



SUSTAINABLE DEVELOPMENT
TECHNOLOGY CANADA

TECHNOLOGIES DU DEVELOPPEMENT
DURABLE CANADA



SDTC CORPORATE PLAN SUMMARY 2020/2021

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Transition

tran·si·tion

the passage from one
stage or place to another

Introduction from the Chair and the President & CEO

Sustainable Development Technology Canada (SDTC) has had another year of success enabling Canadian cleantech innovators to grow vibrant businesses. We continue to lead the way in identifying and nurturing Canadian entrepreneurs with transformative ideas and ambitions to meet the climate challenge. SDTC funded companies from Semios to Ecopia, Ranovus to Attabotics show that we have no shortage of good ideas: they just need the right support at the right time to succeed. Our funding gives companies the critical boost they need to advance their projects in the challenging stages of pre-commercial development and demonstration.

SDTC's funding of Canadian entrepreneurs has created jobs, growth and long-term prosperity for Canada. SDTC has invested over \$1.15 billion in more than 400 projects, creating more than 13,000 jobs. Our companies have reduced greenhouse gas emissions by an estimated 18.1 megatonnes annually, the equivalent of heating 6 million homes, while also ensuring how we use our water, grow our food and build the infrastructure we need within our communities is more sustainable.¹

With new leadership, and through the recruitment of top talent in both our Board and our staff over the last year, SDTC has continued to accelerate and diversify its investments. We have been agile and forward-looking in our approach to be able to move at the speed of business and be at the forefront of innovation.

Forty per cent of projects we are funding are of data-enabled cleantech, a trend we are seeing across all sectors. SDTC is a leader in understanding the power of data and intellectual property to support firms to scale-up. At SDTC's 2019 Cleantech Leadership Summit experts in intellectual property and data ran masterclasses on how emerging companies can protect and grow this area of increasing strategic advantage. We want

our companies to understand their most valuable assets and use them for their own strategic advancement.

Climate change continues to pose risks to both the economy and financial system. It is leading to a significant shift in the way policy makers and private institutions are preparing for the future.² As Larry Fink, Chairman and CEO, BlackRock stated in his annual letter 'Climate Change has become a defining factor in companies' long-term prospects...[A]wareness is rapidly changing and I believe we are on the edge of a fundamental reshaping of finance.'³ At SDTC we see this happening in real time.

Last September, millions of people across the world took part in demonstrations to demand action on climate change. SDTC is focused on funding companies with the potential to transform the environmental and economic prosperity of Canadians. Our goals have always been aspirational but achievable.

As we embark on the next three years of SDTC's mandate we will aim high and set stretch goals in support of the Government of Canada's collective action on climate change. We will explore new approaches to achieve net carbon reductions by 2030 - including carbon neutral cities, sustainable agriculture practices, and new ways to produce and deliver the energy we need.

The challenges presented by climate change are profound. Yet we are optimistic and ambitious in what we can achieve. SDTC's support and championing of Canadian entrepreneurs - through funding, knowledge, expertise and ecosystem connectivity - will continue to give them a strong competitive edge in today's hypercompetitive global market for clean technologies.

1 This reduction signifies a snapshot in time. The technologies SDTC invests in have multi-year benefits that accrue over time.

2 Mark Carney in his role as the new UN Climate Change Advisor 'encouraging companies to put climate change on their balance sheet reporting <https://www.ft.com/content/eafee5dc-2e52-11ea-bc77-65e4aa615551>; World Economic Forum, Global Risks report 2020 <https://www.oliverwyman.com/our-expertise/insights/2020/jan/globalrisks2020.html>

3 <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

About SDTC

SDTC is the largest funder of cleantech entrepreneurs in Canada. Four years ago we reimagined and transitioned the way we do business. We used to disburse \$70 million a year, we have accelerated that to almost \$150 million. Our streamlined approach to working with clients has deepened our understanding of the resiliency firms must have to scale-up. SDTC's world-class due diligence, faster decision times, expertise and knowledge allow companies to access support when they need it most. The Government of Canada's commitment in Budget 2017 helped to accelerate a transition at SDTC. We transformed our work to meet our clients needs allowing them to focus their human capital on developing globally relevant firms, skills and solutions that can compete in a cutthroat global cleantech market.

In 2001, the Government of Canada created SDTC to identify and support Canadian companies with the potential to become leaders in developing new environmental technologies. Our goal is to support companies from seed through to success and we have invested over \$1.15 billion to make this happen. These companies are creating tens of thousands of jobs and reducing millions of greenhouse gas emissions annually in Canada and around the world.

Time and again, our companies are touted as leaders in their class⁴ and as Michael Gilbert, CEO of Semios put it "Funding from SDTC has led to new levels of investor expertise and confidence, allowing us to accelerate the growth of our business."⁵

Mission

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

4 <https://www.cleantech.com/the-global-cleantech-100/>

5 SDTC Annual Report, 2019 https://www.sdtc.ca/wp-content/uploads/2019/08/EN_SDTC_Annual-Report_AUG2019.pdf

Accountability to Parliament

SDTC is accountable to Parliament through the Honourable Navdeep Bains, Minister of Innovation, Science and Industry.

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

Accountability to SDTC's Board of Directors

Annette Verschuren was appointed Chair of the Board of Directors in June 2019, taking the reins from Jim Balsillie. Annette's track record in the business has made her a formidable champion for clean technology and Canadian entrepreneurs. Her leadership along with SDTC's talented roster of independent Board members will provide strategic direction and oversight of SDTC's financial matters, investment, partnerships, data, IP and talent strategies.

