial Crown corporation by the Government of British Columbia in 2021, InBC is the Province's strategic investment fund, created to make meaningful investments that support five key priorities:

- **Putting people first.** InBC must advance and protect the public interest by making investments that support an inclusive economy for British Columbians.
- **A better future through fighting climate change.** InBC aligns with the [CleanBC](#) climate action plan to build a future with clean energy jobs and protect our clean air, land and water.
- **Lasting and meaningful reconciliation.** As a shared responsibility, InBC must continue to make every effort to advance reconciliation in cooperation with Indigenous Peoples.
- **A strong sustainable economy that works for everyone.** InBC operates in a way that considers environmental, social and governance factors to build a better future for British Columbians.
- **Equity and anti-racism.** People face barriers that limit their participation in communities, workplaces and their lives. Adopting the Gender-Based Analysis Plus (GBA+) lens is expected so that InBC can ensure equity is reflected in operations and programs.

InBC is also working with the Ministry of Jobs, Economic Development and Innovation and actively collaborating with other agencies to achieve specific priorities as required.

Purpose of the Organization and Alignment with Government Priorities

InBC is a \$500 million strategic investment fund created by the Government of British Columbia to provide a source of local and long-term capital for small and medium businesses. With a triple bottom line approach that values people, planet and profit, InBC seeks to build a more sustainable, inclusive and prosperous future for British Columbians.

Acting on the five priorities in its mandate, InBC invests in opportunities that demonstrate measurable financial, social and environmental impacts that link to its triple bottom line approach considering:

People: Investments support an inclusive economy for all British Columbians and advance reconciliation with Indigenous Peoples.

Planet: Investments create new quality jobs and opportunities associated with a net-zero future and climate resiliency.

Profit: Investments have growth potential to achieve a positive financial return for British Columbians over the longer term.

The [InBC Investment Corp. Act \(InBC Act\)](#) establishes the purpose and governance structure of the corporation; as well as specifying the independence of investment decision-making by establishing the Chief Investment Officer (CIO) with the sole statutory authority to make investment decisions. InBC is governed by a Board of Directors, appointed by the Government of British Columbia, to oversee the affairs of the corporation to ensure prudent stewardship and alignment with the policy direction from the government. The Board is also responsible for the oversight of risk management of InBC.

The Board Chair is a liaison between the Government of British Columbia (InBC's shareholder) and the Board. There are up to nine directors on the Board. Two of these directors are appointed from the public service. The remaining seven directors are representatives from industry, finance, academia and other areas of leadership in the province.

The *InBC Act* established InBC for the purpose of making investments that achieve both a financial return, and support the social, economic and environmental policy objectives of the government¹. The Board, in concert with the CIO, developed a formal Investment Policy Statement (IPS)² to stipulate the parameters that InBC must operate within when investing and managing the assets entrusted to it by the government. In October 2022, InBC launched its approved IPS which summarizes its investment strategy and priorities. InBC's IPS is designed to align with the objectives of government, as reflected in the [StrongerBC Economic Plan](#).

¹*InBC Investment Corp Act. Section 4(1) Purposes of corporation*

²*InBC's IPS is a key accountability document for InBC which establishes the parameters for investing and includes: impact objectives, risk tolerances, constraints and reporting requirements. The complete IPS can be found in the [corporate reports](#) section of the InBC website.*

InBC recognizes there are many entrepreneurs throughout the province with growing businesses who have the potential to contribute positively to social and environmental initiatives while generating financial returns. InBC recognizes the opportunity through investment to support the development of businesses and sectors that advance a sustainable, clean, secure and fair economy.

InBC will invest through:

- Venture funds³ that invest across various stages of growth, including:
 - Seed stage companies – entrepreneurs needing capital to start a business
 - Early stage companies – with a product in testing or pilot production
 - Later stage companies – with a service/product looking to scale
- Co-investments⁴ in early and later stage companies
- Direct investments in early and later stage companies

Profits from InBC will be reinvested. The goal is to become evergreen, where InBC generates enough investment income to become financially self-sustaining in the medium to long term.

Operating Environment

InBC has been established to provide a source of local and long-term capital for small and medium-sized businesses. The 2023/24 Annual Service Plan for InBC reflects the long-term organizational goals of placing and managing investments that support businesses and sectors that advance a sustainable, clean, secure and fair economy in British Columbia.

