



Investment Policy Statement

March 2025



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1. Scope and Purpose

InBC Investment Corp (“InBC”) is a strategic investment fund created by the Province of British Columbia with \$500 million to invest in growing innovative companies and funds to benefit the people of B.C. InBC invests to generate financial returns alongside measurable economic, social and environmental impacts for the province, including job creation, research and development growth and intellectual property retention.

1.1 Purpose

This Investment Policy Statement (“IPS”) is issued by the Board of Directors (“the Board”) of InBC Investment Corp. It stipulates the principles that InBC must adhere to when investing and managing assets entrusted to it by the Province of British Columbia (“the Province”).

This IPS:

- Identifies the *InBC Investment Corp. Act* (“the Act”) as the enabling legislation through which InBC conducts its investment activities;
- Defines the roles and responsibilities of the parties involved in the investment process. This IPS defines the role of the Board of Directors, the Chief Executive Officer (“CEO”), and the Chief Investment Officer (“CIO”) in executing, monitoring, and reporting on the performance of InBC’s investments and ensuring InBC’s assets are managed in compliance with InBC’s investment policies and guidelines;
- Establishes a structure of guidelines and policies within which InBC’s CIO can exercise their statutory authority when investing InBC’s assets, and against which the performance of the CIO may be assessed by the Board;
- Describes InBC’s investment objectives, risk tolerance, constraints, and reporting requirements. It is designed to be a strategic document that is reviewed annually with the Board and remains in effect unless revisions are agreed to by the Board; and,
- Specifies the responsibilities for risk measurement, monitoring, and management, and the risk parameters within which the Board, CEO, and CIO execute their responsibilities.

The CEO shall provide a copy of this IPS to the CIO of InBC, and a copy will be made available to each external fund manager that InBC invests in, and these external fund managers shall acknowledge in writing receipt of the document and acceptance of its content.

This IPS does not apply in respect of investments made under agreements that were in place before the *InBC Investment Corp. Act* came into force on May 20, 2021¹.

¹ These investments include the venture capital investments held by the B.C. Renaissance Capital Fund Ltd., InBC’s wholly owned subsidiary.

2. Governance

2.1 Legislative Requirements

The Act establishes legislative provisions that guide this IPS. Details of the provisions within the Act that are material to this IPS are provided in Appendix A – *InBC Investment Corp. Act*.

2.2 Shareholders

The shareholders of InBC are the Minister of Finance and the Minister of Jobs, Economic Development and Innovation, on behalf of the Government of British Columbia.

The shareholders issue written communication to the Chair of the Board of Directors describing the social, economic, and environmental policy objectives of government they wish InBC's investments to support.² The shareholders may supplement this direction with additional written direction to the Board to clarify policy objectives or to require the Board to report to them on significant matters.

InBC, through the Chair of the Board, is responsible for reporting on InBC's investment performance in a prescribed manner. The shareholders are responsible for prescribing the requirements of this reporting.

2.3 Board of Directors

The Board is the highest decision-making body of InBC. It establishes the mission and goals of the company. The Board may establish committees of the Board; however, any established committees must be chaired by a Director of the Board. The primary responsibilities of the Board of Directors, and its committees, as they pertain to this IPS, are:

- Communicating the policy objectives referred to in section 4(1)(b) of the Act in writing to the CIO in accordance with the Act.³
- Through the Board Chair, in concert with the CIO, developing a formal IPS based on the written direction provided by the shareholders.
- Holding the CIO accountable for the delivery of the IPS.
- Approving the investment policy of InBC and ensuring the alignment of InBC's investment policy with the policy direction provided by the shareholders.
- Monitoring and evaluating the investment policy.
- Recommending to the CEO, an individual for appointment as CIO of InBC.
- Verifying procedures are in place to ensure compliance with statutory reporting obligations of InBC.

² *InBC Investment Corp. Act* s.4(1) The purposes of the corporation are as follows: (a) to make investments that achieve a financial return; (b) to make investments that support the social, economic and environmental policy objectives of the government.

³ *InBC Investment Corp. Act* s.16(4) ...the policy objectives referred to in section 4(1)(b) are to be determined by the minister and the Minister of Finance, acting jointly, and communicated in writing to the Chief Investment Officer by the Chair of the Board.

- Approving and providing oversight of the risk management policies of InBC. Managing conflicts of interest of the Board, the CEO, and the CIO.⁴
- The Chair of the Board acts as a liaison between the Board and the shareholders. The Chair of the Board acts as a liaison between the Board and InBC management through the CEO.

The Board has established the Audit, Investment, and Risk committee (the “AIR Committee”) to provide oversight responsibilities relating to financial planning and reporting, non-financial impact metrics, audit, accounting systems and controls and risk management.

Specific to oversight of risk management and investments, the AIR Committee:

- Oversees the annual review of the IPS and, based on recommendations from the management team and committee input, makes a recommendation for approval to the Board.
- Reviews quarterly investment reports and fund performance metrics and ensures adherence to the IPS.
- Reviews reports on investments and investment activities, investment valuations, and portfolio performance.
- Reviews and makes recommendations on the non-financial metrics used to assess the performance of InBC and its investment portfolio.
- Supports the Board with respect to risk management and understands the material risks to InBC.
- Oversees the review of a risk management framework and receives regular reports on the management of material risks to InBC.

2.4 Chief Executive Officer

The CEO, on the recommendation of the Board, appoints the CIO.