SDTC Board of Directors:

Annette Verschuren (Chair)	
Judith Athaide	Ron Koudys
Leanne M. Bellegarde	George Lafond
Geoff Cape	Gary Lunn
Leo de Bever	Erin Mahoney
Jill Earchy	Ellen McGregor
Sarah Kavanagh	Andree-Lise Methot
Brenda Kenny	Guy Ouimet

For profiles of each Board member, visit: www.sdtc.ca

Performance Reporting and Targets

Government of Canada

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

1. **Corporate Plan** (a statement of objectives for the coming year including our goals and what we achieved; risks and mitigations and our financials), submitted by the end of January with summary published on our website in April;
2. **Performance Measurement Strategy and Targets** (annual reporting on metrics mandated by the Government of Canada as well as current funding agreement requirements, monthly operational and quarterly results reporting to SDTC's senior management)—see Appendix B; and
3. **Annual Report**, (a summary of SDTC's activities and performance during the preceding fiscal year) published by August 31st.

In addition, as one of the Government of Canada's leading program funders on climate change and sustainable development, SDTC also responds to many ad-hoc requests for information and a number of annual governmental reporting requests (for example IEA and Mission Innovation surveys, Treasury Board requests; and, progress reports against the Pan-Canadian Framework on Clean Growth.

Board of Directors

In addition to reporting for the Government of Canada, SDTC's Board of Directors reviews additional project, company and ecosystem-level reporting on a quarterly and annual basis as part of their governance and strategic oversight responsibilities.

What sets us apart?

1. **Client-centric approach.**⁶
Relentless focus on our companies. Our time is spent getting to know the people who are instrumental in making a company successful from entrepreneurs, to financiers and policy makers. We work hard to research and understand the environment they operate in to ensure we provide the tools they need to succeed and thrive. As our portfolio has expanded over the last two years, so has our knowledge of cleantech firms.
2. **Rigorous and innovative reviews.**
SDTC is recognized for our rigorous approach to ensure we maximize the impact of our funding. We are recognized for our leadership in the measurement of environmental outcomes and continue to support and guide cross-government efforts to replicate this outcomes-focused reporting.⁷
3. **Collaborative approach.**
By leveraging expertise across Canada and working closely with our Team Canada colleagues we are better positioned to provide firms with the support they need. Since Budget 2017 we have worked closely with Export Development Canada (EDC) and Business Development Bank of Canada (BDC) resulting in approximately \$520 million in follow-on support for SDTC companies in 2018 and 2019. We have also expanded our reach across Canada by focusing efforts in regions where it is needed most, where cleantech capacity is emerging and where firms are in earlier stages of development. In more established jurisdictions, where provincial policy and investments are driving carbon reductions, we are helping accelerate these outcomes by providing companies with one-window access to both SDTC and provincial funding.

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

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

4. **Pure player, recognized expertise.**

Our due diligence and expertise are often relied upon by investors as well as our federal and provincial government partners in their decision making processes. Our independent governance model ensures we have the expert scrutiny applied to our operations and outcomes.

5. **Our companies:**

our portfolio of star performers speaks for itself. They are regularly cited⁸ as best in class and are at the forefront of innovations in their sectors. They are also pan-Canadian—we want to make sure that we support talent wherever it grows. Our Summit this year will highlight their contributions to the environmental and economic prosperity of Canadians.

At Issue

As we have seen in recent years, cleantech entrepreneurship is not what it used to be. Good ideas can come from anywhere, at any time. No country has a monopoly on the creativity and determination needed to solve the world's pressing environmental issues. It is not only about the technology; it is also about rapid commercialization and adoption – often the hardest part of any entrepreneur's journey. The pace of decision-making is vastly accelerated, and for a company “moving at the speed of light to be first”⁹, six months from now is simply too late.

Over the last ten years, the world has witnessed a global acceleration of clean growth and digital disruption in all sectors. Data-enabled cleantech has become mainstream. In the marketplace of ideas, competition is fierce; it takes an ecosystem to flourish and succeed. It takes focus to be first. It takes capital, intellectual property and data. At SDTC we know this, we hear it from our companies, and we see it in our research. We hear the voices of Canadian innovation leaders like Shopify's Tobi Lutkë, as we grow the number of Canadian champions taking their place on the podium. Our future focus is on building sophisticated ecosystems and providing the tools our cleantech entrepreneurs need to thrive.

There is a desire for urgent action on climate change that crosses all sectors. Continuing urbanization, water scarcity and food shortages are growing crises in many places. There are scores of people trying to solve these issues with cleantech solutions. We are passionate about finding these people and supporting their success.

8 <https://www.cleantech.com/release/top-private-companies-in-clean-technology-named/>; <https://www.marsdd.com/news/20-canadian-entrepreneurs-to-watch-in-2020-2/>

9 Hamid Arabzadeh, CEO Ranovus, SDTC Annual Public Meeting September 2017

Three Year Strategy

GOAL 1

Investment Strategy -

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

Over the next three years, we want to have a diversified portfolio of Canadian cleantech companies that have commercialized and are successfully scaling-up, and delivering meaningful environmental benefits. We want to see an increase in the number of companies that have successfully transitioned into the market as well as an increase in the number of profitable companies with accelerating revenue growth. 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.

- **Seed funding**
Launch the next wave of cleantech entrepreneurs with 100 new companies.
 - **Start-up funding**
Get companies to market by funding the development of innovative clean technologies.
 - **Scale-up funding**
Accelerate the scale-up of high growth cleantech companies and the commercialization of clean technologies.
- 1.1** Diversify and expand our applicant pool through targeted marketing, outreach, and continued implementation of SDTC's Equality, Diversity and Inclusion Strategy.
 - 1.2** Approve \$135-150 million of new investment in the most promising cleantech companies, with disbursements to funded projects of approximately \$162 M.
 - Seed funding: \$10 million of approvals
 - Start-Up funding: \$85-95 million of approvals
 - Scale-Up funding: \$40-50 million of approvals
 - 1.3** Fully implement SDTC's Seed Fund, working with up to 50 accelerators and trusted partners to grow our portfolio to more than 100 firms. Implement a streamlined approach

to "graduate" firms to start-up and scale-up supports.

