



**SUSTAINABLE DEVELOPMENT
TECHNOLOGY CANADA**

**TECHNOLOGIES DU DEVELOPPEMENT
DURABLE CANADA**

SDTC CORPORATE PLAN SUMMARY 2021/2022



Transition to net-zero

ABOUT SDTC

Sustainable Development Technology Canada (SDTC) helps Canadian companies develop and deploy clean technology solutions by providing entrepreneurs with the right support at the right time to advance their transformative ideas to enable a sustainable future.

Clean technologies have the power to transform the world.

Canadian entrepreneurs have what it takes to lead that transformation. Where others see waste, they see source material. When others see broken systems, they see market gaps to be filled. In this time of economic uncertainty, they are charging ahead.

What these entrepreneurs need is funding to commercialize their ideas and take them to the next level. That's where SDTC comes in. As an independent federal foundation and the largest funder of cleantech small and medium enterprises in Canada, we find, fund and, foster the entrepreneurs who will lead the transition to a zero-carbon, zero-waste economy.

Moving at the speed of business, we catalyze cleantech innovation at every stage: with seed funding to identify emerging innovations; with start-up support to develop and demonstrate these innovations; and, with scale-up investments to give firms the final nudge toward commercialization, adoption, and market leadership.

Our investments enable small and medium-sized businesses to grow into successful companies, employing Canadians from coast to coast. Since 2001, our companies have generated over \$2.7 billion in annual revenue and created 14,628 jobs, both directly and indirectly.

All the innovations we fund help solve some of the world's most pressing environmental challenges: climate change, clean air, clean water, and clean soil. Since 2001, our companies have reduced GHG emissions by 19.3 megatonnes – equivalent

to taking almost 6 million cars off the roads every year – while also saving \$265.6 million through the benefits of cleaner water and soil and better air quality.

At this time of economic volatility and global uncertainty, the role SDTC plays is more critical than ever. Our funding gives companies the boost they need in the challenging stages of development, demonstration, and early commercialization.

MISSION

SDTC's mission is to identify and fund Canadian companies that are developing, demonstrating, and commercializing new technologies with the potential to transform the environmental and economic prosperity of Canada. With our support and funding, we want to accelerate Canadian companies' ability to become global leaders in their fields.

WHAT SETS US APART

Entrepreneurs continue to be the driving force for all that we do. The Government of Canada created SDTC to be different than other programs. In this way, it has developed a series of business attributes that allow it to deliver value that others cannot.

1. Entrepreneur-centric approach¹

We have a relentless focus on companies who are attempting to do extraordinary things. This means we spend a lot of time getting to know the people who are instrumental to making those companies successful – entrepreneurs, financiers, policymakers – and thinking about what we can do to support their collective success.

¹ Treasury Board Secretariat's horizontal review of 90+ business innovation and clean technology programs across the Government of Canada (2017)

2. Rigorous focus on outcomes

We are recognized for our rigorous approach to ensure we maximize the impact of our funding. We are also recognized for our leadership in the measurement of environmental outcomes². Our goal is to continuously seek out best practices to continue this leadership.

3. Collaborative approach

We will go further and faster together. By leveraging expertise across Canada and working closely with federal, provincial, and private sector partners, we are better positioned to provide firms with the support they need. For example, since 2017 we have worked closely with Export Development Canada (EDC) and Business Development Bank of Canada (BDC) resulting in over \$770 million in follow-on support for SDTC companies in the last 3 years. In 2020, we partnered with 50 accelerators from coast-to-coast, working with them to identify entrepreneurs that might otherwise not have known about SDTC.

4. Recognized expertise

We do one thing: support Canadian companies with the potential to become world leaders in developing clean technologies that can transform every sector of the global economy. Our due diligence and expertise are often relied upon by our federal and provincial government partners in their decision-making.

5. Our companies

Our portfolio of star performers speaks for itself. They are regularly cited³ as best in class and are at the forefront of innovations in their sectors. They are also pan-Canadian, and many are identified as strategic firms that are critical to enabling Canada's future growth and economic recovery. Our ambition is to seek out and support talent wherever it grows.

AT ISSUE

Nearly a year has passed since Canada's first pandemic lockdown. Despite its heavy toll, the past year has highlighted the power of human ingenuity. The development of COVID-19 vaccines happened at a speed considerably faster than any other vaccine in human history – in fact, at a pace thought to be impossible not too long ago. And while this much-needed relief provides a window of hope into a post-pandemic world, the road will be longer than we previously hoped.

The pandemic has shown us that rapid commercialization and adoption of good science and technology is eminently doable. The same is true of Canada's actions to combat climate change. Cleantech has seen huge changes over the past three years and the pandemic has accelerated and amplified these changes.

KEY TRENDS:

- Climate commitments call for the halving of global greenhouse gas emissions by 2030. To do this, **every sector of the global economy needs to transform in just over two business cycles.**
- This sounds very challenging – and it is – but recent research by PwC shows that the investment in “climate-tech” in recent years has been extraordinary. From 2013 to 2019 their analysis found a 3750% increase in investment with \$16.1 billion in venture capital investment in 2019. **The rate of climate tech investment was three times that of Artificial Intelligence.**⁴ This means there is an extraordinary depth of technologies that are ripe for commercialization.

2 Report for the Commissioner of the Environment and Sustainable Development to Parliament (Fall, 2017)

3 https://s3.amazonaws.com/i3.cleantech/uploads/additional_resources_pdf/25/225/2021_Global_Cleantech_100_Report.pdf; <https://www.marsdd.com/news/20-canadian-entrepreneurs-to-watch-in-2020-2/>