The CEO provides leadership for InBC and has overall responsibility to the Board for the general supervision and direction of the corporation and its staff. The CEO does this by leading and managing InBC through the development and implementation of strategies and policies the management of its human resources, efficient and effective operations, managing conflicts of interest of InBC staff, managing external relations and performing such other duties as may be set forth as specified by the Board in bylaws or resolution. The CEO is responsible for ensuring that the CIO makes investments that comply with this IPS; any exceptions must be approved by the AIR Committee.

⁴ InBC has established a corporate conflict of interest policy. The policy is articulated in 3 ways: InBC’s Board Governance Manual and Conflict of Interest Policy is published on its website; InBC’s Conflict of Interest and Disclosure Policy which all employees adhere to as a term of employment; and, InBC’s ‘Ethical Wall’ policy which guides the use of sensitive information within the organization, and procedures for assessing and mitigating conflicts of interest on an ongoing basis.

The CEO is not responsible for investment decision-making or investment management.

The CEO is the primary liaison between the Board and management.

2.5 Chief Investment Officer

The CIO is responsible for investment decision-making and management of InBC's investments consistent with the terms set forth in this IPS.

The CIO is responsible for ensuring that investments of the assets of InBC are made:

- in order to achieve a financial return, and
- in accordance with the policy objectives of the government as communicated in writing by the Chair of the Board.

The exclusive authority of the CIO to make investment decisions is expressly prescribed in section 18 of the Act.

In exercising their responsibilities, the CIO acts in good faith and with the skill and care of a professionally qualified investment professional and acts as a prudent investor on behalf of InBC Investment Corp.

The primary responsibilities of the CIO, as they pertain to this IPS, are:

- Providing leadership and oversight for InBC's team of investment professionals to ensure all investments meet the terms established by the IPS and the Act.
- Acknowledging in writing acceptance of the terms set forth in this IPS, and executing InBC's investment operations in accordance with the IPS and the Act.
- Overseeing the procurement and performance of due diligence in the selection of, and dismissing of, any external fund managers engaged to manage InBC's assets in accordance with this IPS.
- Managing the relationships with external fund managers.
- Ensuring the external fund managers' stated investment strategy align with this IPS.
- Ensuring the external fund managers' services are provided at reasonable and competitive cost.
- Monitoring investment performance for InBC's portfolio, including both direct investments and fund investments performance in accordance with this IPS and the manager's stated investment strategy.
- Rebalancing investments as required to meet the objectives and comply with this IPS.
- Reporting important investment-related performance measures, such as asset allocation, impact metrics, and financial metrics to the CEO and AIR Committee/Board.
- Reviewing the IPS regularly and recommending revisions to the CEO and Board on an annual basis.

Beyond the formal governance structures, InBC may consult with external advisors as required. For example, as part of the due diligence process, InBC may engage external advisors with sectoral or community expertise to provide advice.

2.6 External Advisory Circle

The CIO and CEO, acting jointly, appoint an External Advisory Circle to support with due diligence. The primary responsibilities of an External Advisory Circle is to support the CIO by:

- Providing industry insights on market outlook and investment strategies.
- Advising on potential areas of risk specific to an individual investment, and/or across the portfolio.
- Advising the CIO on information pertaining to specific sectors, regions, and demographics.

The External Advisory Circle does not have any investment decision-making authority.

2.7 Investment Review Committee

No person other than the CIO or an external fund manager retained by InBC may make an investment decision on behalf of InBC.⁵

The Investment Review Committee is composed of CEO, CIO, CFO, General Counsel and senior investment team members to support the CIO in reviewing investment decisions. The investment decision process is further outlined in Appendix D – Investment Decision-Making Process.

The primary responsibilities of the Investment Review Committee is to support the CIO by:

- Advising on potential areas of risk specific to an individual investment, and/or across the portfolio.
- Advising the CIO on whether an investment complies with this IPS and Investment Risk Management Framework.
- Reviewing for potential conflicts of interest.

The Investment Review Committee provides a recommendation to the CIO but does not have investment decision-making authority.

3. Investment, Return, and Risk Objectives

3.1 Investment Objectives

InBC invests on a triple bottom line basis. This means InBC's investment objective is to optimize financial returns, act as a responsible steward of shareholder capital, and pursue positive social, economic, and environmental outcomes.

⁵ *InBC Investment Corp Act* s.18(1)⁶ [InBC Investment Risk Management Policy](#)

Financial objectives consider the extent to which InBC's investments grow the market value of InBC's assets, net of inflation and operating expenses and cost of capital over long timeframes, and that are consistent with InBC's time horizon and the prudent assumption of risk.

Social, economic, and environmental objectives have been identified across four impact objectives and are further defined in Appendix C – Investment Themes.

Given that social, economic, environmental, and financial returns can fluctuate considerably with other macroeconomic variables, success relative to these objectives will be evaluated, over the long term consistent with InBC's time horizon, with due consideration given to specific market conditions during such time.

3.1.1 Financial Return Objectives

InBC does not target concessionary returns; the investment return objective is to achieve risk-weighted market returns over the investment horizon established in this IPS.

The investment return objectives are considered on a portfolio basis and are not meant to be imposed on each individual investment.

3.1.2 Social, Economic, and Environmental Objectives

InBC's social, economic, and environmental objectives are aligned to four investment themes:

- Driving Climate Action
- Innovating for the Future
- Advancing Reconciliation
- Elevating Inclusive Communities

Further information on these investment themes and the approach for measuring them can be found in Appendix C – Investment Themes.

3.2 Risk Objectives and Risk Tolerance

InBC recognizes risk must be assumed in order to achieve its investment objectives. Investment decisions are made in alignment with the Investment Risk Management Policy⁶ which establishes the risk governance and risk management framework, and related roles and responsibilities for the effective management of investment risk at InBC.