- 1.4** Deepen our understanding of continued unmet needs that fall between SDTC and follow-on funders. Look beyond current project funding limitations that constrain all publicly funded innovation programs and experiment with alternatives.
- 1.5** 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.
- 1.6** Enable pathways for firms to export into priority markets.

GOAL 2

Data and Intellectual Property Strategy - Capitalize on the power of data to bolster decision making and enhance outcomes for companies

Canada is a world leader in cleantech innovation, yet challenges remain when it comes to helping companies scale up and there is more work to be done. At SDTC we intend to focus on the best ways to optimize the return on our Canadian investments through innovative policies and program design.

SDTC's deep understanding of the cleantech sector, our knowledge of the ecosystem and the challenges faced by clean tech companies makes us uniquely positioned to provide insights on the firm journey. Our knowledge and insights will inform policy-making and collective action to drive better outcomes and place Canada on the path to achieve net-zero carbon emissions by 2050 and further its cleantech advantage.

With our broad network of companies, partners and funders, SDTC is also uniquely positioned to understand, convene and bring forward collective knowledge and perspectives to improve outcomes for the 150+ companies we have within our active portfolio. Over the next three years, SDTC will endeavor to share knowledge and insights and provide cutting edge thinking to help Canadian companies scale quickly and compete globally.

- 2.1** Modernize IM/IT infrastructure and systems to augment our capabilities as a data enabled organization.
 - Enrich information collection, with improved understanding and monitoring of investment impacts.
 - Enhance automation and reporting while increasing operational efficiency.
- 2.2** Expand data mining to leverage insights and support firm growth.
 - Mine the rich financial, environmental, and business performance data of funded companies, along with ecosystem data to provide greater understanding and insights.
 - Continue to evolve knowledge and research to consider recent trends and developments.
- 2.3** Partner with the SDTC-supported Innovation Asset Collective to help cleantech companies with their intellectual property needs and strategies.
- 2.4** Explore the development of a cleantech data library with ISED and other leaders the development of a cleantech data library as a platform for entrepreneurship.
- 2.5** Further work with Statistics Canada, ISED and others to understand potential for data sharing and joint data collection.
- 2.6** Collaborate with companies to design, test and implement data-centric pilot projects in key areas.

GOAL 3

Partnerships Strategy – Strengthening entrepreneurial ecosystems to support cleantech companies from seed to success

SDTC’s goal is to support the entire entrepreneurial journey: seed, start-up and scale up. The success of our Seed Fund pilot has spurred us on to think bigger, bolder and better. Our aim is to work with a network of partners, including accelerators and incubators to seek out talent across Canada. We also want to expand opportunities in new areas and to this end, we will explore partnerships and pathways to more indigenous entrepreneurs.

At SDTC we know the diversity of ideas comes from a diversity of experiences and backgrounds. In the coming months and years, we will seek out the most vibrant and varied applicant pool available—our expanded reach will be the heart of our future success. We will foster connectivity amongst cleantech tech firms and industry partners to position firms to compete in the hyper-competitive cleantech marketplace.

- 3.1.** Implement a new approach to digital marketing and outreach to grow SDTC’s brand awareness across Canada.
 - Launch a digital marketing strategy to identify and recruit new firms, leverage market research on cleantech entrepreneurship in Canada.
 - Seek opportunities to showcase the extraordinary work of SDTC’s portfolio firms with potential customers, industry leaders and investors.
 - Host and participate in targeted workshops with partners across Canada.
- 3.2.** Host SDTC’s 5th Annual Cleantech Leadership Summit, with a focus on fostering collaboration and connections along the value chain to accelerate the deployment and adoption of sustainable solutions among industry.
- 3.3.** Expand SDTC’s differentiated regional approach to partnerships, to meet regional realities.
 - Target 50 accelerators partnerships to support SDTC’s Seed Fund.
 - Collaborate with the Munk School of Global Affairs and Public Policy on outcomes measurement and monitoring of the Seed Fund.
 - Continue to leverage and develop provincial partnerships to provide firms with one-window access to funding.
 - Continue our collaboration with partners such as EDC and BDC to enable companies to access follow-on support.
- 3.4.** Undertake research in key areas to strengthen SDTC’s understanding of emerging trends in the competitive landscape for cleantech firms.
 - Leverage this knowledge to inform directions and strategies, identify ecosystem gaps, areas of focus for future investments and potential benefits

PARTNERSHIPS: Different Approaches to Meet Regional Realities

<p>Established Regions (BC, ON, QC)</p>	<ul style="list-style-type: none"> • Provincial carbon pricing mechanisms • Ecosystem and programs to support carbon reduction projects • Established cleantech industry associations and accelerators • SDTC “one-window” partnerships in place • Majority of applications
<p>Emerging Regions (AB, NS)</p>	<ul style="list-style-type: none"> • Limited funding for cleantech demonstration • Developing capacity within cleantech accelerators • Carbon reduction targets and programs in place or in development • Lower number of applications, applications lack diversity, less competitive • Capacity building required
<p>Early stage (SK, MB, NB, NL, PEI, NWT, Nunavut, YK)</p>	<ul style="list-style-type: none"> • Lack of funding for clean technology development and demonstration • Small number of cleantech accelerators • Very few applications • Small economies, with limited research and development capability • Significant capacity building required

GOAL 4

Talent and Diversity Strategy – Identifying the skills and talent to deliver on our mission

In 2019-20, SDTC made meaningful advancements in its efforts related to diversity and inclusiveness, and specifically advancing gender equality. This year’s progress included: the development an EDI Values Statement, training for both expert reviewers and staff, establishing data collection for implementation and ongoing staff engagement. EDI remains a focus in SDTC’s investments and partnerships strategy as we seek to diversify our portfolio of firms.