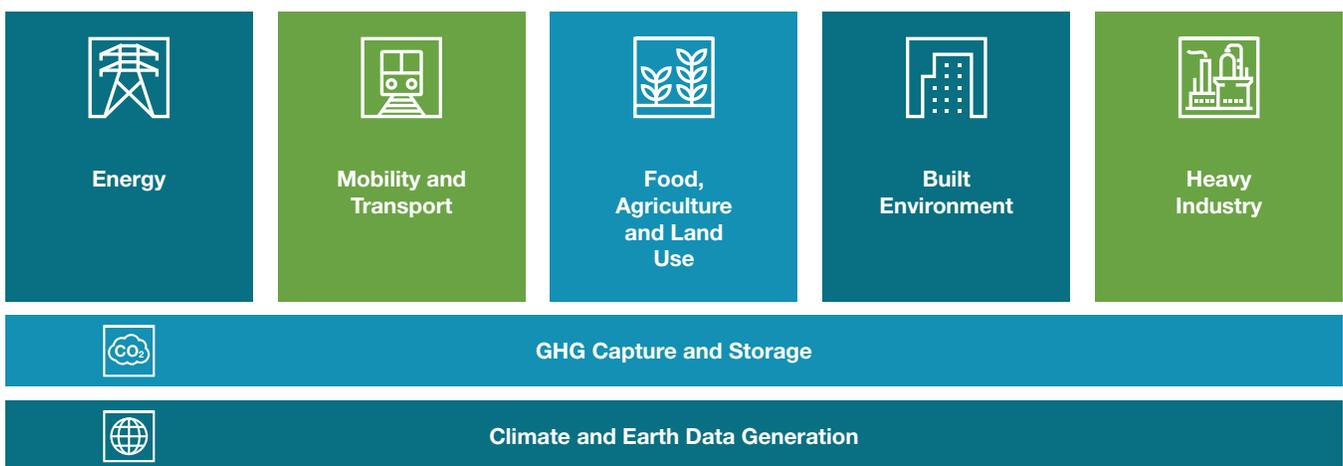
4 <https://www.pwc.com/gx/en/services/sustainability/assets/pwc-the-state-of-climate-tech-2020.pdf>

- **Signs of rapid commercialization and adoption are starting to emerge.** Goldman Sachs⁵ recently noted cost deflation in low carbon technologies that are being taken to a global scale (e.g., wind, solar, and electric vehicles) and other technologies across the decarbonization cost curve. This flattening of the cost curve means that the cost of getting to net-zero has been lowered by \$1 trillion per annum. **The recovery that will follow the pandemic will accelerate low-cost opportunities for decarbonization.**
- There is also an **increasing divergence in the cost of capital for carbon-intensive and low carbon projects** with a sound regulatory framework. Goldman Sachs noted that the continuing shift in capital allocation in financial markets away from hydrocarbon investments has meant that the cost of capital for oil and gas projects can be twice that of regulated renewable energy projects.
- It is about **“proving” the technologies by their rapid commercialization and adoption.**
- The digital wave that is transforming all industries is a key component of climate-tech. For all investors and funders, **a focus on patents, trademarks, and other intangible assets and how they enable or limit value creation and competition is key.** The age-old quote by Marc Andreessen that “software is eating the world” continues to hold, and these days that software is driven by Artificial Intelligence and Big Data. Companies expert in these areas are hiring experts in every industry and are on the hunt for early-stage intellectual property.
- Finally, the lessons of the pandemic have shown us (or reminded us) that climate change and human health are intimately linked. Climate scientists have long told us that pandemics were likely to be one of the outcomes of climate change. The pandemic must lead us to a deeper understanding of the ties that bind us on a global scale. That **well-resourced health care systems and supply chains are essential to protect us from the health and economic security threats that climate change can cause.**

KEY ISSUES IN FOUR CHARTS

January 2021

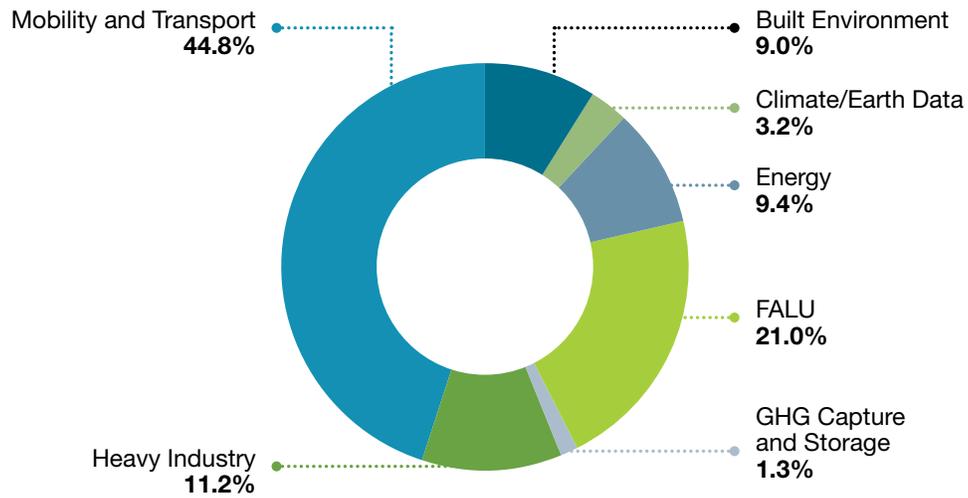
The term “climate-tech” is purposefully broad in order to incorporate the large swathe of technologies and innovations used to address GHG emissions and the wide array of industries in which they have the potential to be applied.



Source: The State of Climate Tech 2020, PwC

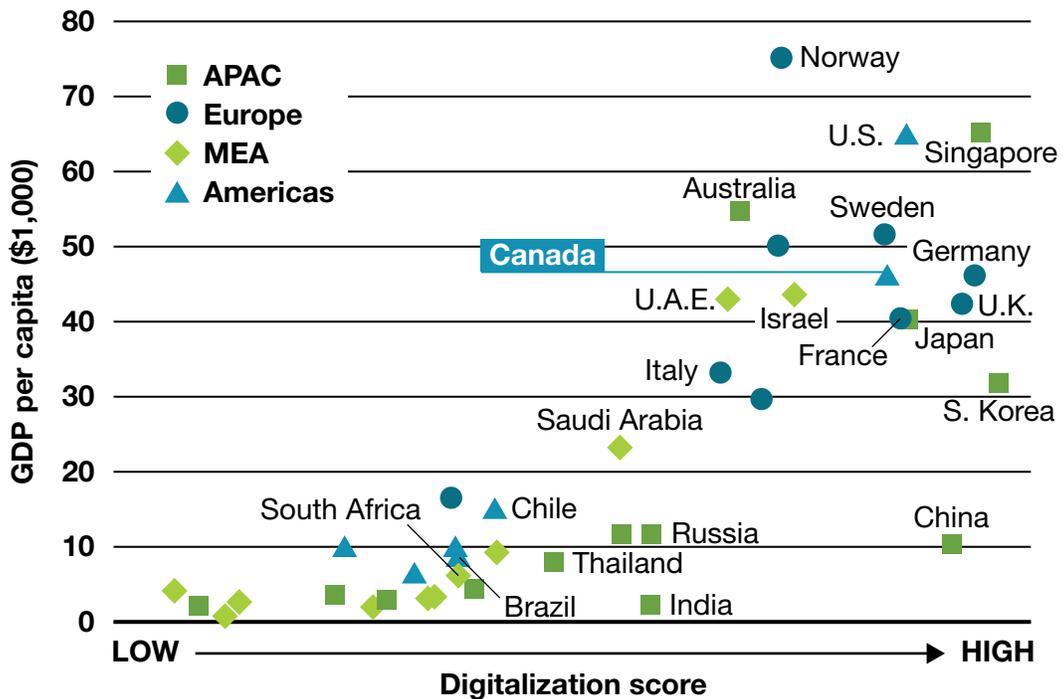
5 <https://www.goldmansachs.com/insights/pages/gs-research/carbonomics-green-engine-of-economic-recovery-f/report.pdf>