In 2023, InBC will progress from its initial focus on venture fund investments, to investing directly into early stage and later stage companies through equity investments. InBC looks for businesses and venture funds that can both demonstrate and measure achievement of non-financial impacts and financial returns.

InBC's approved IPS is the guiding framework of the investment program of InBC. The IPS describes the parameters of InBC's investment program and has enabled InBC to begin making investments aligned with its triple bottom line mandate and impact objectives. InBC has defined four impact objectives⁵ in the IPS to support a more inclusive, sustainable and prosperous economy:

- 1) **Driving climate action.** Investing in solutions towards net-zero emissions and a climate resilient economy.
- 2) **Advancing reconciliation.** Investing in solutions that strengthen partnerships and generate economic opportunities for Indigenous Peoples.

³Pooled investment funds that manage the money of investors who provide private capital to start-ups and small to medium-sized businesses considered to have growth potential.

⁴Co-investment is making direct investments in companies that have received investments from venture funds that InBC invested in.

⁵The measurable economic, social and environmental returns, as well as financial returns resulting from an investment.

- 3) **Elevating inclusive communities.** Investing in solutions to improve outcomes for under-represented people and communities.
- 4) **Innovating for the future.** Investing in innovations and industries for future economic growth.

Any investment InBC makes aligns to at least one of these impact objectives, and is individually assessed according to its:

1. Strength of connection to B.C.;
2. Alignment with one (or more) of its [impact objectives](#);
3. Environmental, social and governance (ESG)⁶ risks; and,
4. Ability to provide a return on investment and generate a profit.

No specific amount of money is allocated to any specific impact objective and investments will be placed across the spectrum of objectives. InBC aligns with global impact investing frameworks and standards to embed impact and financial criteria across the investment process⁷.

As a Crown corporation of the Province of B.C., an important element of InBC's investment objectives is the demonstrated connection to British Columbia of the venture funds and companies InBC invests in. The criteria used to demonstrate a strong connection to British Columbia include business activity in the province such as revenues, payroll, assets and expenses. Other indicators include head office location and where executives are based. For both companies and funds these factors play a role in weighing the connection to British Columbia.

As an organization, InBC monitors and mitigates risk across three areas: strategic risks, investment risks and operational risks. InBC has created and uses an enterprise risk management model for assessing and mitigating risk. Specific risks, under these areas, identified for InBC for the 2023/24 fiscal year are:

Strategic: Strategic risks for 2023/24 include the changing global economic environment. InBC continues to monitor ongoing changes in the economic environment which can potentially influence the opportunities available for InBC to make an impact through its investments while generating financial returns. InBC is also aware of the importance of establishing a presence and visibility of its investment program so that diverse entrepreneurs and venture funds look to InBC as a desirable source of capital. InBC is positioning its communication strategy to ensure timely and regular messaging to help entrepreneurs, investors, and other

⁶ESG is a framework for integrating and assessing environmentally and socially conscious factors in opportunities - environmental refers to stewardship of the natural environment; social refers to people and relationships; governance refers to responsible management. InBC is following the lead of the provincial government and will align with their ESG standards as they evolve: <https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/government-finances/debt-management/bc-esg-report.pdf>

⁷InBC leverages global standards and frameworks to measure impact including but not limited to the [Impact Management Project](#), [UN Principles for Responsible Investing](#), [UN Sustainable Development Goals and Targets](#), [UN Declaration on the Rights of Indigenous Peoples](#), [Global Impact Investing Network \(GIIN\)](#), [Reconciliation and Responsible Investment Initiative](#) and [International Finance Corporation's \(IFC\) Operating Principles for Impact Management](#).

organizations understand InBC's investment strategy. In addition, InBC will actively build partnerships with organizations to help extend its reach across the province.

As well, InBC is mindful of the need to develop a robust succession management framework to manage the needs of the organization both now and in the future. With a new leadership team now in place, InBC will begin developing a succession strategy to support InBC's ability to achieve its objectives over the long term.

Investment: InBC considers investment risk in terms of likelihood of achieving long-term financial returns and the possibility of accomplishing social, economic and environmental objectives. InBC's long-term horizon of 10 or more years and its current level of funding means InBC can withstand short-term and medium-term fluctuations in market value and rates of return.