In 2019-20, a key part of our Talent Strategy included several changes to further support a client-centric, outcome focused, one window investment process. Critical skills and capabilities were identified to support the achievement of corporate goals and strategies, and we were successful in recruiting key positions. This work will continue over the next year to further enable our transition.

4.1 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.

- Expand and diversify our applicant pool, including growing the number women-led firms in seed, start-up and scale-up. Our portfolio must address the current gender imbalance by striving to exceed today’s reality, which sees only 16 per cent of small and medium-sized enterprises (SMEs) in Canada led by women.¹⁰
- Collect diversity data on applicant and portfolio companies to understand representation and success rates of diverse groups.
- Collaborate with Statistics Canada and Natural Resources Canada as part of the Pan-Canadian Framework Clean Technology Data Strategy efforts to understand diversity data on cleantech SMEs in Canada.

4.2

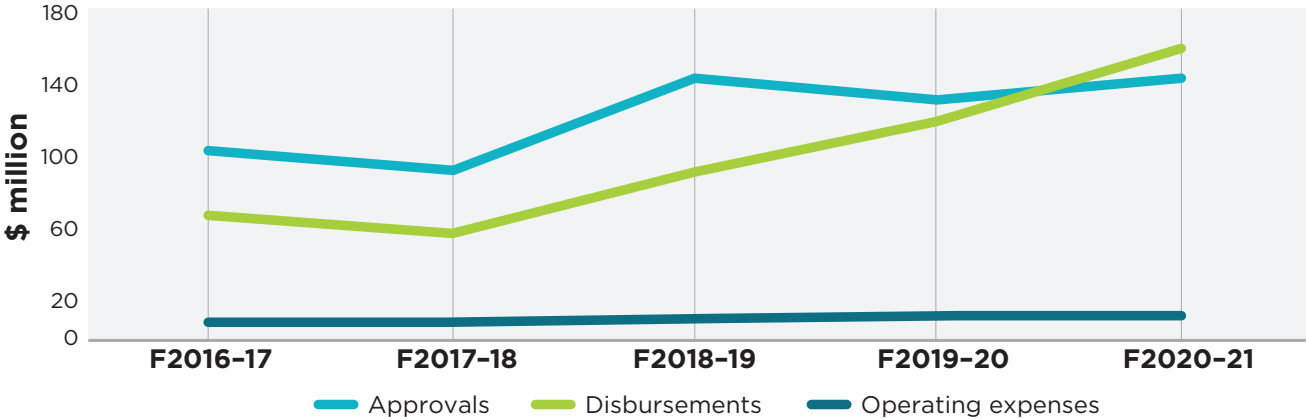
- Ensure SDTC continues to have the skills, capabilities and expertise needed to enable its transition and execute on strategic initiatives. Deliver professional development and training programs to strengthen key skills and capabilities and develop expertise in key areas.
- Drive innovative thinking in program design and delivery.
 - Foster collaboration across various functions and a holistic approach to program delivery.
 - Ensure our transition is supported by change leadership and management.

¹⁰ Statistics Canada, Financing and Growth of SMEs, November 2018. <https://www.ic.gc.ca/eic/site/061.nsf/eng/03086.html#own-ch>

2019/20 Corporate Goals: What we have accomplished and what remains to be done

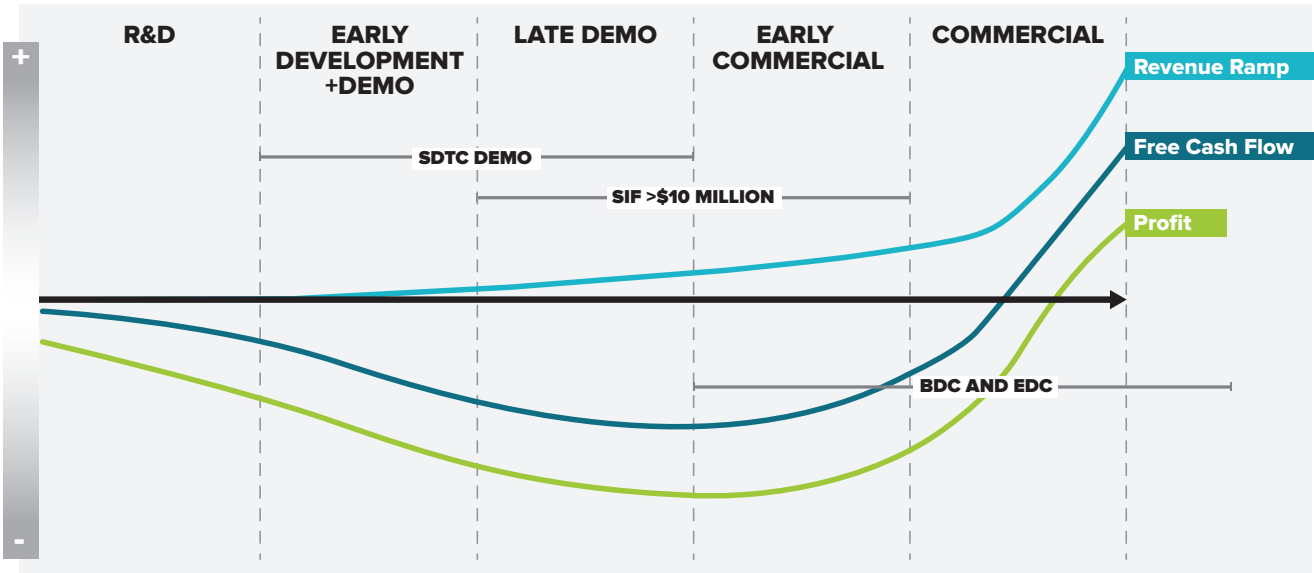
With staff located across Canada, SDTC investments have touched every sector in the Canadian economy including agriculture, mining, transportation, waste management and oil and gas. We are committed to providing our companies with the support they need, when they need it. Our approach is to be simple, streamlined and scalable.