InBC follows a risk management framework for assessing, monitoring, and managing risk so that it may be prudently incorporated in all InBC's investment decisions. This includes criteria and guidelines on how to screen investment opportunities that incorporate both financial returns and social, economic, and environmental impacts.

⁶ [InBC Investment Risk Management Policy](#)

Further information on how risks are incorporated in the investment decision-making process can be found in Appendix D – Investment Decision-Making Process.

InBC considers risk both in terms of the likelihood of achieving long-term financial returns, and likelihood of achieving social, economic, and environmental objectives.

In establishing the risk tolerances for its financial returns, InBC's ability to withstand short, intermediate, and long-term fluctuations is considered. InBC's investment time horizon, current financial condition, and level of funding in the portfolio allow for InBC to tolerate short- and medium-term fluctuations in market value and rates of return in order to achieve its longer-term investment objectives.

In establishing the risk tolerances for its social, economic, and environmental objectives, InBC considered the overall economic environment and objectives of the shareholders of InBC. The importance of fostering a resilient economic climate and the importance to the shareholders of InBC of achieving social, economic, and environmental outcomes to the benefit of the people of British Columbia, means there is a low risk tolerance to not achieving impacts in these areas in the medium term.

3.3 Constraints

3.3.1 Time Horizon

InBC's investment objective of achieving financial returns and social, economic, environmental impacts means that most investment opportunities will only be fully realized over the long term. This means InBC's investment time horizon is greater than 10 years.

As a source of patient capital for B.C. companies, InBC tailors the holding period of its investments to maximize the potential for successful execution of its portfolio companies' financial returns, socioeconomical, and environmental outcomes. InBC does not expect that all investment objectives will be attained in any single year or investment. Investment performance is therefore assessed on a portfolio basis, recognizing the portfolio objectives will be realized over the long term.

When possible, and where it aligns with InBC's investment objectives, InBC attempts to diversify its portfolio into investments with shorter time horizons (less than 10 years).

3.3.2 Liquidity

As a long-term investor with no distributions to its shareholders anticipated in the short-term, InBC invests in assets with low levels of liquidity. InBC conducts post-investment monitoring and management to assess the performance of its portfolio and ensure alignment with InBC's stated investment objectives. For investments that may no longer be aligned to InBC's objectives, InBC evaluates opportunities to responsibly exit the positions.

InBC's objectives of investing in small- and medium-sized B.C. companies in the target sectors defined in Appendix C – Investment Themes means InBC's investments are

primarily concentrated in private assets that do not trade on public exchanges. Such investments are highly illiquid.

There are risks associated with investing in illiquid assets. Illiquid investment positions may not be disposed of quickly without accepting a significant discount in investment value on disposition. InBC must therefore maintain a long-term view to managing its investment portfolio. This means InBC must utilize financing facilities to manage its liquidity and meet its cash requirements.

InBC manages its liquidity requirements through Fiscal Agency Loan arrangements through the Ministry of Finance of the Province of British Columbia. InBC may draw on these Fiscal Agency Loans to meet the liquidity needs of its investment activities.

3.3.3 Leverage

In accordance with the Act, InBC must not borrow money without the prior written approval of the Minister of Finance.

InBC has approval from the Minister of Finance to borrow up to \$500 million through a Fiscal Agency Loan from the Ministry of Finance for the purposes of financing InBC's investments. As a result of these financing arrangements, InBC's portfolio is leveraged.

InBC does not further leverage its portfolio through any arrangement beyond the arrangements in place with the Ministry of Finance, without prior written approval from the Minister of Finance.

InBC does not add additional sources of leverage to its portfolio either explicitly through borrowing, or implicitly through entering derivative arrangements.

Where InBC invests in an external fund manager through a Limited Partnership Agreement ("LPA"), the external fund manager may use leverage in managing its investment fund, subject to the terms of the LPA, as agreed to by InBC's CIO.

3.3.4 Responsible Investment

InBC's approach to responsible investment incorporates environmental, social, and governance ("ESG") factors in investment decisions and active ownership. ESG considerations, including climate risk, are fundamental to long-term risk and return. InBC also ensures that diversity, equity, and inclusion are incorporated into investment practices.

InBC emphasizes investment in companies that create a positive impact in British Columbia. InBC's social, economic, and environmental investment objectives are guided by the shareholder direction. These objectives and the desired impacts are described more fully in Appendix C – Investment Themes.

Exclusions are appropriate in situations where an investment has foreseeable impacts that are contrary to the social, economic, and environmental objectives of InBC's

shareholders. InBC's minimum exclusion list is provided as Appendix E – Investment Exclusions.

3.3.5 Geographic restrictions

InBC's investment objectives envision achieving financial returns while also delivering on social, economic, and environmental outcomes for the benefit of British Columbians. InBC invests in companies and funds located in B.C. or with a strong connection to B.C. InBC works with external fund managers and investees to maintain commitment to their strong connection to B.C. as part of the due diligence and post-investment monitoring processes.

4. Risk Management

4.1 Performance Measurement and Reporting Accountabilities

Through the AIR committee, InBC's Board monitors InBC's investment portfolio to ensure compliance with this IPS. An Enterprise Risk Management framework has been developed to support this assessment.

In order to ensure that the Board is able to fulfill its duties with respect to prudent oversight of this portfolio, the CEO provides detailed reports at least quarterly to the Board, or a designated Committee of the Board. Quarterly reports on the status of the investment portfolio are provided to the shareholders. Returns will be benchmarked against appropriate indices.