VENTURE CAPITAL INVESTMENT BY CLIMATE-TECH SECTOR IN THE U.S. AND CANADA



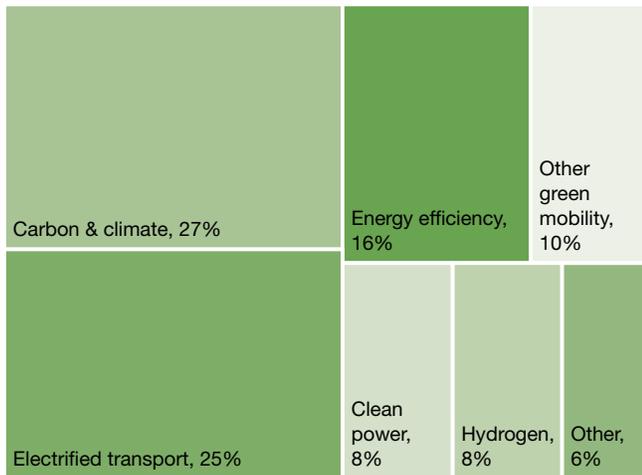
Source: The State of Climate Tech 2020, PwC

BNEF DIGITALIZATION SCORES AND GDP PER CAPITA

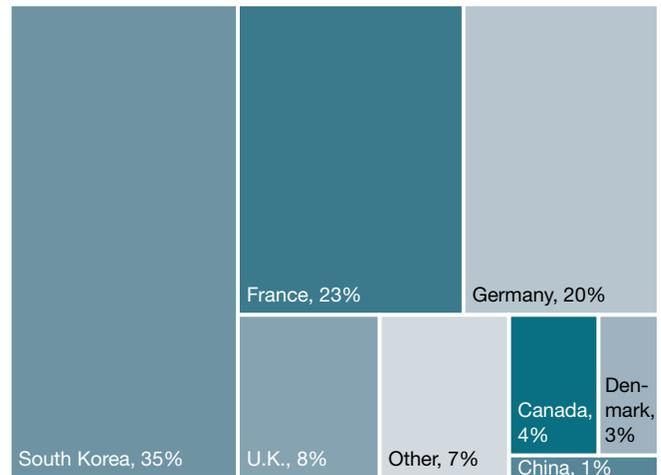


\$172B IN NATIONAL & SUBNATIONAL GREEN STIMULUS APPROVED TO DATE

By target sector



By country



Source: BloombergNEF

Note: Figures only include Green Stimulus that has been officially approved and therefore excludes the EU package.

2021/22 GOALS AND LOOKING TO THE FUTURE

The need for SDTC has never been greater. In December 2020, the Government of Canada announced a \$15 billion Climate Plan with a significant focus on not just meeting, but exceeding Canada’s 2030 climate commitment. This plan included the \$750 million recapitalization of SDTC.

At the same time, public and private investments in climate technologies around the world are accelerating and the costs of these technologies are falling as they are scaled-up, rapidly commercialized, and adopted.

Meanwhile, at the time of writing, the world is in the middle of COVID-19’s second wave and the short-term future is very uncertain.

In the context of this changing global environment and the Government of Canada’s public policy goals, SDTC has been giving careful thought to how we can continue to support entrepreneurs in this volatile and uncertain economic and political climate. This is precisely the time to support innovation, ideas, and entrepreneurs.

Core and Growth Strategies

Since the onset of the pandemic, SDTC has been focused on developing medium and longer-term approaches in support of our mandate and our clients. For the most part, our “core” activities will not change. We will continue to implement the transformative changes we have put in place over the last five years, that is, funding entrepreneurs from seed to scale-up, collaborating with key partners like BDC and EDC, and working to build capacity and networks for cleantech entrepreneurs no matter where they live in Canada.

But our core activities are not enough. What will be needed over the next five years is a deeper focus on rapid commercialization and adoption. As cleantech markets take off globally, a key question we will need to ask ourselves is:

How can we help our entrepreneurs get bigger, faster?

We don't have all the answers yet, but we are focusing on four key areas to support the growth of cleantech in achieving Canada's Net-Zero ambitions and promote a strong recovery from the current pandemic conditions:

- Continued focus on COVID-19 response as our clients respond to the second wave, with the understanding that the vaccination rollout is expected to continue into Fall 2021 or possibly longer⁶.
- Increased attention on the 2030 climate goals, with the understanding that the public and private investment in climate technologies is accelerating globally, with an increasing emphasis on rapid commercialization and adoption.
- The critical importance of both strong management teams and intellectual property in enabling value creation.
- The need for real-time information about the state of the external environment and our companies has never been more critical.

GOAL 1

Investment –

An expanding cohort of Canadian cleantech firms that have commercialized and are successfully scaling up, leading to an acceleration in the delivery of environmental outcomes.

CORE STRATEGY:

A year ago, SDTC diversified its funding into three streams: seed, start-up, and scale-up, and will continue to build on this model in the upcoming year. We want to see an increase in the number of companies that have successfully transitioned into the market, are profitable, and are delivering meaningful environmental benefits. Entrepreneurship comes from everywhere and we want to seek out talent wherever it exists. To this end, we have implemented a multi-layered and tailored approach to achieve this.