Investment risks are managed within a risk management policy that is designed to ensure risk is prudently incorporated into all of InBC's investment decisions. The current economic environment has created volatility in the financial markets. InBC manages this market risk through defined concentration thresholds and targets for its investments. These thresholds are laid out in InBC's IPS. Thresholds establish limits for proportions of debt and equity within the investment portfolio, limits for the level of ownership in an enterprise, and limits for commitment amounts to single funds, fund managers and individual companies. These limits support the construction of a diversified portfolio.

Operational: In 2023/24 InBC will be transitioning to focus operations on the full deployment of the investment program which includes both venture funds and investing directly into companies. Operational risks include the ability to recruit and retain qualified staff as well as the development of appropriate reporting structures to oversee and manage assets. To mitigate the risk associated with organizational and operational change, InBC has developed a compensation and performance management framework for its staff and developed documented processes and procedures to manage its operations and report on its activities. These risks are managed within the context of an enterprise risk management framework. Potential challenges may arise due to the competitive labour market and limited flexibility associated with staffing costs over time. InBC will continue to monitor these risks in the context of public sector and private sector compensation benchmarks.

InBC's operational environment will continue to evolve and InBC will adapt as these changes occur. The proposed approach to investment and enterprise risk management has positioned InBC to be a long-term and effective economic contributor in British Columbia.

InBC looks forward to continuing to deliver on our important mandate in 2023/24 and contributing to a sustainable, inclusive and prosperous future for British Columbia.

Performance Planning

InBC's Annual Service Plan for 2023/24 has been substantially revised from the previous years' Service Plan. The InBC Service Plan for 2022/23 reflected the operational goals of an organization focused on implementing organizational structures, developing policy, processes and procedures, hiring staff and ensuring InBC was ready to place investments. Whereas the prior years' Service Plan addressed the organization's focus on launching a new Crown corporation and establishing its operations, the 2023/24 Annual Service Plan for InBC reflects the long-term organizational goals of placing and managing investments that support businesses and sectors that advance a sustainable, clean, secure and fair economy in British Columbia.

Goal 1: Invest capital to generate both long-term financial returns and non-financial impacts

Financial capital is the key to business growth in British Columbia and its presence attracts outside investment and talent. InBC will commit capital for venture funds and businesses that align with its investment criteria and provide measurable contributions to people, planet and profit. This goal reflects the primary purpose of InBC and is aligned with the approved IPS.

Objective 1.1: Invest in opportunities aligned with InBC's IPS.

This objective reflects the mandate of InBC to provide a local source of patient capital to companies and funds contributing to the B.C. economy under the parameters established by InBC's approved IPS. The IPS is a foundational accountability mechanism through which the Board exercises oversight of the Fund's investments and provides direction to the CIO regarding investment asset allocations, investment parameters and risk tolerances. All investments must align with the parameters established by the IPS.

Key Strategies

- Support portfolio funds and companies to implement an ESG framework by sharing knowledge and connecting to resources.
- Implement a thorough and inclusive process to assess investment opportunities in both venture funds and companies that align with InBC's IPS.
- Develop a portfolio strategy to ensure alignment of investments across impact objectives, sectors and regions as stated in the IPS.
- Review of investment process by the Board to ensure the CIO is placing investments in accordance with the terms defined by the IPS.

Discussion

With the approval of the IPS in 2022, InBC began making investments in venture funds and will implement its direct investment strategy into companies in 2023. InBC will ensure its investment review process confirms that every investment made is aligned with at least one impact objective, with consideration given to its connection to British Columbia, ESG risks,

including diversity, equity and inclusion practices (DEI), and ability to generate financial returns. InBC anticipates significant cumulative capital commitment of \$105M in 2023/24 growing to an anticipated capital commitment of \$365M in 2025/26. InBC will be tracking progress against this objective on a quarterly basis and will publish details regarding new investments on its website.

Performance Measures

Performance Measure	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
1.1a Cumulative committed capital to venture funds and companies.	\$25M	\$105M	\$230M	\$365M

Data source: InBC Investment Corp.

Discussion

This performance measure will track InBC’s cumulative capital commitments for both investments in funds and direct investments into businesses. This measure indicates the cumulative amount of capital committed by InBC for deployment towards venture funds and companies that are strongly connected to B.C. The targets for this data are based on InBC’s investment plan and are subject to quarterly revision and update. Actual results may vary as they are dependent on market conditions and the availability of investments that match InBC’s investment objectives. The data for this performance measure will be sourced through internal investment and accounting systems. InBC’s financial statements are audited annually.