Over the last five years approvals and disbursements have increased significantly, while operating expenses as a percentage of approvals has remained constant. We are committed to providing value to Canadian taxpayers.



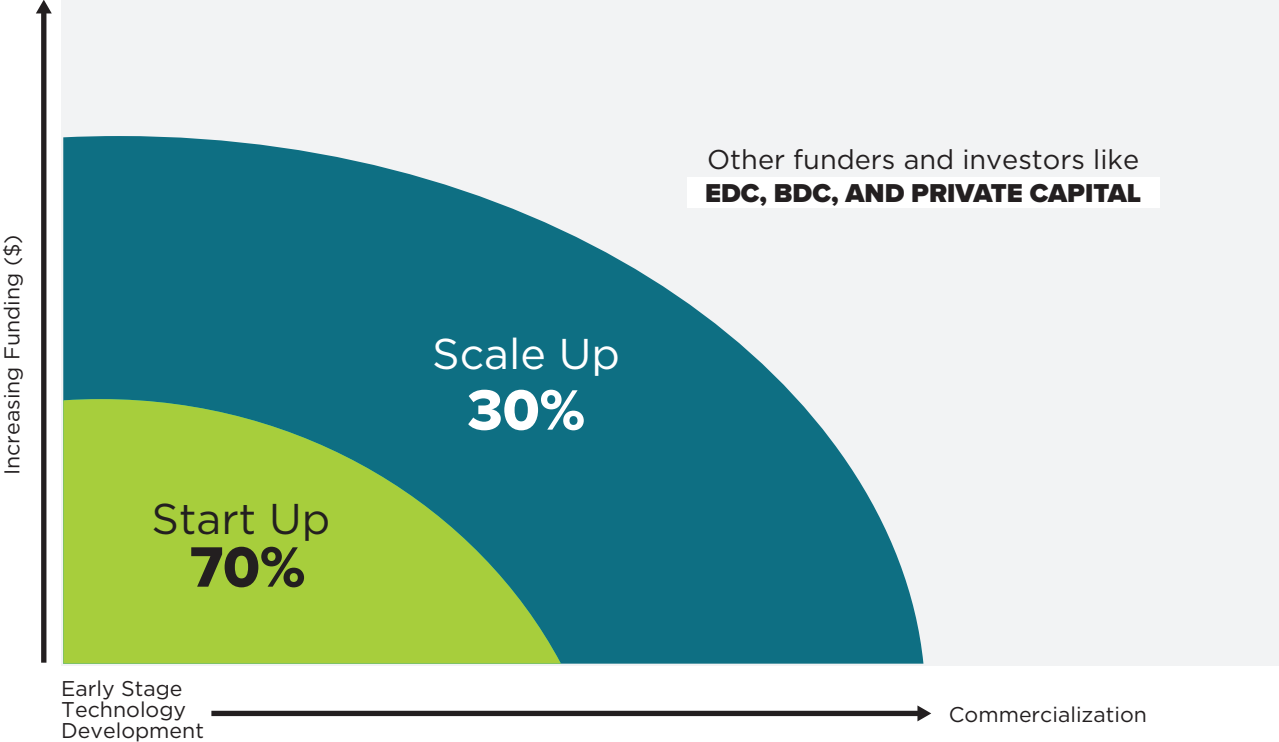
Our investment follows a company’s scale up journey: providing a more robust bridge as well as complementing commercialization instruments. Over the past three years, we have doubled investment in scale-ups, recognizing the need to provide better bridging to commercial instruments.

We continue to work together with EDC and BDC to address the funding gaps as well as working together to support a company’s business plan.

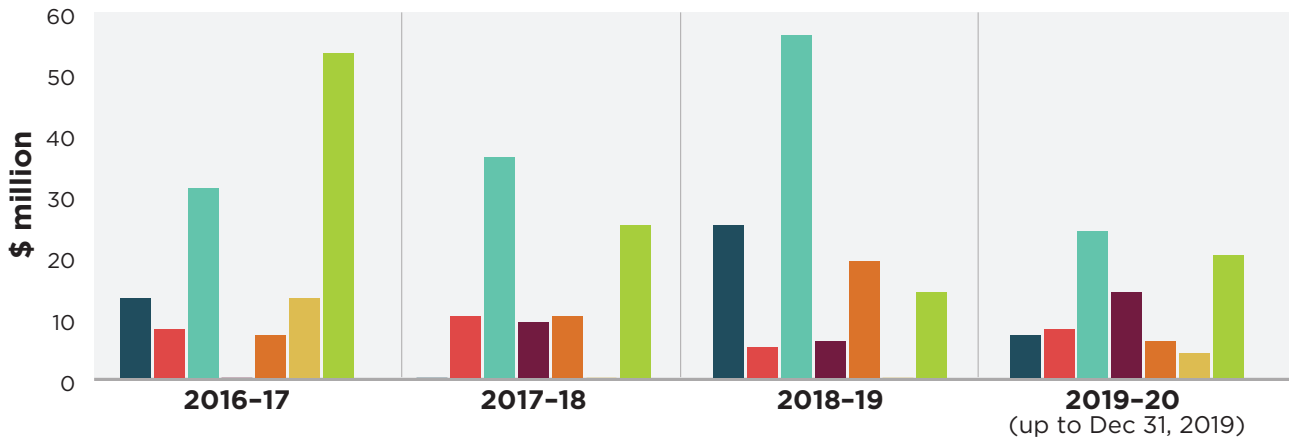


Given the Government of Canada’s focus on clean tech, and in recognition of our pivotal role, over the past three years, we have doubled investment allocation in scale-ups to approximately 30 per cent, with 70 per cent still going to companies at the start-up stage. We will continue to monitor and adjust the allocation as needed to ensure companies have the necessary supports, they require.