The global COVID-19 pandemic continues to be the major external factor that is impacting companies, even though to varying degrees. There will be far-reaching implications for SDTC's portfolio of existing and new investments. We will adjust our investment strategy as post-COVID-19 trends emerge. We will:

- Monitor the resiliency of portfolio firms to better understand emerging challenges and how ongoing disruptions from COVID-19 are impacting outcomes. Design targeted supports, as required.
- Approve \$140M-160M of new investments with disbursements to funded projects of \$126M. The distribution of these new investments is anticipated as follows:
 - Seed Funding: \$8M-10M
 - Start-up Funding: \$85M-95M
 - Scale-up Funding: \$45M-55M
- Diversify and expand our applicant pool through targeted marketing, outreach, and continued implementation of SDTC's Equality, Diversity, and Inclusion Strategy.
- Implement an updated approach to environmental and sustainability-focused assessment and outcomes reporting that builds on SDTC's strong record of environmental reporting and incorporates global best practices.

GROWTH STRATEGY:

Looking to the future, Canada needs a stronger, deeper domestic integrated market of public and private customers willing to work with cleantech entrepreneurs to "market-truth" Canadian technologies so we can export them.

In 2021/22, SDTC will work with partners to:

- Enable pathways for firms to export into priority international markets.
- Enhance cooperation with BDC, EDC, Strategic Innovation Fund, and provincial partners to build cross-organizational strategies for leading firms.

6 <https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection/prevention-risks/covid-19-vaccine-treatment/vaccine-rollout.html>

GOAL 2

Partnerships & Ecosystem Development – Strengthening entrepreneurial ecosystems to support cleantech companies from Seed to Success.

CORE STRATEGY:

Our differentiated approach to partnerships supported by market research has helped us better understand cleantech entrepreneurship in Canada. It has set a strong foundation that SDTC has leveraged to find new sources of cleantech ideas and introduced us to the next wave of exciting Canadian entrepreneurs. Over the past year, the expansion of the Seed Fund included building a network of 50 accelerators who nominated up to 100 firms. This has spurred us to think bigger, bolder, and better about the partners we will need to build skills and capacity across Canada. We recognize that a vibrant and varied applicant pool will set Canada up for success in achieving environmental and economic prosperity.

The pandemic also highlighted the critical need for a network of supporters behind every entrepreneurial endeavor. Traditional ways of supporting companies need to change – targeted stakeholder analysis and outreach will help us define the way forward on how we can make a difference for our entrepreneurs. We will:

- Create a leading network of mentors, partners, accelerators, and entrepreneurial support organizations to drive the success of our firms.
- Host our 6th Annual Cleantech Leadership Summit, with a focus on accelerating firms' post-pandemic growth and creating opportunities for mentorship and ecosystem connections.
- Pilot a new approach to grow indigenous entrepreneurship in Canada.
- Profile the extraordinary work of our portfolio companies to support efforts to attract funding and customers.

GROWTH STRATEGY:

- Pilot the Integrated Marketplace, a demand-driven approach that will break down barriers and accelerate the procurement and adoption of sustainable innovations in Canada.
- Pilot new approaches to shared infrastructure for demonstration and piloting.
- Build capacity in entrepreneurship and technology development in the areas of convergence between environment and health.
- Strengthen SDTC's network of private sector funders that work closely with SDTC and our public sector funding partners to fill gaps in the Canadian public-private innovation ecosystem.

GOAL 3

Timely Information to Enable Decision Making –

Collect and capitalize on the power of data to bolster decision making and enhance outcomes for companies.

The pace of innovation continues to accelerate, which requires SDTC to be focused, nimble, and data-driven. The gap between large and small companies continues to grow, with entrepreneurs continuing to face challenges in accessing customers both domestically and globally. Even though Canada is a world leader in cleantech innovation, challenges remain when it comes to helping companies scale-up.

At SDTC we intend to focus on the best ways to optimize the return on our Canadian investments through innovative policies and program design. With our broad network of companies, funders, and partners, we will endeavor to share knowledge and insights and provide cutting edge thinking that can help Canadian companies scale and compete globally, and at the same time inform policy-making and collective action to drive better outcomes for Canada's 2030 climate targets.

CORE STRATEGY:

- Continue to modernize the IM/IT infrastructure and systems to augment our capabilities as a data-enabled organization.
- Mine the rich financial, environmental, and business performance data of funded companies, along with ecosystem data to provide greater understanding and insights. Support companies as they experiment with data sharing and other data-centric pilot projects.
- Collaborate with the Innovation Asset Collective to provide regular, tailored seminars and learning opportunities on intellectual property for our companies.

GROWTH STRATEGY:

- Conduct a series of environmental and competitive landscape scans to better understand areas of rapid commercialization.
- Conduct a benchmarking of SDTC's portfolio against the global competitive landscape.
- Conduct intellectual property reviews and use the findings to strengthen the ability of our companies to defend against predatory actions from competitors and non-Canadian investors.
- Assess and evaluate the needs of key stakeholders through client surveys to enable better decision-making and prioritize actions that will move the needle with employees and portfolio companies.

GOAL 4

Talent, Skills & Diversity – Identifying the skills and talent in the entrepreneurial community and within SDTC.

We envision an acceleration of innovation timelines, a greater focus on rapid commercialization and adoption, and an emphasis on Canada's efforts to meet the 2030 climate targets. These external conditions will require new skills and expertise within SDTC to support these efforts. Building on the work we started last year, we will continue to strengthen both the diversity and skills needed to meet the needs of our clients:

Within SDTC we will:

- Continue to keep the health and safety of our employees at the forefront of all that we do by providing employees with the individual support they may require. This will keep our team healthy, stable, and productive while managing the impacts of COVID-19.
- Continue to make meaningful advancements to advance equality, diversity, and inclusion within our workplace.
- Ensure we continue to have the skills, expertise, and culture needed to execute strategic internal and external initiatives.