On a quarterly basis the AIR Committee performs a review of:

- The CEO's report on the investment program and how investment decisions within the past quarter are appropriate in light of the standards described in Appendix B – Portfolio Construction and aligned to InBC's Investment Risk Management Policy.
- A commentary on investment performance in light of the appropriate standards of performance described in Appendix C – Investment Themes, measured annually, year-to-date, and annualized periods, and since inception.
- A synopsis of the key investment decisions made by the CIO, their underlying rationale including information on each investment made in the time period under review and how the investment is appropriate under this IPS, and how those decisions could affect future results. No confidential or commercially sensitive information about the investments is shared.
- A discussion of the CIO's outlook, what investment decisions this outlook may trigger and how these decisions could affect future results.

The Act requires InBC to report to the shareholders on the performance of the investments of the corporation on an annual basis. The shareholders specify the form and manner of the annual reporting. The Board establishes the form and desired content of the annual report with the shareholders in advance of the annual reporting

cycle to ensure the material inputs to this reporting are subject to quarterly Board review.

4.2 Risk Management and Evaluation

InBC manages risk in achieving its financial and social, economic, and environmental objectives in alignment with InBC's Investment Risk Management Policy. InBC balances portfolio risk through a "top down" approach considering diversification, concentration risk, reputational risk and manager and enterprise limits. InBC assesses idiosyncratic investment level risks through a "bottom-up" approach considering risks on a case-by-case basis integrating financial, impact and Environment, Social, and Governance factors in its investment assessments.

4.2.1 Diversification

InBC diversifies its investments in such a manner as to pursue its financial return objectives within its defined risk tolerance. Portfolio diversification reflects an attention to investment risks by seeking to diversify across asset classes, the eight B.C. economic regions, economic sectors, and stages of business development (from start up to mature companies). Diversification seeks to manage risk exposure to factors such as interest rate fluctuations, limited liquidity, limited transparency of securities not traded on an exchange, macroeconomic factors, geopolitical, and catastrophic events to appropriate levels.

It is recognized that diversification is subject to the constraints of the portfolio objectives described in Appendix B – Portfolio Construction, and Appendix C – Investment Themes.

4.2.2 Concentration

InBC considers the risk of concentrating its portfolio investments within any single external fund manager, or a single investment position with a company. InBC also considers risk in context of the position it takes in relation to other investors in a fund, or funding round. Portfolio concentration and ownership concentration thresholds are described in Appendix B – Portfolio Construction.

In exceptional situations the Board may approve exceeding this threshold, such as where the nature of security and guarantees are deemed sufficient, or the impact potential that is enabled as described by performance measures in Appendix C – Investment Themes.

4.2.3 Foreign currency exposure

InBC invests in companies and funds that have a strong connection to B.C. and may be exposed to foreign currency risk as some investments are denominated in foreign currency. InBC monitors exposure to foreign currency across its portfolio as part of its risk management policy.

4.2.4 Valuation process

InBC leverages industry standard valuation frameworks such as the International Private Equity Valuation (“IPEV”) guidelines. Fund investments are reported at fair value, based on the quarterly reporting provided by the external fund manager. Fair value for fund investments is determined by the limited partnerships based upon valuation techniques considered appropriate by the external fund manager and InBC’s CIO. InBC relies upon the external fund manager’s valuation of the investments in the limited partnerships. The value of direct investments in companies are reported at cost until an external event such as a subsequent investment round or an acquisition provides clear, market-based evidence of a change in valuation.

Any debt investments are be valued at amortized cost.

Investments are tested annually for impairment in accordance with InBC’s investment valuation policy.

4.2.5 Environmental, Social, and Governance Integration

InBC considers risk by investing in companies with good governance, integrity, and accountability to both people and planet. Environmental, Social, and Governance (“ESG”) screening is used to screen investment opportunities to mitigate negative ESG risks, including climate risk.

In addition to ESG screening criteria, InBC emphasizes investment in companies that produce qualitative and quantitative impact outcomes that are defined in Appendix C – Investment Themes. InBC plays a role in helping to advance companies and funds with incorporating ESG and DEI considerations if they are early in this process.

4.2.6 Diversity, Equity, and Inclusion Integration

This IPS is based on triple bottom line investment criteria that recognize the value that Diversity, Equity, and Inclusion (“DEI”) can deliver in InBC’s investments.

InBC Directors and staff are committed to building investment practices that integrate DEI and recognize and respond to challenges faced by a diversity of British Columbians. Practices⁷ to integrate DEI in InBC’s investment process include:

- Building respectful relationships with all people in B.C. Through recruiting, supporting, and retaining a diverse and inclusive Board of Directors and team, InBC leverages shared experience to effectively deliver on a triple bottom line.
- Investing in the professional development of staff to advance awareness of diversity, equity, and inclusion within the organization. Through providing ongoing learning opportunities to Board and staff, InBC will seek to increase understanding and appreciation of Indigenous history and culture and to

⁷ Practices are informed and guided by standards and frameworks such as UN Principles for Responsible Investment, United Nations Declaration on the Rights of Indigenous People (“UNDRIP”) and the Reconciliation & Responsible Investment Initiative: Advancing Reconciliation in Canada, A Guide for Investors (S. Rohan).

increase understanding of the experience of historically marginalized groups.