Performance Measures

Performance Measure	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
1.1b Annual percentage of investments that implement an ESG and/or impact management framework ¹ .	40%	50%	60%	70%

Data source: InBC Investment Corp.

¹Example ESG and impact management frameworks include: [ILPA Reporting](#), [UN Principles for Responsible Investing](#), [UN Sustainable Development Goals and Targets](#), [UN Declaration on the Rights of Indigenous Peoples](#), [Global Impact Investing Network \(GIIN\)](#), [Reconciliation and Responsible Investment Initiative](#) and [International Finance Corporation’s \(IFC\) Operating Principles for Impact Management](#).

Discussion

This performance measure will track InBC’s success in investing in businesses and venture funds that are committed to impact. InBC uses standardized disclosure methodology based on the Institutional Limited Partners Association⁸ standards to gather information on ESG metrics

⁸With nearly 600 member institutions representing over 2 trillion USD of private equity assets under management, the Institutional Limited Partners Association (ILPA) is a global organization dedicated exclusively to advancing the interests of Limited Partners and their beneficiaries.

including DEI. The target numbers for this performance measure are based on the priority InBC places on assessing investments within an ESG framework, but also recognizes the need to accommodate businesses that are at different stages and capacities to implement impact measurement frameworks within their operations. The data for this performance measure will be sourced through internal investment tracking systems.

Goal 2: Develop connections to strengthen and enhance InBC's impact

Key to InBC's investment approach is the formation of partnerships that enable InBC to extend its reach and impact. Establishing partnerships with organizations across regions, sectors and with those focused on under-represented communities will help identify and create a strong pipeline of diverse investment opportunities, supporting the effective deployment of capital. This extended reach will contribute to increasing the amount of capital invested into impact driven companies while attracting more investors and growing the number of early-stage companies that receive local capital. This partnership activity will also increase awareness of the importance of impact investing in growing the economy.

Objective 2.1: Establish partnerships to drive investment opportunities and to maximize investment efforts.

To support the investment strategy's deployment, InBC is developing a network of partnerships with stakeholders representing a cross section of geographic regions, sectors, and under-represented groups.

Key Strategies

- Establish partnerships that align with InBC's impact objectives and work with partners to identify quality investment opportunities to enable InBC to deploy capital across sectors, regions and under-represented groups.
- Collaborate with local, national and international capital providers to grow capital resources available to B.C. businesses.
- Collaborate with partners to raise awareness of the importance of impact investing for both investors and entrepreneurs and support the early activation of ESG frameworks.

Discussion

InBC looks for partners who are aligned with the people, planet and profit approach. InBC's presence as an investor in British Columbia will increase the diversity of businesses and entrepreneurs being funded. Working with established organizations in the diverse regions of the province will enable InBC to identify opportunities to make meaningful impacts through its investments across the province. Forming partnerships with organizations with specific sectorial expertise and connections will help identify investment opportunities across the four impact objectives. Organizations working with under-represented groups such as women, Indigenous people and ethnic minorities will also contribute to the development of a diverse

pipeline of investment opportunities through proactive outreach. As well, InBC anticipates that collaborating with other capital providers will also attract additional capital to B.C. companies.

Performance Measures

Performance Measure	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
2.1 Cumulative number of partnerships ¹ that support InBC's ESG objectives ²	2	4	6	8

Data source: InBC Investment Corp.

¹Partnerships are defined as a signed memorandum of understanding between InBC and the partner organization for project(s) and activities that align with InBC's mandate and impact objectives. Partner organizations could be entrepreneur support organizations (e.g. economic development organizations, accelerators, universities), industry associations and business groups, other capital providers (e.g. granting agencies, venture funds, etc.), and other economic development corporations, agencies, and trusts.

²Includes: diverse sectors and geographies, under-represented groups to support the develop of a diverse pipeline of investment opportunities.

Discussion

This performance measure will track InBC's success in establishing diverse partnerships across British Columbia, across sectors and across under-represented communities. Strategically forming partnerships that consider InBC's ESG objectives will extend InBC's reach and contribute to the ongoing development of a robust and diverse pipeline of investment opportunities. InBC has established this performance measure to align with its strategic priorities. Targets have been set, based on work in progress to establish successful partnerships across the regions, in specific sectors and with under-represented groups. The data for this performance measure will be sourced through internal records.