SDTC ZONE OF FUNDING



SDTC INVESTMENTS BY SECTOR (INCL. SEED FUND)



KEY:



Energy Exploration & Production: includes carbon sequestration and use, energy efficient extractive and production processes and tailings treatment.



Transportation: includes electric vehicle battery materials, electric charging components and systems, hydrogen fueling components and systems, marine transportation, vehicle control systems, vehicle components, and vehicle heat and energy recovery systems.



Waste Management: includes plastics recycling and reclamation; recovery and remediation of e-waste, hazardous waste, industrial waste, municipal solid and organic waste; wastewater treatment and soil remediation.



Power Generation: includes fuel cells, geothermal, hydro, solar components and systems, waste-to-energy, and wind components and systems.



Agriculture: includes irrigation technologies, natural pesticides and herbicides, precision farming, seed and crop treatment.

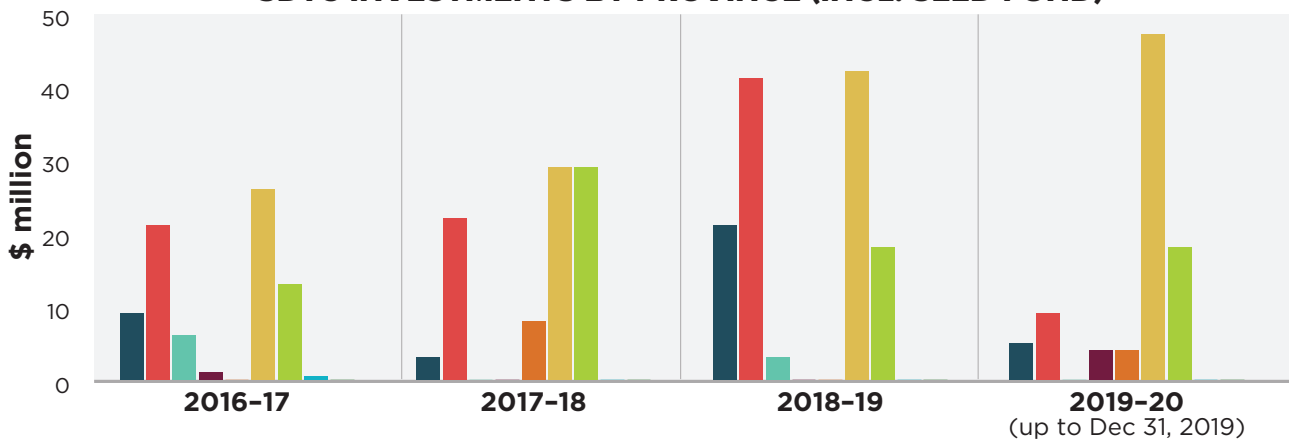


Energy Utilization: includes building energy management, building materials, heating and cooling, energy use information systems, glass and lighting management.



Forestry: includes the sustainable production and use of forest resources.

SDTC INVESTMENTS BY PROVINCE (INCL. SEED FUND)



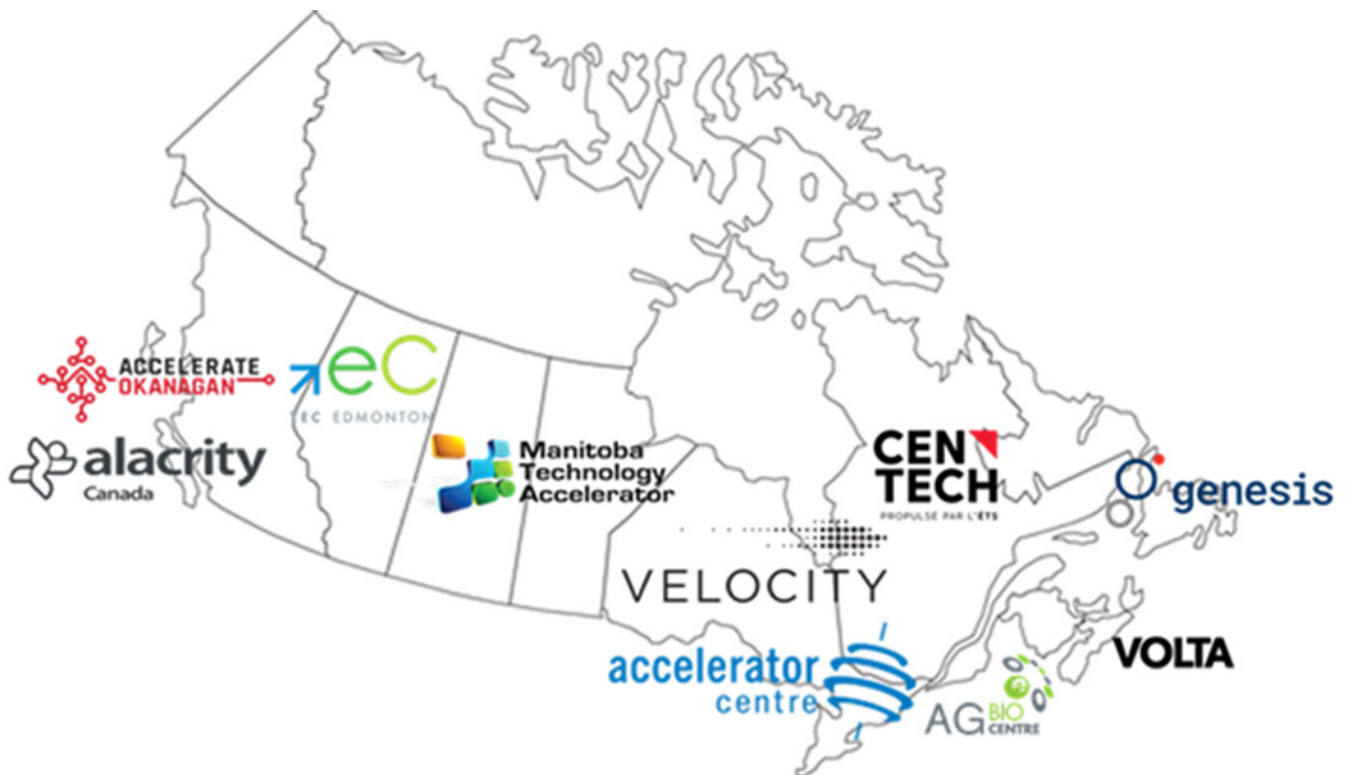
Successful Pilot Complete— Ready to Launch in 2020