- Integrating awareness into the ESG framework, including encouraging investee companies and funds to improve disclosures on reconciliation and respect for Indigenous Peoples' rights, gender balance, diversity and pay equity, and environmental impacts. InBC also uses its voice as an investor and shareholder to influence company practices.
- Investing in an inclusive B.C. economy. InBC invests patiently with the objective of realizing meaningful changes that deliver a more inclusive economy that meets the needs of more people in B.C. InBC seeks out investment products and opportunities aimed to support the development of an inclusive economy. DEI is embedded in the impact measurement as described in Appendix C - Investment Themes.

The CIO seeks out and engages with external fund managers who share InBC's values to form long term, sustainable partnerships to realize the potential of its investments and integrate these practices throughout InBC's portfolio.

4.3 Asset Allocation Monitoring

Acceptable concentration ranges across asset classes are described in Appendix B – InBC Portfolio Construction. As InBC is initially constructing the portfolio, it may not be able immediately stay within the concentration bands.

Allocations are reviewed quarterly with the CIO, CEO, and Board of Directors (via the AIR Committee). If an asset class allocation should move outside of its acceptable bands or might be reasonably expected to do so in the future, the CIO will notify the Board of Directors and the CEO promptly.

The CEO and Board work with the CIO to understand the reason for the overweighting and agree to a reasonable plan to restore the allocation back within the acceptable bands.

The asset allocations ranges are monitored and reassessed as necessary based on changing market needs and conditions. Any proposed adjustments are reviewed and approved by the CEO and Board of Directors before being implemented by the CIO.

Appendix A - InBC Investment Corp. Act

Section 2	<i>InBC Investment Corp. Continued</i> <p>(1) InBC Investment Corp. is continued as a corporation consisting of the board.</p> <p>(2) The capital of the corporation is 2 shares with a par value of \$1.</p> <p>(3) One share in the corporation must be issued to and registered in the name of the minister, and the minister must hold that share on behalf of the government.</p> <p>(4) One share in the corporation must be issued to and registered in the name of the Minister of Finance, and the Minister of Finance must hold that share on behalf of the government.</p> <p>(5) For certainty, upon the continuation of the corporation under subsection (1),</p> <ul style="list-style-type: none">(a) the property, rights and interests of InBC Investment Corp., as incorporated under the <i>Business Corporations Act</i>, continue to be the property, rights and interests of the corporation,(b) the corporation is liable for all obligations of InBC Investment Corp., as incorporated under the <i>Business Corporations Act</i>,(c) any cause of action, claim or liability to prosecution that existed in relation to InBC Investment Corp., as incorporated under the <i>Business Corporations Act</i>, continues in relation to the corporation,(d) any legal proceeding initiated or pending by or against InBC Investment Corp., as incorporated under the <i>Business Corporations Act</i>, is continued by or against the corporation, and(e) any conviction against, or ruling, order or judgment in favour of or against, InBC Investment Corp., as incorporated under the <i>Business Corporations Act</i>, is enforceable by or against the corporation.
Section 3	<i>Corporation is Agent of Government</i> <p>(1) The corporation is an agent of the government.</p> <p>(2) The corporation, as an agent of the government, is not liable to taxation except to the extent that the government is liable.</p>
Section 4	<i>Purposes of Corporation</i> <p>(1) The purposes of the corporation are as follows:</p> <ul style="list-style-type: none">(a) to make investments that achieve a financial return;(b) to make investments that support the social, economic and environmental policy objectives of the government. <p>(2) Subsection (1) does not apply in respect of investments that are made under agreements that were in place before this Act comes into force.</p>
Section 11	<i>Duties and Powers of Board</i> <p>(1) The board must manage the affairs of the corporation or supervise the management of those affairs.</p> <p>(2) The board</p> <ul style="list-style-type: none">(a) may exercise the powers conferred on it under this Act,

- (b) may exercise the powers of the corporation on behalf of the corporation, and
 - (c) must supervise the delegation of any of its powers or duties.
- (3) The board may pass the resolutions or bylaws it considers necessary or advisable for the management and conduct of the affairs of the corporation and for the exercise of the powers and duties of the board.
- (4) Without limiting subsections (2) and (3), the board must pass bylaws that establish a policy, applicable to directors and senior officers, on the disclosure of interests and the handling of conflicts of interest.
- (5) Without limiting subsections (2) and (3) but subject to section 13, the board may pass resolutions or bylaws respecting the calling and holding of meetings of the board or committees of the board and the procedures to be followed at those meetings.
- (6) The board may establish committees of the board to assist the board, which committees
- (a) must be chaired by a director, and
 - (b) may include members of the advisory forum, if any.
- (7) For the purposes of subsections (1) and (2), the board may, by resolution or bylaw, delegate any power or duty of the board or the corporation except
- (a) the power to establish committees of the board,
 - (b) the power to pass resolutions or bylaws respecting the procedures to be followed at meetings of the board,
 - (c) the duty to appoint a chief executive officer and a chief investment officer, and
 - (d) the power to delegate.

Section 15 *Chief Executive Officer*

- (1) The board must appoint an individual as the chief executive officer of the corporation.
- (2) The board may determine the remuneration and the terms and conditions of employment of the chief executive officer.
- (3) The chief executive officer is responsible for the general supervision and direction of the operations of the corporation and its employees and other officers and must exercise the powers and perform the duties that are specified in the bylaws or resolutions of the board.