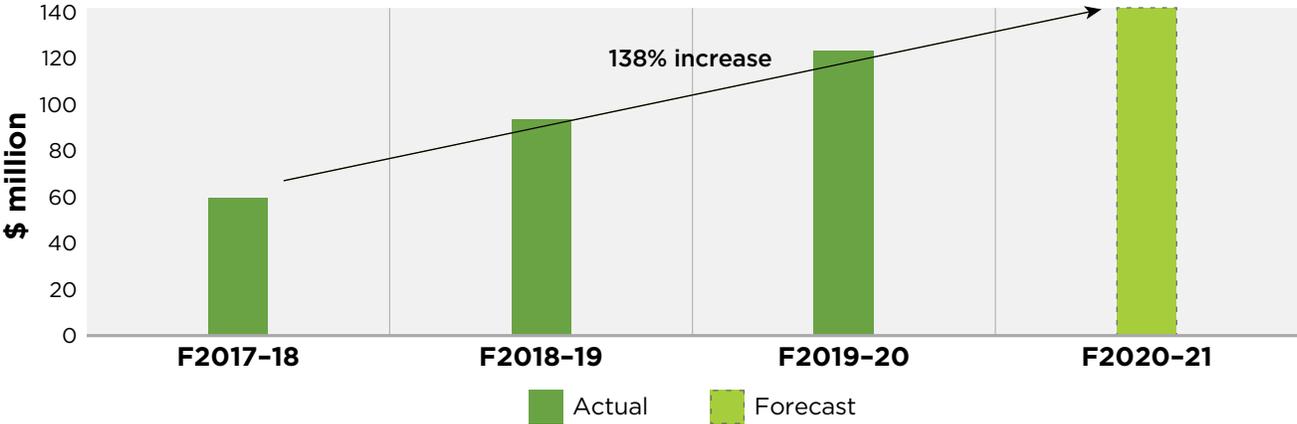
For our clients we will:

- Collect diversity data on applicant and portfolio companies to understand the representation and success rates of diverse groups and develop strategies to enhance the inclusion of under-represented groups.
- Develop new tools to better assess the skills and capability of management teams needed to advance commercialization.

SDTC PORTFOLIO RESULTS

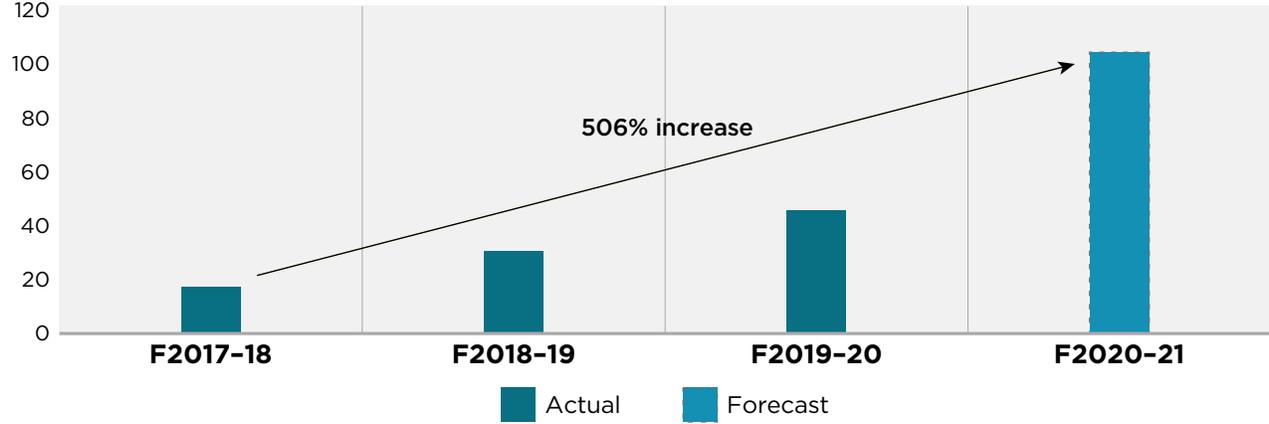
January 2021

TOTAL DOLLARS DISBURSED



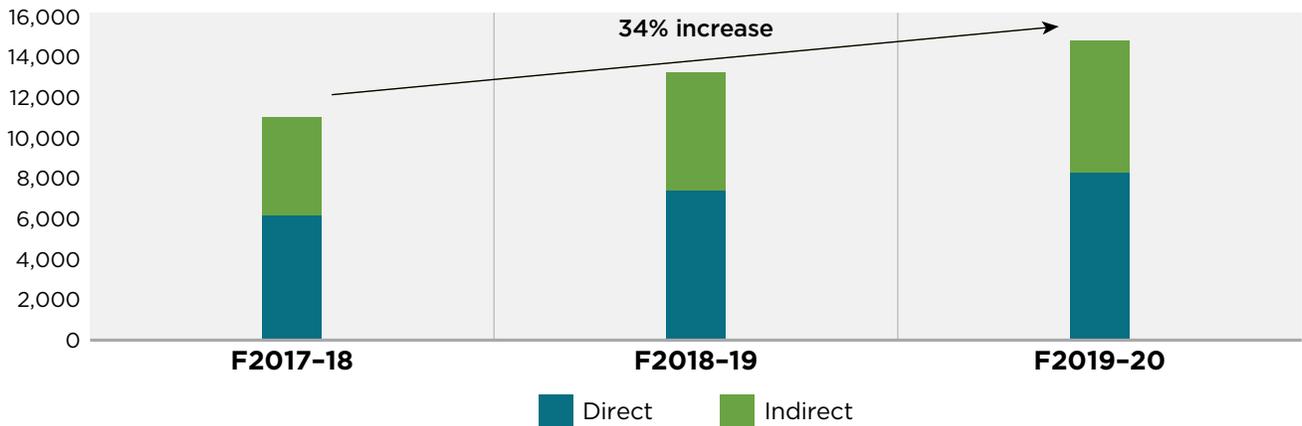
Accelerated disbursements means more money faster in the hands of Canada’s innovators