Canada's Most Impactful Seed Fund

In May 2019, SDTC launched its first ever seed fund to help early identify Canada's next generation of promising cleantech entrepreneurs. Through partnerships with incubators and accelerators, we expanded our reach and our knowledge of how cleantech is impacting regions and local economies

across Canada with a successful \$2 million pilot complete, we're ready to take a giant leap forward by launching Canada's most impactful seed fund in 2020. This ambitious plan will grow our accelerator network from 10 to 50 and the number of firms supported from 19 to 100 in 2020/21.

2019 SEED FUND PILOT PARTNERS



CORPORATE GOALS	PROGRESS
<p>Investment Strategy:</p> <ul style="list-style-type: none"> ✓ Target \$135-150M in approvals (consistent with demand seen in 2018/19) ✓ Target \$120.7M in disbursements (31 % increase over 2018/19) ✓ Tailoring to applicant readiness, including new strategies for earlier-stage applicants, roll-out of new approach for scale-up applicants ✓ Complete the implementation of risk-based management approach for approvals and disbursements ✓ Deepening commercialization expertise ✓ Roll-out of company and portfolio reporting to Board of Directors ✓ Broaden approach on environmental outcomes assessment and monitoring 	<p>Approvals and disbursements</p> <p>(forecast to March 31, 2020)</p> <ul style="list-style-type: none"> ✓ \$102M approvals (27 companies + 19 Seed Fund companies); forecasting \$131M by end of fiscal year ✓ \$68M disbursed; forecasting to meet target for the year ✓ Launched Seed Fund pilot with 10 pan-Canadian accelerators; 19 companies funded, \$2M. Average time of expedited process from application to first payment is 56 days. <p>Approach and processes</p> <ul style="list-style-type: none"> ✓ Re-design and streamlining of project lifecycle processes to drive a client-centric, outcome focused, one window investment approach ✓ Tailored approach to readiness and risk profile of applicants and recipients ✓ Further reduction in timelines for claims processing and contracting by 13% and 39% respectively. <p>Portfolio Performance</p> <ul style="list-style-type: none"> ✓ On-going 'look backs' and outcomes on company performance, using structured approach ✓ Gap analysis of follow-on financing from EDC and BDC
<p>IP and Data Strategy:</p> <ul style="list-style-type: none"> ✓ Explore with ISED ways to action SDTC's IP rights on behalf of the Government of Canada, for example, piloting of an SDTC-led patent collective ✓ Support companies as they experiment with data trusts and collectives, monitor approaches ✓ Explore with ISED and other Government of Canada leaders in data approaches the development of a cleantech data library as a platform for entrepreneurship ✓ Allocate percentage of project funds for IP and data strategy and execution, develop approach to monitoring and supporting companies as they make progress ✓ Creation of a common data platform, that ensures we are all looking at the same information, mobilizes data to help us make better investment decisions for better outcomes 	<ul style="list-style-type: none"> ✓ SDTC will partner with Innovation Asset Collective to help cleantech SME's with their IP needs ✓ Modernization of IT/IM architecture and systems underway, where we will further automate and centralize key data to improve access to information for decision-making ✓ Exploring ways in which data can be leveraged as a platform for entrepreneurship.

CORPORATE GOALS	PROGRESS
<p>Talent Strategy:</p> <ul style="list-style-type: none"> ✓ Continue “We are one SDTC” approach, shared targets, no silos, decentralized leadership model ✓ Retain and recruit the skills necessary to deliver on SDTC’s goals and strategies ✓ Cross-Canada approach to recruiting and engagement 	<ul style="list-style-type: none"> ✓ Acquired critical skills and capabilities to support the achievement of corporate goals and strategies ✓ Professional development and training strategy implemented targeting critical skills and capabilities ✓ Deployed several changes to further support a client-centric, outcome focused, one window investment process ✓ Recruitment for key positions completed
<p>Partnerships Strategy</p> <ul style="list-style-type: none"> ✓ Leadership summit focused on whole-of-government collaboration to support Investment strategy and IP and Data strategy ✓ Second-year rollout out of differentiated regional strategy ✓ Specific pilot projects with key government departments in focus areas of Earth, Food, Primary Industry, and Communities ✓ Second-year rollout of collaboration with Clean Growth Hub, EDC, BDC, CIPO, and StatsCan ✓ Marketing strategy 	<ul style="list-style-type: none"> ✓ Leadership Summit: Over 200 attendees including 100 cleantech company CEOs and leaders ✓ Leaderships summit: 15 hands-on workshops for whole-of-government engagement with cleantech start-ups ✓ In-kind resources for the Clean Growth HUB and training sessions for WD, NRC-IRAP ✓ Approximately \$520M in follow-on support in calendars 2018 and 2019 for SDTC-portfolio firms from EDC and BDC. ✓ National marketing and outreach strategy developed and being implemented ✓ Development and adoption of an Equity, Diversity & Inclusion mandate, including developing an EDI values statement, best practices for data collection, employee and expert reviewer training and staff engagement

Appendix A

Risks and Mitigations

This section focuses on the key risks facing SDTC and the strategies in place to mitigate these risks to an acceptable level. 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.