Section 16 *Chief Investment Officer*

- (1) The chief executive officer must, on the recommendation of the board, appoint an individual as the chief investment officer of the corporation.
- (2) The board, on the recommendation of the chief executive officer, may determine the remuneration and the terms and conditions of employment of the chief investment officer.
- (3) The chief investment officer must ensure that investments of the assets of the corporation are made in accordance with the purposes of the corporation as set out in section 4.
- (4) For the purposes of subsection (3), the policy objectives referred to in section 4 (1) (b) are to be determined by the minister and the Minister of

Finance, acting jointly, and communicated in writing to the chief investment officer by the chair of the board.

Section 18 *Investment Independence*

- (1) No person other than the chief investment officer or an external fund manager retained by the corporation may make an investment decision.
- (2) Subject to section 16 (3), in making an investment decision on behalf of the corporation,
- (a) the chief investment officer is not subject to direction from anyone, and
 - (b) an external fund manager is not subject to direction from anyone other than the chief investment officer.
- (3) For certainty, in making investment decisions on behalf of the corporation, the chief investment officer and an external fund manager are not subject to direction from any of the following:
- (a) the government;
 - (b) a minister;
 - (c) the board or a director;
 - (d) the chief executive officer;
 - (e) any other public officer.

Section 20 *No Borrowing or Deficit*

- (1) The corporation must not borrow money without the prior written approval of the Minister of Finance.
- (2) The corporation must not incur or budget for a deficit, as determined in accordance with generally accepted accounting principles, for a fiscal year without the prior written approval of the minister and the Minister of Finance.

Section 23 *Annual Reports*

- (1) The corporation must, for each fiscal year of the corporation, make a report to the minister and the Minister of Finance on the performance of the investments of the corporation.
- (2) A report made under subsection (1) must
- (a) be in the form and manner specified by the minister, and
 - (b) include any particular information relating to the performance of the investments that is specified by the minister or the Minister of Finance.
- (3) The minister must lay a report made under subsection (1) before the Legislative Assembly as soon as practicable and, promptly after doing so, must make the report publicly available.

Appendix B – Portfolio Construction

Target Portfolio

Based on InBC's investment objective, time horizon, risk tolerance, and constraints, the following asset allocation guidelines have been defined for portfolio construction, recognizing that this may not be in balance in the near-term as the portfolio is initially being established.

The portfolio model incorporates ranges for target allocation, recognizing that market conditions and needs will evolve over time and will be monitored and reassessed as necessary. 40% of InBC's overall allocation is reserved for follow-on investments in its existing portfolio.

	Companies	Funds
Portfolio Allocation	65-70%	30-35%
Target capital deployment*	\$325-350M	\$150-175M
Ownership limits	No greater than 25% for an individual company, on a partially diluted basis	No greater than 25% for a single fund or single fund manager
Concentration Limits	No greater than 4% in an individual company at point of investment, this is inclusive of any follow-on funding	No greater than 3% in a single fund No greater than 5% in a single fund manager
Stages	Early Stage (Series A / B) Later Stage (Series C and later)	Seed Stage (pre-seed / seed) Early Stage (Series A / B) Later Stage (Series C and later)

*Note: total capital deployment not to exceed \$500M

Definition of Stages

Seed Stage

InBC considers the seed stage to encompass companies that have a concept or product under development but are probably not fully operational, noting that this definition may vary based on sector.

InBC invests in seed stage companies through external fund managers and alongside other limited partners in funds that share our commitment to investing to grow clean, inclusive businesses.

InBC's focus for the seed stage is to invest in emerging and established fund managers with the goal of increasing the capacity of funds that make investments aligned with InBC's objectives (see Appendix C – Investment Themes). This will be re-evaluated over time based on market needs.

Early Stage

InBC considers the early stage to encompass companies that have a product or service in testing, or pilot production, noting that this definition may vary based on sector. In some cases, the product may be commercially viable and the company is beginning to generate revenue.

InBC's focus for the early stage is to invest directly in companies at the early stage where the investment has strong alignment with impact measures described in Appendix C – Investment Themes. InBC may also invest in emerging and established fund managers with the goal of increasing the capacity of funds investing with objectives that are aligned with those of InBC (see Appendix C – Investment Themes).

Later Stage

InBC considers later stage to encompass companies that have a product or service in production and commercially available, generating ongoing revenue but not necessarily profitable, noting that this definition may vary based on sector. Companies at this stage are looking for capital to scale their revenue and operations.

InBC actively seeks out opportunities to invest directly in companies at this stage who align with InBC's impact objectives per Appendix C – Investment Themes. InBC may also invest as a limited partner into emerging and established fund managers with the goal of increasing the capacity of funds investing with objectives that are aligned with those of InBC (see Appendix C – Investment Themes).

Geographical Considerations

InBC invests in companies across all eight economic regions of British Columbia. InBC invests in companies and funds located in B.C. or with a strong connection to B.C. InBC works with companies and external fund managers to maintain and/or strengthen their connection to B.C. as part of the due diligence and post-investment monitoring processes.

Investment Vehicles

InBC utilizes equity investments and over time will consider debt, convertible debt, or royalty/revenue-based financing based on market needs.

As a patient investor, InBC positions itself as minority shareholder, and as a partner in the development of companies with a positive social, economic, and environmental impact in B.C. Its objective is to partner with other public and private investors to finance

companies with the capacity to demonstrate financial returns and measurable social, economic, and environmental impact while growing their company in British Columbia.

In situations where the private sector is competing for investment share, InBC considers its ability to provide financial and non-financial additionality to complement other sources of public and private investment.

Appendix C – Investment Themes

InBC invests in growing innovative companies and funds to benefit the people of B.C. InBC invests to generate financial returns alongside measurable economic, social and environmental impacts for the province, including job creation, research and development growth and intellectual property retention.