NEW COMPANIES APPROVED



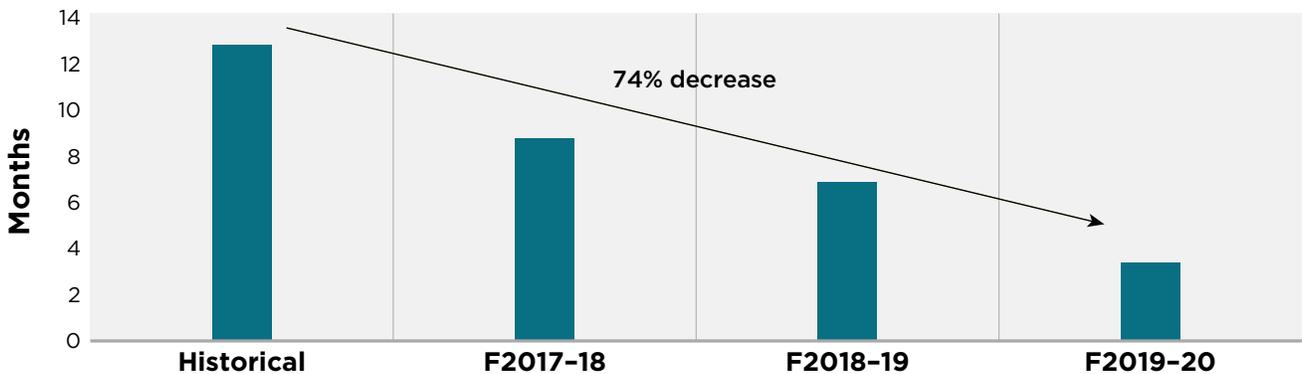
Supporting the emergence of a more robust and vibrant entrepreneurial ecosystem; delivering results with a growing cohort of globally competitive cleantech companies

TOTAL CUMULATIVE JOBS ATTRIBUTABLE TO SDTC-FUNDED PROJECTS



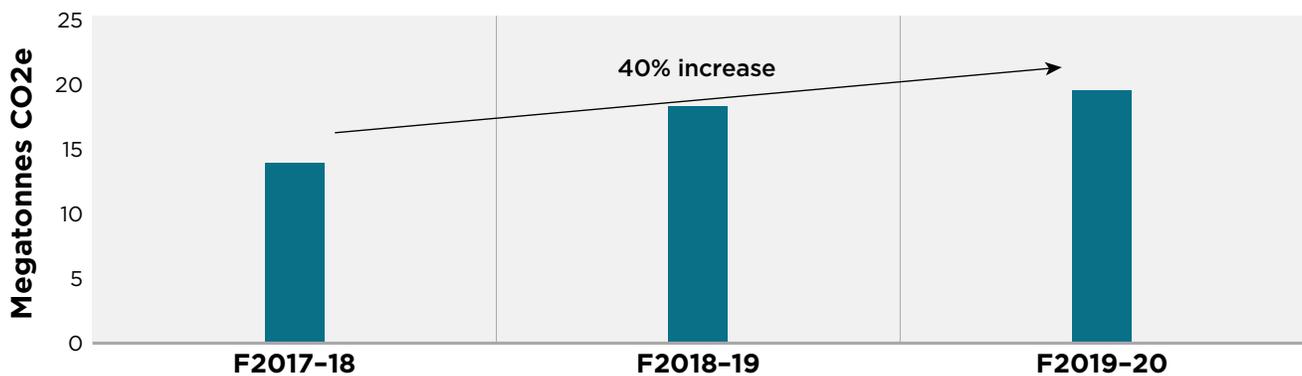
The green engine of economic recovery: supporting the entrepreneurs that can grow domestic and exporting cleantech businesses and aid the economic recovery

AVERAGE PROCESSING TIME TO FIRST DISBURSEMENT AFTER APPROVAL



Meeting all our targets and more: improved disbursement times

ESTIMATED ANNUAL GHG EMISSIONS REDUCTIONS ATTRIBUTABLE TO SDTC-SUPPORTED CLEANTECH



SDTC has become one of Canada's most crucial actors in the effort to get to Net Zero

2020/21 INTERIM RESULTS

With staff located across Canada, SDTC investments have touched every sector in the Canadian economy including agriculture, mining, transportation, waste management, and oil and gas. We are committed to providing our companies with the support they need when they need it. Our full activities are published each August in our Annual Report, the table below covers interim results against our corporate goals.

CORPORATE GOALS	ACHIEVEMENTS
<p>Investment Strategy</p> <ul style="list-style-type: none"> ✓ Diversify and expand our applicant pool ✓ Approve \$135-150 million of new investment ✓ Disbursements to funded projects of \$162 million ✓ Full implementation of Seed Fund, working with up to 50 accelerators and grow the portfolio to over 100 firms ✓ Implement a streamlined approach to graduate firms to start-up and scale-up supports ✓ Deepen our understanding of continued unmet needs that fall between SDTC and follow-on funders ✓ Drive domestic adoption of cleantech by completing at least one adopter-driven funding call that addresses a key environmental challenge in an area of Canadian advantage ✓ Enable pathways for firms to export into priority markets 	<p>Approvals and disbursements</p> <p>(forecast to March 31, 2021)</p> <ul style="list-style-type: none"> ✓ \$75M approvals (23 companies + 34 Seed Fund companies); forecasting \$135-140M approvals by end of fiscal year ✓ \$82M disbursed; forecasting \$141M by year-end, lower than \$162M initially anticipated. COVID-19 is impacting companies' ability to progress at the same pace as previously projected ✓ Assessed -100 in applications for seed funding, with expected approvals -\$6-7M. Overall portfolio expected at -85 companies by end of the fiscal year ✓ Graduated first two first Seed fund firms to larger funding supports. Approach in-place ✓ Approval of one project (on a pilot basis) related to accessing a priority export market ✓ Initiated work on the Innovation Marketplace pilot related to domestic adoption (see 1.4 under goals for further details). On-going 'look backs' and outcomes on company performance, using a structured approach ✓ Worked closely with BDC and EDC during the COVID-19 pandemic to triage our cleantech portfolios and deploy strategies to provide companies with timely support as needed