Goal 3: To be an accountable, high performing, leading organization

Strong governance and accountability frameworks, with clear lines of accountability through to the Minister of Jobs, Economic Development and Innovation (the Minister), hold all levels of InBC accountable in meeting its corporate objectives and support InBC in identifying short, medium and long-term actions required to successfully deliver those objectives. InBC's mandate is unique and complex and presents an opportunity for InBC to demonstrate how its triple bottom line mandate can be implemented and tracked effectively. A key part of this is developing and activating operational policies across the organization and sharing strategies and outcomes across the investment sector to engage more organizations to do the same.

Objective 3.1: InBC is an effective, respected and valuable contributor to the investment landscape in British Columbia.

This objective reflects the mandate of the Crown to provide a local source of capital and to be an effective, respected and valuable component of the investment landscape in British Columbia.

Key Strategies

- Identify, assess and mitigate significant risks and develop operations to mitigate and respond to those risks.
- Participate in events, discussions and publications to promote impact investing and impact measurement.
- Ensure effective Board of Directors oversight through the timely provision of information and through regular meetings and engagement.
- Create and implement corporate commitments to DEI, sustainability and reconciliation.
- Track and measure progress through an annual impact report.

Discussion

Strong governance and accountability frameworks, with clear lines of responsibility through to the Minister, hold all levels of InBC accountable in meeting its corporate objectives and support InBC in identifying short, medium and long-term actions required to successfully deliver those objectives.

As part of the accountability framework for InBC, the [InBC Act](#) requires that the corporation submit annual reports to the Minister of Jobs, Economic Development and Innovation. InBC submitted this initial report in September 2022. InBC will be working with the Ministry of Jobs, Economic Development and Innovation to submit the annual report for 2023.

As a strategic investment fund with an impact focus, InBC is committed to ensuring our corporation embeds a DEI, sustainability and reconciliation focus through our operational activities. InBC integrates diversity and inclusivity into its corporate culture by fostering a work environment that encourages and respects individual and cultural differences. InBC also considers its own carbon footprint and is developing a reconciliation action plan.

Through this work, InBC will support other organizations to embed ESG disclosures by demonstrating its standards brought into practice, and ultimately expanding the development of businesses and sectors that advance a sustainable, clean, secure and fair economy.

InBC will be implementing a proactive communications strategy regarding the activities of the Crown. Over the duration of this service plan, InBC will continue to work with government to ensure alignment with InBC's and Government's shared goals.

Objective 3.2: Recruit and retain qualified leadership and investment professionals capable of delivering InBC’s triple bottom line investment program.

This objective reflects the need for InBC to employ qualified, professional staff with the necessary skills and experience to place and manage investments.

Key Strategies

- Utilize inclusive hiring practices to ensure employees and board of directors reflect the diversity of our province.
- Develop an inclusive work culture with ongoing development opportunities for team members.
- As necessary, review InBC’s competitiveness in attracting qualified staff.

Discussion

This objective is related to the expanded mandate of InBC which necessitates the need for employing qualified staff including professional investment staff. The Chief Investment Officer and their team are key to the placement of individual investments. Recruiting and retaining staff are essential to achieving the overall investment objectives of InBC. This objective was previously listed as objective 1.2 in the 2022/23 InBC Service Plan.

Performance Measure

Performance Measure	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
3.2a Cumulative number of investment staff including a Chief Investment Officer ¹	6	7	7	7

Data source: InBC Investment Corp.

¹Including the Chief Investment Officer, InBC intends to employ 7 professional investment staff members.

Discussion

This performance measure will track InBC’s success in recruiting investment staff. InBC has established this performance measure to align with its strategic priorities of employing qualified staff, which is a key component of meeting InBC’s mandate. Targets have been set based on InBC’s human resource plans. InBC does perceive a role in developing talent to increase participation by diverse individuals in the investment sector. The data for this performance measure will be sourced through internal records.

Financial Plan

Financial Summary

\$000s	2022/23 Forecast	2023/24 Budget	2024/25 Plan	2025/26 Plan
Revenue				
Operating Contribution from the Province of B.C.	0	7,360	10,649	14,161
Interest	364	171	150	150
Legacy Venture Investment ¹	436	0	0	0
Total Revenue	800	7,531	10,799	14,311
Expenses				
Salaries and Benefits	2,336	3,674	3,982	4,309
Operations and Administration	1,908	1,721	1,775	1,899
Debt Service	506	2,136	5,042	8,103
Total Expenses	4,750	7,531	10,799	14,311
Annual Surplus (Deficit)	(3,950)	0	0	0
Total Debt²	18,475	53,050	135,200	247,300
Accumulated Surplus (Deficit)	65,521	65,521	65,521	65,521
Capital Expenditures	0	0	0	0

Note: The above financial information was prepared based on current Public Sector Accounting Standards.