PERFORMANCE RISKS

Risk Description: Governance Structure - Risk that SDTC's governance structure is too large and/or complex, resulting in inefficiencies that negatively impact decision-making.

Mitigations:

- Modernization and simplification of governance structures underway
- Implementation of governance best practices, with increased accountability and oversight.

Risk Description: Applicant Pool - Risk that SDTC is unable to fund companies with the greatest environmental and economic potential because SDTC cannot find them, they do not know about SDTC, or they perceive SDTC's processes to be too onerous.

Mitigations:

- 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.
- Partnerships with other federal and provincial agencies leading to referrals from other programs.
- Streamlining of internal processes to reduce administrative burden and a continuous intake process with tailored timelines to applicant readiness.
- Partnership strategy has been developed which considers regional nuances, maturity of the eco-system and defines target audiences.
- Marketing campaign targeting cleantech entrepreneurs.

Risk Description: Information for Decision-Making - Risk that SDTC relies on incorrect information, impairing its ability to make good decisions.

Mitigations:

- In-house view of environmental / economic outcomes for each project.
- Strong due diligence process to support project funding decisions, including two independent expert reviewers.
- Project monitoring in place with milestone reporting and review prior to disbursements.
- Financial and environmental reviews and audits.

Risk Description: External Changes - Risk that external changes in the business environment (i.e. regulatory, commodity pricing, general pace of technological advancement) impact project costs and/or timelines, resulting in environmental or economic benefits not being achieved.

Mitigations:

- Project monitoring to identify when challenges emerge.
- Financial forecasting considers latest project information (costs, timelines).
- Due diligence process at approval stage considers project risks and exposures.

INFORMATION SECURITY RISKS

Risk Description: Data Privacy - Risk of private data and/or information relating to an individual and/or a company is disclosed, resulting in lawsuits and/or reputational damage.

Mitigations:

- Awareness programs in place for all SDTC employees on the importance of data security practices and the implications of sharing data.
- Code of conduct and IT policies in place to help protect the confidentiality of information and data breaches.
- Physical and technological safeguards.
- Conduct regular, third-party security assessments, penetration testing, and control assurance to ensure adequate controls are in place.
- Information breach procedures, as well as crisis and issues management process in place.

FINANCIAL MANAGEMENT RISKS

Risk Description: Cash Flow Projections - Risk that SDTC cannot effectively forecast project cash requirements given the diversity and uniqueness of funded companies, timing of proposal submissions and approvals, and/or changes that could occur over project lifespans, resulting in SDTC having insufficient funds to meet its needs.

Mitigations:

- Forecasting methodology/process in place, with periodic review of model assumptions.
- Investment Leads forecast the cash flow needs of each funded project. This information is updated on a monthly basis.
- Close collaboration with ISED to ensure funds are sufficient to meet cashflow needs.

REPUTATIONAL RISKS

Risk Description: Conflict of Interest - Risk of the appearance of conflict of interest in SDTC's funding review and approval process, resulting in reputational damage due to decisions being perceived as unfair and not transparent.

Mitigations:

- Conflict of Interest policies and procedures.
- Governance reviews and initiatives to strengthen practices.

Risk Description: Audit Preparedness - Risk that SDTC may not be sufficiently prepared for a review or audit by third party, resulting in impaired credibility and support.

Mitigations:

- Process maps and model file in place and updated to reflect changes in processes.

STRATEGIC RISKS

Risk Description: Relevance and Impacts - Risk that SDTC is unable to effectively measure and communicate the outcomes and relevance of projects, affecting future funding support from the Government of Canada and/or resulting in loss of confidence and support from key external stakeholders.

Mitigations:

- Implementation of updated communication strategy that is more reflective of what SDTC does today and defines target audiences.
- Effective digital communications channels.
- Partnership strategy outlining engagement plan with Federal and Provincial governments.
- Monthly reporting metrics to evaluate effectiveness of communications and outreach activities.

Risk Description: IP Retention - Risk that IP developed in SDTC projects is not retained within Canada, affecting the medium and long-term benefits to Canada.

Mitigations:

- Contract clauses around IP have been strengthened.
- Due diligence process at application stage considers data ownership and IP as part of the approval process.

Appendix B

Performance Management Strategy Framework

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

SD TECH FUND: PERFORMANCE MEASUREMENT STRATEGY FRAMEWORK 2019-20

#	TYPE OF INDICATOR	OUTPUTS AND OUTCOMES	PERFORMANCE INDICATORS	TARGET
1	Activities/ Outputs	Applications Board approved	Funding allocated to approved projects	\$133M in approvals
2	Activities/ Outputs	Applications Board approved	Number of days from initial appli- cation 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 fund- ing claims processed within 45 calendar days
5	Activities/ Outputs	Post-project questionnaires	% of recipients who complete post-proj- ect 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	\$91M disbursed to recipients
7	Immediate Outcomes (0-3 years)	SD Tech Fund supported technol- ogies 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 part- nerships across the innovation chain	Total dollars leveraged from all partners and col- laborators relative to SD Tech Fund dollars	Maintain the \$2 leverage funding for each \$1 of SDTC funding. (TBS)

#	TYPE OF INDICATOR	OUTPUTS AND OUTCOMES	PERFORMANCE INDICATORS	TARGET
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. (TBS)
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	Revenues (annual) generated by SD Tech Fund supported funded technologies	Maintain a 5% annual revenue growth through 2025 (TBS)
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

#	TYPE OF INDICATOR	OUTPUTS AND OUTCOMES	PERFORMANCE INDICATORS	TARGET
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 (TBS)
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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