CORPORATE GOALS	ACHIEVEMENTS
<p>Data and Intellectual Property Strategy</p> <ul style="list-style-type: none"> ✓ Modernize IM/IT infrastructure and systems to augment our capabilities as a data enabled organization ✓ Expand data mining to leverage insights and support firm growth ✓ Partner with the SDTC-supported Innovation Asset Collective to help cleantech companies with their intellectual property needs and strategies ✓ Explore the development of a cleantech data library with ISED and other leaders ✓ Work with Statistics Canada, ISED, and others to understand the potential for data sharing and joint data collection ✓ Collaborate with companies to design, test, and implement data-centric pilot projects in key areas 	<p>Data and Intellectual Property achievements</p> <ul style="list-style-type: none"> ✓ Progress made on IT/IM modernization allowing SDTC to effectively work from home during the Pandemic; analysis and implementation of centralized client and data management system underway and expected to complete next year ✓ Real-time performance data collection and analysis allowed for timely monitoring of Pandemic impacts on portfolio companies, informing related actions ✓ Peer to peer intellectual property workshops hosted in collaboration with Innovation Asset Collective ✓ Explored possible data pilot projects with a few companies; funding opportunity to be reviewed towards the end of the fiscal year
<p>Partnerships Strategy</p> <ul style="list-style-type: none"> ✓ Implement a new approach to digital marketing and outreach to grow SDTC's brand awareness ✓ Launch a digital marketing strategy and host and participate in targeted workshops with partners across Canada ✓ Host SDTC's 5th Annual Cleantech Leadership Summit ✓ Expand SDTC's differentiated regional approach to partnerships, to meet regional realities ✓ Target 50 accelerator partnerships to support SDTC's seed fund ✓ Undertake research in key areas to strengthen SDTC's understanding of emerging trends in the competitive landscape for cleantech firms 	<p>Partnerships Strategy achievements</p> <ul style="list-style-type: none"> ✓ Digital marketing and outreach efforts expanded and focused on awareness and lead generation ✓ Collaborated on a series of virtual partner events with external stakeholders ✓ > 500 participants in SDTC's invite-only virtual summit series with over 160 companies participating ✓ Developed a 3-year pilot framework to support 3-4 capacity building initiatives in early-stage regions in Canada. First initiative approved for funding and support ✓ Identified >50 accelerators to nominate seed fund applicants. Developed an accelerator evaluation framework to measure outcomes ✓ Building on SDTC's 2019 market research study, initiated further research into trust and reputation to inform and target stakeholder ecosystem building efforts in support of commercialization and innovation market development

CORPORATE GOALS	ACHIEVEMENTS
<p>Talent and Diversity Strategy</p> <ul style="list-style-type: none"> ✓ Continued implementation of SDTC's Equality, Diversity, and Inclusion Strategy ✓ Explore a partnership opportunity to develop the first Canadian incubator dedicated to supporting, educating, and empowering grassroots Indigenous entrepreneurship and skill development ✓ Ensure SDTC continues to have the skills, capabilities, and expertise needed to enable its transition and execute strategic initiatives 	<p>Talent and Diversity Strategy achievements</p> <ul style="list-style-type: none"> ✓ Identified and approved an initiative to develop the first indigenous-led accelerator dedicated to growing indigenous entrepreneurs ✓ Planned implementation for SDTC Equality, Diversity, and Inclusion training for employees ✓ Implemented bias training for expert reviewers

Appendix A

ACCOUNTABILITY TO PARLIAMENT

SDTC is accountable to Parliament through the Honourable François-Philippe Champagne, Minister of Innovation, Science and Industry.

SDTC's 2020/21 Corporate Plan was submitted to Minister Champagne on January 31, 2021. A summary will be made available at www.sdtc.ca by April 30, 2021.

ACCOUNTABILITY TO SDTC'S BOARD OF DIRECTORS

SDTC's Board of Directors is responsible for the strategic vision of the foundation and provides fiduciary oversight through four sub-committees: Audit, Governance and Nominating, Human Resources, and Project Review. Collectively, the Board of Directors brings experience and expertise from multiple sectors and represents diversity in gender, language, ethnicity, and regions.

For the current list of Directors, visit: www.sdtc.ca

PERFORMANCE REPORTING AND TARGETS

SDTC has three main annual reporting requirements to the Minister of Innovation, Science and Industry:

- **Corporate Plan**
- **Performance Measurement Strategy and Targets**
- **Annual Report**

As one of the Government of Canada's leading funders on climate change, SDTC also responds to numerous requests in support of annual government reporting requirements (for example International Energy Agency and Mission Innovation surveys, Treasury Board requests; and progress reports against the Pan-Canadian Framework on Clean Growth.)

Appendix B

RISKS AND MITIGATION

This section focuses on the key risks facing SDTC and the strategies in place to mitigate these risks to an acceptable level. Several strategies presented in this Corporate Plan will also further mitigate SDTC's key risks.

During the year, SDTC engaged KPMG LLP to assist with the update of its corporate risk profile, with input from senior management and the Board of Directors. In addition to these risks, SDTC understands that external market factors impact the success of the companies we fund.

To help companies develop market-ready technologies, SDTC is diligent in ensuring that our program delivery model is impactful and focused on providing companies with the support they need to commercialize successfully.

STRATEGIC RISKS

Ecosystem Connectivity: Risk that SDTC portfolio firms are unable to access the ecosystem supports needed to help build capacity access customers and investment to scale-up, resulting in key medium and long-term environmental and economic benefits not being realized and/or retained in Canada (e.g., sustainability benefits, IP retention, critical skills, jobs, revenues).

MITIGATIONS:

- Partnerships & Outreach Strategy identifies key partners in each region.
- Network of referral partners within the federal government to provide supports.
- Ongoing stakeholder mapping informs targeted outreach.
- Established a network of ~50 accelerators to better understand emerging areas of innovation.

Timely Response to Company Needs: Risk that SDTC is not sufficiently nimble or positioned to move fast enough to support the build of companies in the emerging cleantech market.

MITIGATIONS:

- Lookbacks learnings and CEO outreach to identify areas that need to be proactive and implement actions.
- Partnership with partners for follow-on funding.
- Diversified employee skillset and access to a strong network of consultants that allows for rapid response and implementation of new initiatives.

HUMAN RESOURCES RISKS

Productivity and Wellbeing: Risk that new ways of working (remote working/home spaces for work/coping with the pandemic) have adverse effects on employee health, wellbeing, motivation, innovation, and/or energy, impacting operations and/or productivity.

MITIGATIONS:

- On-going leadership, communications, check-ins, and flexible work arrangements offered to employees.
- COVID Response Team in place to ensure close monitoring as well as timely/appropriate response to the Pandemic.
- Modernized technology infrastructure providing employees with the tools needed to collaborate and work securely & effectively in a remote environment.
- Employee Assistance Program (EAP), wellness workshops, and sharing of various resources to help promote mental health.