¹InBC does not include revenue from venture capital investments when forecasting due to the variable and unpredictable nature of the investments and associated distributions. Venture capital revenue is reported as it is realized.

²Total Debt reflects the average balance of debt over the year from two loans from the Ministry of Finance.

Key Forecast Assumptions, Risks and Sensitivities

The above financial information and forecasts are prepared based on Public Sector Accounting Standards in Canada. This Service Plan incorporates “forward-looking statements” including information related to future anticipated investment performance and related revenues, along with expected expense levels.

Actual results may differ materially from those in the forward-looking estimates. This is a result of various factors, some of which are beyond InBC’s control, including, but not limited

to, the risks discussed under the Operating Environment section of this Service Plan. Review and interpretation of forecasts should take into consideration the following:

1. Venture investment revenue is reported as it is realized. Due to the uncertainty concerning valuation of venture capital assets and the unpredictable timing of distributions from venture capital investment portfolios, venture capital investment revenue is not included in InBC's budget.
2. Interest revenue is derived from cash balances held on deposit with the Ministry of Finance. All available funds, other than those required to meet near-term commitments, will be invested in liquid financial instruments with the Ministry of Finance's Central Deposit Program (CDP), earning returns reflecting short-term, low-risk investments.
3. Operations costs (Salaries and benefits plus Operations and Administration) may differ from the budgeted figures presented in the Financial Summary. InBC is in process of developing its operations. The budget for these expenditures is informed by assumptions regarding the timing and the nature of InBC's investment operations. As InBC's operating environment becomes more established, the actual expenses incurred for operations may differ from budgeted figures.
4. Total debt may differ from the budgeted figures presented in the Financial Summary. InBC's debt balance is influenced by the timing and amount of venture capital calls and distributions, which are highly unpredictable. Debt may also be materially influenced by the timing and amount of InBC's operating costs, which are subject to some uncertainty. The Financial Summary includes a budget for debt required to fund new investments made under the *InBC Investment Corp. Act*. The three-year forecast for the debt required to support investment activities is subject to a high degree of uncertainty because investment activities are influenced by the opportunities available in the market.
5. Debt service costs may differ from the budgeted figures. The interest rate environment has been volatile, with 2022 seeing significant increases in the cost of borrowing. InBC uses the 1-year forward Canadian sovereign yield curve to inform its interest rate assumptions over a 10-year horizon, however this information changes regularly based on market conditions.

Management's Perspective on Financial Outlook

InBC is entering into a new phase of operations. Over the past year InBC has developed its team structure and operating environment positioning the organization to deliver on a triple bottom line investment program designed to help promising companies grow, while generating both financial and non-financial returns that benefit all British Columbians.

Interest revenues are forecast to decrease over the course of the three-year plan due to declining cash balances and the absence of new Immigrant Investor Program allocations, which historically were invested in interest bearing financial instruments. Cash balances available to generate interest revenue will decrease as cash is used to fund investments and reduce InBC's fiscal agency loan balances payable to the Ministry of Finance.

InBC's legacy venture capital portfolios are in different phases in the venture capital fund lifecycle. The BC Tech Fund (vintage 2016) continues to draw financing to meet its investment commitments. Earlier venture portfolio investments (vintage 2007 - 2011) are at or near maturity. The corresponding venture capital assets will decrease over the service plan period when returns are realized. The current economic environment with its rising interest rates, increases the uncertainty around future distributions from venture portfolios. The increase in the cost of capital caused by higher rates is anticipated to create headwinds for portfolio valuations and portfolio distributions. InBC does not include revenue or losses from venture capital investments when presenting its budget due to the variable and unpredictable nature of venture capital investments. Actual results may be significantly different from budget as a result.

InBC has a loan from the Ministry of Finance to make investments and fund operating requirements. Future debt servicing costs may change as the result of changes in market interest rates, the amount and the timing of new financing needed to meet investments opportunities, and fund and operating costs. It is expected, that over the next ten years, up to \$500 million will be drawn from this fiscal agency loan and used to fund InBC's investments. The timing and amount of debt drawn and interest rate levels will have a significant impact on the future financial results of InBC.