InBC has identified four investment themes that are aligned to priority sectors for B.C. that will drive short and long-term economic, social and employment relevance and impact for the people of the province.

Driving climate action

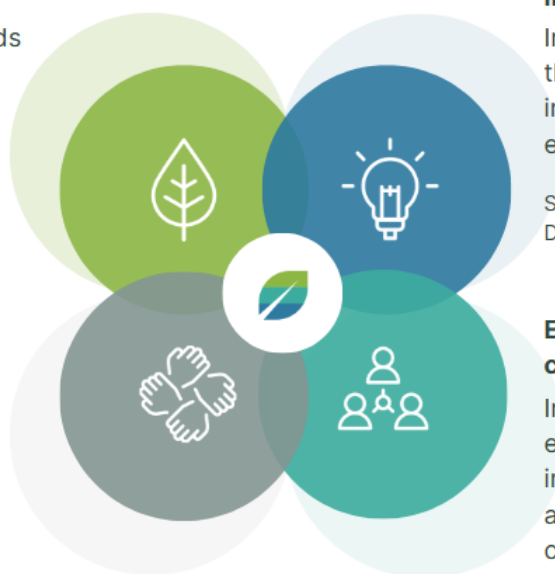
Investing in solutions towards net-zero emissions and a climate resilient economy.

Sectors: Cleantech, Agribusiness

Advancing reconciliation

Investing to generate economic opportunities for Indigenous Peoples in B.C.

Sectors: All Innovation Sectors



Innovating for the future

Investing in technologies that digitize and innovate industries to enable future economic growth in B.C.

Sector: ICT (AI, Robotics, Quantum, Deeptech, etc.)

Elevating inclusive communities

Investing in inclusive and equitable solutions that improve health, education and social well-being for communities across B.C.

Sectors: ICT (Healthtech, Medtech, Edtech), Life Sciences

In addition to assessing the potential for financial returns and a strong connection to B.C, investments must demonstrate a commitment to making an impact in **one or more** of these objectives.

InBC has two paramount considerations when assessing the non-financial aspects of investment opportunities:

- Investments must clearly demonstrate their ability to drive change in alignment with InBC's impact objectives. To this end, investments must demonstrate how their inputs (e.g., equipment, material, and labour) and their activities (e.g., new processes, products/services or expansion of operations), lead directly to a measurable change in line with InBC's objectives.

- Investments must clearly demonstrate that InBC’s investment is additional⁸ and generates outputs and outcomes that would not otherwise have occurred. For example, InBC does not invest where private sector capital is competing for investment share. Instead, InBC is a source of additional capital to complement other sources of public and private investment.

Additionally, InBC uses ESG criteria to screen for risks associated with how a company conducts its operations. This includes evaluating its climate risk and DEI practices.

Approach to Measuring Impact

InBC’s approach to measuring and managing non-financial impacts is informed by global standards and frameworks⁹ and is contextualized for British Columbia. The purpose is to:

- Identify the key social, economic, and environmental outcomes (“non-financial outcomes”) targeted across each of the four defined investment themes;
- Incorporate the non-financial outcomes, alongside ESG criteria, throughout the investment decision-making process, from sourcing through due diligence and deal execution;
- Measure and monitor impact and ESG metrics across InBC’s investment portfolio;
- Support the portfolio to maximize the impact outcomes and improve ESG; and
- Provide annual reporting at the portfolio level to demonstrate how InBC’s investments contribute to the targeted non-financial outcomes and ESG.

Each investment theme has distinct non-financial outcomes and metrics. There are also a common set of metrics that InBC measures across the portfolio, including:

- Financial metrics including:
 - Aggregate revenue / cash flow from operations over time.
 - Aggregate amount of investment capital attracted:
 - Multiplier on Fund Investments investing in B.C. companies = Fund investments into B.C. companies / InBC’s cash deployed to portfolio funds.
 - Ratio of InBC investment to total dollars raised by B.C. companies = total dollar amount of round sizes InBC participated for companies / InBC’s funded amount to companies.
- Job creation, productivity and economic development metrics including:
 - Aggregate percentage change of jobs annually.
 - Aggregate dollars of research and development (“R&D”) expenditure.
- ESG and DEI measured by:
 - Percentage of investments that track and report on ESG metrics or implement an ESG policy and/or impact management framework.

⁸ Andersen, Hansen, Rand, Evaluating Financial and Development Additionality in Blended Finance Operations, OECD 2021.

⁹ Global standards and frameworks include the [Impact Management Project](#), [UN Principles for Responsible Investment](#), [UN Sustainable Development Goals and Targets](#), [UN Declaration on the Rights of Indigenous Peoples](#), [Global Impact Investing Network](#), [Reconciliation and Responsible Investment Initiative](#), and [International Finance Corporation’s Operating Principles for Impact Management](#).

- Aggregate percentage of diverse representation by equity deserving groups at the board & management level across portfolio.
- Portfolio diversification measured by percentage across:
 - Economic regions; and
 - Priority Sectors.

Over time, we will continue to refine and define our metrics in alignment with global standards and best practices.

Appendix D – Investment Decision-Making Process

InBC assesses all investment opportunities across four stages, as illustrated in Figure 2 – High Level InBC Investment Process. A combination of financial and non-financial impact criteria are used to assess investment opportunities at each stage of the process, and opportunities that do not proceed are notified and directed to other resources that may support their organizations.

The External Advisory Circle is engaged during the due diligence process to provide industry insights and advise of potential areas of risk but does not have any investment decision-making authority.