PERFORMANCE RISKS

Applicant Pool: Risk that SDTC's applicant pool is constrained resulting in SDTC being unable to fund companies with the greatest potential (e.g., companies do not know about SDTC, SDTC unable to find companies, COVID challenges, etc.).

MITIGATIONS:

- Risk-based approach and streamlining of internal processes to reduce administrative burden. Targeted outreach and communications to potential applicants.
- Continuous intake process with timelines tailored to applicant readiness for approval and contracting.
- Partnership Strategy developed that considers regional nuances and maturity of the ecosystem and defines target audiences.
- Partnerships with federal and provincial agencies leading to referrals from other programs.
- Equity, Diversity, and Inclusion Strategy has been developed and includes employee training and engagement, guidance for data collection best practices, and outreach to identify diverse applicants.
- Companies can apply to both SDTC and provincial cleantech organizations at the same time, eliminating multiple applications and streamlining due diligence processes and project reporting.
- The Seed Fund creates an on-going pipeline of promising companies that can access larger supports.

External Changes: Risk that external changes in the business environment affect project costs and/or timelines, resulting in expected environmental or economic benefits not being achieved.

MITIGATIONS:

- Portfolio and project monitoring to identify when challenges emerge.
- On-going environmental scans of the external environment and monitoring of leading indicators for changes in the business environment, to ensure the early identification of possible impacts to the portfolio.
- Financial forecasting takes into account the latest project information (costs, timelines).
- The due diligence process at the approval stage considers project risks and exposures.

COVID Impacts on Companies: Risk that SDTC's programs do not effectively support the needs of companies in progressing along the commercialization life cycle, as they experience challenges resulting from the COVID pandemic and related downstream impacts of the pandemic.

MITIGATIONS:

- Portfolio and **project monitoring to identify when challenges emerge.**
- **Design of relief measures as needed.**

Appendix C

PERFORMANCE MANAGEMENT STRATEGY FRAMEWORK

Detailed information on these metrics can be found in recent copies of SDTC’s Annual Report and Funded Project List both of which are available on www.sdtc.ca

#	TYPE OF INDICATOR	OUTPUTS AND OUTCOMES	PERFORMANCE INDICATORS	2020-21 PERFORMANCE TARGETS
1	Activities/ Outputs	Applications Board approved	Funding allocated to approved projects	\$135-150M in approvals
2	Activities/ Outputs	Applications Board approved	Number of days from initial application to Board approval	To maintain intake average below 200 days
3	Activities/ Outputs	Contribution agreements signed	Number of days from Board approval to contractual agreement signed	Reduce time-to-contract year over year by 5%
4	Activities/ Outputs	Claim disbursement	Claim disbursement turnaround timing	80% of contracted project funding claims processed within 45 calendar days
5	Activities/ Outputs	Post-project questionnaires	% of recipients who complete post- project questionnaires	Maintain improvement of 5% per year for post-project reporting
6	Immediate Outcomes (0-3 years)	Recipients awarded SD Tech Fund contracts	Funding disbursed to contracted recipients	\$162M disbursed to recipients
7	Immediate Outcomes (0-3 years)	SD Tech Fund supported technologies are making advancements towards successful demonstrations	Percentage of active projects that are making advancements towards successful demonstrations	Maintain a 90% minimum average
8	Immediate Outcomes (0-3 years)	Recipients form collaborative partnerships across the innovation chain	Total dollars leveraged from all partners and collaborators relative to SD Tech Fund dollars	Maintain the \$2 leverage funding for each \$1 of SDTC funding.
9	Immediate Outcomes (0-3 years)	Recipients form collaborative partnerships across the innovation chain	Dollars leveraged from private sector partners and collaborators	Maintain the \$1.50 leverage funding for each \$1 of SDTC funding.
10	Intermediate outcomes (4-7 years)	SD Tech Fund supported technologies are successfully demonstrated	Percentage of approved projects that reached completion within the past 5 years	Maintain a 75% minimum average
11	Intermediate outcomes (4-7 years)	SD Tech Fund supported technologies make substantial advancements towards commercialization	Number and percentage of projects that advance by 2 TRL levels at time of project completion	Maintain average of 75% of projects advancing 2 TRL levels over the project lifetime

#	TYPE OF INDICATOR	OUTPUTS AND OUTCOMES	PERFORMANCE INDICATORS	2020-21 PERFORMANCE TARGETS
12	Long-term outcomes (7+ years)	SD Tech Fund supported technologies are commercialized and diffused in target market sectors in Canada and internationally	Number and percentage of SD Tech Fund supported technologies commercialized (revenue derived from project technology)	Maintain minimum average of 20% of projects commercialized (revenue derived from project technology)
13	Long-term outcomes (7+ years)	SD Tech Fund supported technologies are commercialized and diffused in target market sectors in Canada and internationally	Amount of follow-on funding obtained by SD Tech Fund supported technologies following project completion	Maintain minimum average of \$2 of follow-on financing for each \$1 of SDTC funding for lifetime of the SD Tech Fund
14	Long-term outcomes (7+ years)	Environmental and economic benefits are realized from the adoption of SD Tech Fund supported technologies	Revenues (annual) generated by SD Tech Fund supported funded technologies	Maintain a 5% annual revenue growth through 2025
15	Long-term outcomes (7+ years)	Environmental and economic benefits are realized from the adoption of SD Tech Fund supported technologies	# of jobs created by SD Tech Fund supported technologies	Continue to increase jobs created by SDTech Fund supported technologies
16	Long-term outcomes (7+ years)	Environmental and economic benefits are realized from the adoption of SD Tech Fund supported technologies	Annual incremental reductions in GHG emissions attributable to SD Tech Fund supported technologies	Increase of 1 megatonne per annum through 2025
17	Long-term outcomes (7+ years)	Environmental and economic benefits are realized from the adoption of SD Tech Fund supported technologies	Other environmental impacts of SD Tech Fund supported technologies, including monetized benefits of: cleaner air, cleaner water and cleaner soil, improvements in energy efficiency, etc.	Continue to increase annual monetized benefits of SDTech Fund supported technologies



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