Appendix A: Subsidiaries and Operating Segments

Active Subsidiaries

B.C. Renaissance Capital Fund

Active Subsidiary

The B.C. Renaissance Capital Fund Ltd. (BCRCF) is a Crown corporation wholly owned by InBC. The BCRCF is charged with managing legacy portfolio assets inherited by InBC Investment Corp. in 2020.

The BCRCF has venture capital investments in key technology sectors of information technology, digital media, clean technology and life sciences. Investments are housed within two portfolios:

- BC Renaissance Capital Fund (Portfolio 1)
- BC Tech Fund (Portfolio 2)

Both Portfolio 1 and Portfolio 2 are now fully committed. Portfolio 1 investments are at or near maturity. Portfolio 2 will continue to deploy capital to meet existing investment commitments but is no longer making new investments.

Board of Directors:

- Pending - Chair
- Heather Wood

Financial Summary

\$000s	2022/23 Forecast	2023/24 Budget	2024/25 Plan	2025/26 Plan
Total Revenue ²	436	0	0	0
Total Expenses	400	0	0	0
Annual Surplus (Deficit)	36	0	0	0

²BCRCF financial accounts are consolidated into the parent company statements of InBC. Given the high-risk and unpredictable nature of venture capital investments, venture capital revenue is not budgeted and is reported as it is realized.

Appendix B: Mandate Letter from the Minister Responsible



Ref: 154595

May 20, 2021

Christine Bergeron
Chair, Board of Directors
InBC Investment Corp.
8th Floor, 1810 Blanshard Street
Victoria BC V8W 9T5

Dear Christine Bergeron:

On behalf of the Honourable John Horgan, Premier, and the Executive Council, I would like to extend my thanks to you and your board members for the dedication, expertise and skills with which you serve the people of British Columbia (BC).

Every public sector organization is accountable to the citizens of BC. The expectations of British Columbians are identified through their elected representatives, the members of the Legislative Assembly. Your contributions advance and protect the public interest of all British Columbians and through your work, you are supporting a society in which the people of this province can exercise their democratic rights, trust and feel protected by their public institutions.

You are serving British Columbians at a time when people in our province face significant challenges as a result of the global COVID-19 pandemic. Recovering from the pandemic will require focused direction, strong alignment and ongoing engagement between public sector organizations and government. It will require all Crowns to adapt to changing circumstances and follow Public Health orders and guidelines as you find ways to deliver your services to citizens.

This mandate letter, which I am sending in my capacity as Minister responsible for InBC Investment Corp.(InBC), on behalf of the Executive Council, communicates expectations for your organization. It sets out overarching principles relevant to the entire public sector and provides specific direction to InBC Investment Corp. about priorities and expectations for the coming fiscal year.

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I expect that the following five foundational principles will inform your agency's policies and programs:

- **Putting people first:** We are committed to working with you to put people first. You and your board are uniquely positioned to advance and protect the public interest and I expect that you will consider how your board's decisions maintain, protect and enhance the public services people rely on and make life more affordable for everyone.
- **Lasting and meaningful reconciliation:** Reconciliation is an ongoing process and a shared responsibility for us all. Government's unanimous passage of the *Declaration of the Rights of Indigenous Peoples Act* was a significant step forward in this journey – one that all Crown Agencies are expected to support as we work in cooperation with Indigenous peoples to establish a clear and sustainable path to lasting reconciliation. True reconciliation will take time and ongoing commitment to work with Indigenous peoples as they move towards self-determination. Guiding these efforts, Crown agencies must also remain focused on creating opportunities that implement the Truth and Reconciliation Commission through your mandate.
- **Equity and anti-racism:** Our province's history, identity and strength are rooted in its diverse population. Yet racialized and marginalized people face historic and present-day barriers that limit their full participation in their communities, workplaces, government and their lives. The public sector has a moral and ethical responsibility to tackle systemic discrimination in all its forms – and every public sector organization has a role in this work. All Crowns are expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure equity is reflected in your operations and programs. Similarly, appointments resulting in strong public sector boards that reflect the diversity of BC will help achieve effective and citizen-centred governance.
- **A better future through fighting climate change:** Announced in December 2018, the CleanBC climate action plan puts our province on the path to a cleaner, better future by building a low-carbon economy with new clean energy jobs and opportunities, protecting our clean air, land and water and supporting communities to prepare for carbon impacts. As part of the accountability framework established in CleanBC, and consistent with the *Climate Change Accountability Act*, please ensure your organization aligns operations with targets and strategies for minimizing greenhouse gas emissions and managing climate change risk, including the CleanBC target of a 50 percent reduction in public sector building emissions and a 40 percent reduction in public sector fleet emissions by 2030. Your organization is expected to work with Government to report out on these plans and activities as required by legislation.