The Investment Review Committee is engaged prior to investment decision to advise the CIO on whether an investment complies with this IPS and Investment Risk Management Framework and review for potential conflicts of interest. The Investment Review Committee provides a recommendation to the CIO but does not have investment decision-making authority.

The Board’s AIR Committee receives detailed reports at least quarterly with the status of the investment portfolio and a synopsis of key investment decisions.

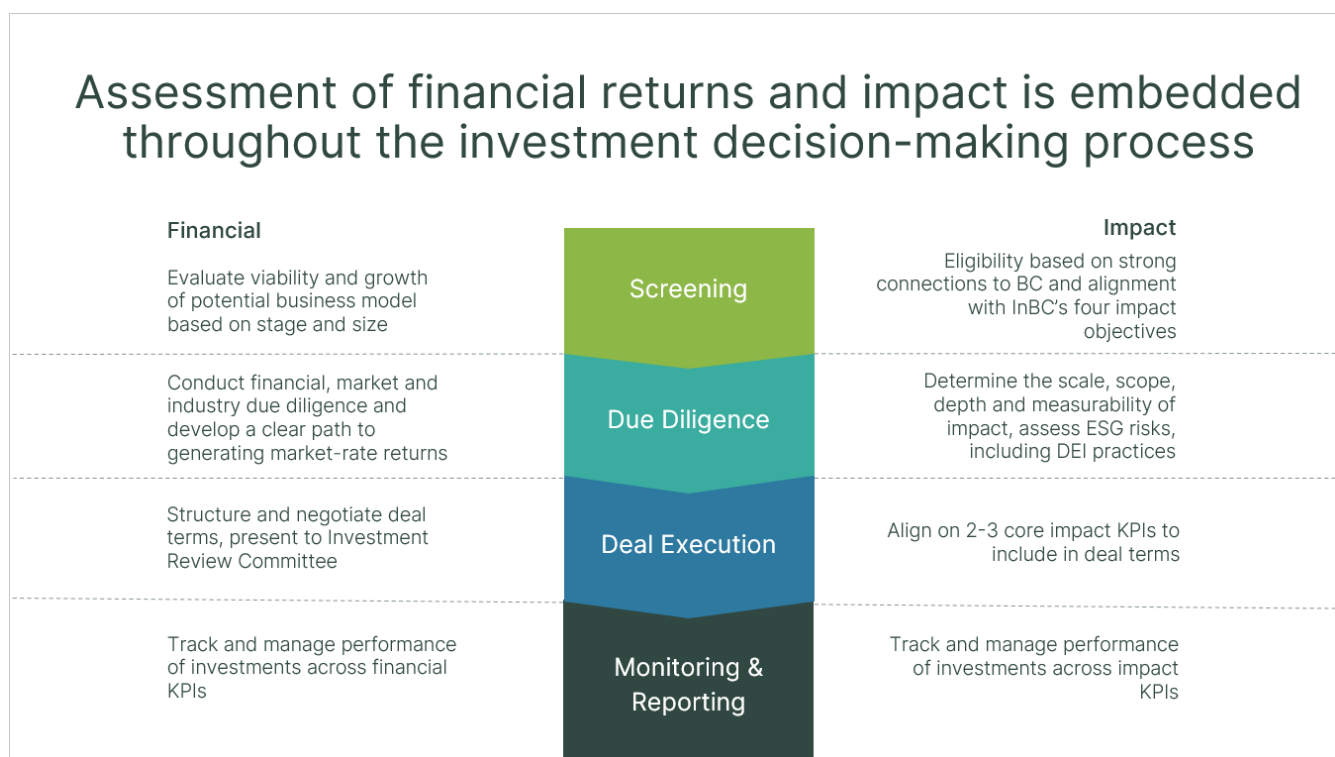


Figure 2 High Level InBC Investment Decision-Making Process

Appendix E – Investment Exclusions

InBC does not make investments in an entity where the entity:

1. has, directly or indirectly, its principal or controlling office in a country that is subject to any economic or political sanctions imposed by Canada for reasons other than its trade or economic policies;
2. has as any part of its business the manufacture, sale, distribution, or promotion of narcotics, cannabis, illegal substances, or arms;
3. is engaged in or associated with the promotion, support or carrying out of terrorism;
4. any of the members of the entity's board of directors or its senior executive has been sentenced to imprisonment or otherwise given a custodial sentence, other than a suspended sentence, for any criminal offence, other than minor traffic offences, less than five years prior date at which the assessment is made;
5. has as its primary business the acquisition of distressed assets or investments in companies or organizations which are or are believed to be insolvent or in a financial standstill situation or potentially insolvent;
6. is subject to a claim of the Province or any other governmental authority under any proceedings (including regulatory proceedings) which have not been concluded or are pending at the time of any proposed transaction;
7. has been convicted of an offence under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), or has been convicted of the commission of a money laundering offence or a terrorist activity financing offence under the Criminal Code (Canada);
8. whose standing or activities are inconsistent with or may compromise the reputation or integrity of British Columbia, so as to affect public confidence in the Province of British Columbia;
9. invests in a "tax shelter" as defined in the *Income Tax Act* or an entity which is, or an interest in which would be, a "tax shelter investment";
10. promotes violence, incite hatred, or discriminate on the basis of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability;
11. operates in industry sectors where the risk of association with the criminal element is particularly high or that can be seen as taking advantage of the socially or economically vulnerable;

12. whose activities in OECD countries fail to respect the General Policies of the OECD Guidelines for Multinational Enterprises in the areas of human rights, labour, the environment and anti-corruption.