- **A strong, sustainable economy that works for everyone:** I expect that you will identify new and flexible ways to achieve your mandate and serve the citizens of BC within the guidelines established by the Provincial Health Officer and considering best practices for conducting business during the pandemic. Collectively, our public sector will continue to support British Columbians through the pandemic and economic recovery by investing in health care, getting people back to work, helping businesses and communities, and building the clean, innovative economy of the future. As a public sector organization, I expect that you will consider how your decisions and operations reflect environmental, social and governance factors and contribute to this future.

The Crown Agencies and Board Resourcing Office, with the Ministry of Finance, will continue to support you and your board on recruitment and appointments as needed, and will be expanding professional development opportunities in 2021/22. The Governing in the Public Interest online certificate program is now available, and all board members are encouraged to complete this new offering.

As the Minister Responsible for InBC Investment Corp., I expect that you will make substantive progress on the following priorities and incorporate them in the goals, objectives and performance measures in your 2021/22 Service Plan:

- Transition InBC to its new organizational mandate by developing and implementing a robust organizational framework that includes a governance and corporate accountability framework for InBC.
- Develop, report and implement an approved investment policy for the strategic investment fund.
- Develop and report on a performance measurement and public accountability framework.
- Oversee the Legacy Investment Portfolios and obligations:
 - Continue to manage the BC Renaissance Capital Fund venture capital investment portfolios and repayments to the Federal Government under the Immigrant Investor Program (IIP).
 - Provide biannual updates regarding the venture capital funds, including how they support growth, facilitate availability of capital for BC technology companies and stimulate job creation in BC.

Each board member is required to sign the Mandate Letter to acknowledge Government's direction to your organization. The signed Mandate Letter is to be posted publicly on your organization's website in spring 2021.

Christine Bergeron
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I look forward to continuing to work with you and your Board colleagues to build a better BC.

Sincerely,

A handwritten signature in black ink, appearing to be 'Ravi Kahlon', written in a cursive style.

Ravi Kahlon
Minister

Date: May 20, 2021

Enclosure

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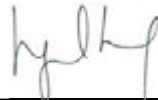
Christine Bergeron
Chair
InBC Investment Corp.



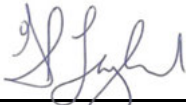
Bobbi Plecas
Director
InBC Investment Corp.



Kevin Campbell
Director
InBC Investment Corp.



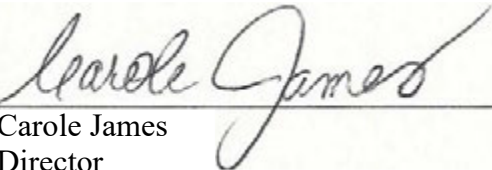
Ingrid Leong
Director
InBC Investment Corp.



Glen Loughheed
Director
InBC Investment Corp.



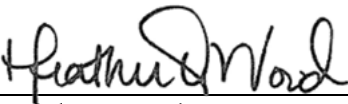
Suzanne Trottier
Director
InBC Investment Corp.



Carole James
Director
InBC Investment Corp.



Iglia Ivanova
Director
InBC Investment Corp.



Heather Wood
Director
InBC Investment Corp.

pc: Honourable John Horgan
Premier

Lori Wanamaker
Deputy Minister to the Premier, Cabinet Secretary and Head of the BC Public Service

Heather Wood
Deputy Minister and Secretary to Treasury Board
Ministry of Finance

Douglas S. Scott
Deputy Minister, Crown Agencies Secretariat
Ministry of Finance

Bobbi Plecas
Deputy Minister
Ministry of Jobs, Economic Recovery and Innovation

Kevin Campbell
Director
InBC Investment Corp.

Ingrid Leong
Director
InBC Investment Corp.

Glen Lougheed
Director
InBC Investment Corp.

Suzanne Trottier
Director
InBC Investment Corp.

Carole James
Director
InBC Investment Corp.

Iglika Ivanova
Director
InBC Investment Corp.

James Harvey
Chief Executive Officer/President
InBC Investment Corp.