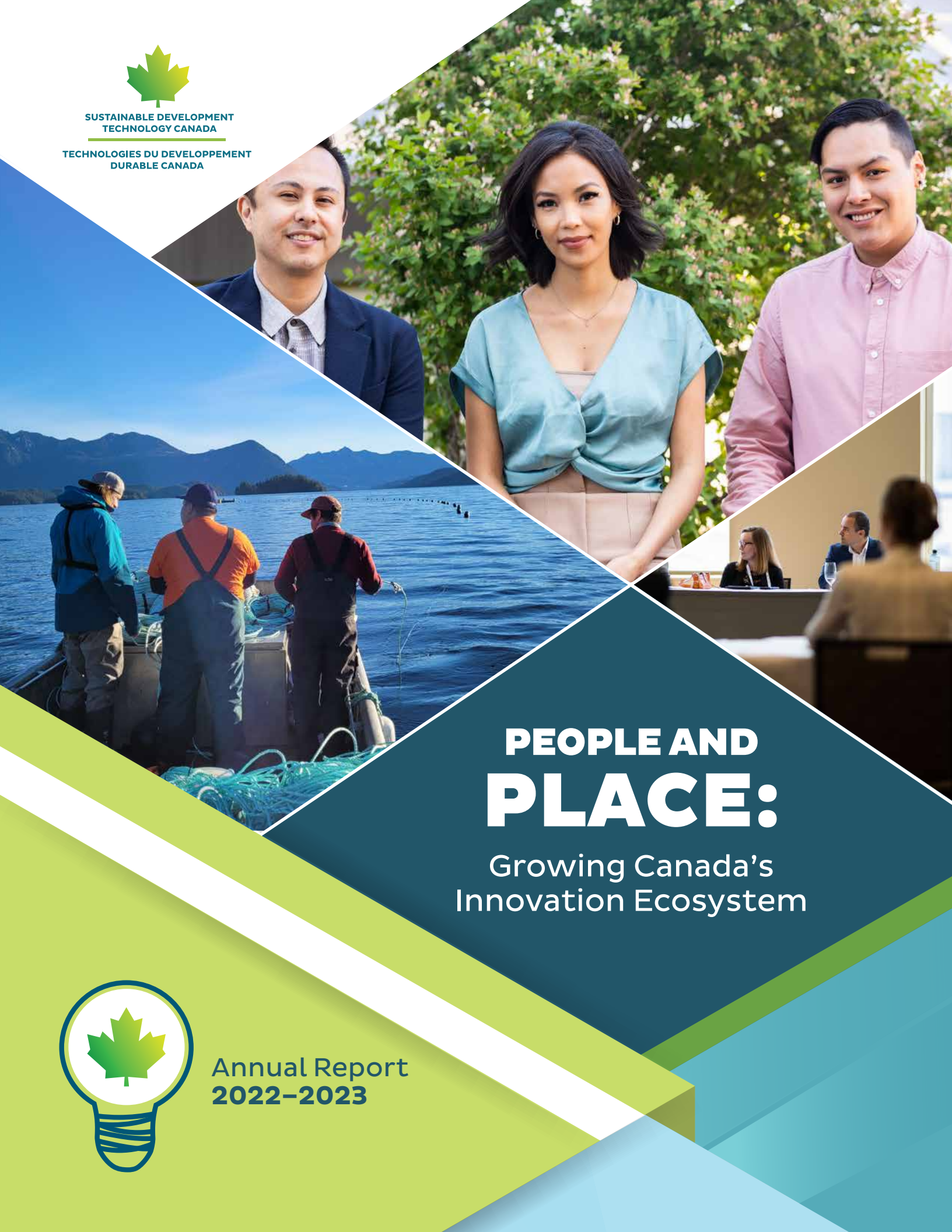




SUSTAINABLE DEVELOPMENT
TECHNOLOGY CANADA

TECHNOLOGIES DU DÉVELOPPEMENT
DURABLE CANADA



PEOPLE AND PLACE:

Growing Canada's
Innovation Ecosystem



Annual Report
2022–2023



Canada is full of entrepreneurs who are passionate about bringing sustainable technologies to life. These innovators can be found from coast to coast to coast, in small rural communities and large metropolitan centres.

At Sustainable Development Technology Canada (SDTC), it's our mission to help those innovators grow their companies – and the country's innovation ecosystem – by getting their technologies to market. That boosts local economies and enables Canada to meet its environmental commitments. In 2022–2023, we did that by sourcing innovations in more places, selecting those with the most potential, and supporting them with critical resources and knowledge.

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SDTC AT A GLANCE

Sustainable Development Technology Canada (SDTC) helps Canadian companies develop and deploy sustainable technologies by delivering critical funding support at every stage of their journey – from seed to success.

That includes:

- ▶ **Funding the development and demonstration** of new environmental technologies;
- ▶ **Fostering and encouraging collaboration** among organizations in the private sector, academia, the not-for-profit sector and others to develop and demonstrate new technologies; and
- ▶ **Promoting the timely diffusion of new technologies** across key economic sectors in Canada.

SDTC's funding streams

SEED FUNDING

Seed funding provides early-stage company founders with a one-time **non-repayable contribution** of \$50,000 to \$100,000 to validate an idea. Companies must be nominated by one of SDTC's 85 accelerator partners and have raised \$100,000 to \$200,000 from accredited investors.

START-UP FUNDING

Start-up funding is for companies with a technology that has been proven at a small scale and are now ready to validate that technology in a market setting. These companies have a well-defined project and a line of sight to financing, are engaged in discussions with potential customers, and are working with customers to test the viability of their business models.

SCALE-UP FUNDING

Scale-up funding targets advanced, high-growth companies that are on the path to delivering meaningful environmental outcomes. These companies have a track record of success and are looking to accelerate their growth, strengthen their competitive advantage or unlock a larger customer base.

NEXTGEN BIOFUELS FUND

The NextGen Biofuels Fund concluded its disbursement period in March 2017. It was established to support first-of-kind demonstration-scale facilities for producing next-generation renewable fuels. The Fund will continue to administer the remaining two active projects until September 30, 2027.

How we evaluate companies for funding

- ▶ Environmental benefits
- ▶ Technology readiness level (TRL)
- ▶ Business plan and path to market
- ▶ Strength of technology innovation
- ▶ Management capability
- ▶ Financial strength

2022–2023 year in review

229
total active
projects¹

Approvals
increased by
12.5%
over previous
year

Disbursements
increased by
32.4%
over previous
year

More than 800
inquiries received
in 2022–2023

69
seed
projects



46
start-up
& scale-up
projects



115
new projects
approved
in 2022–2023

\$196 million
SDTC funding to sustainable
technology projects

Total funding by sector since inception²



Agriculture
\$190 million



NextGen Biofuels
\$81 million



Energy utilization
\$464 million



Forestry, wood
products, pulp and paper
\$79 million



Power generation
\$227 million



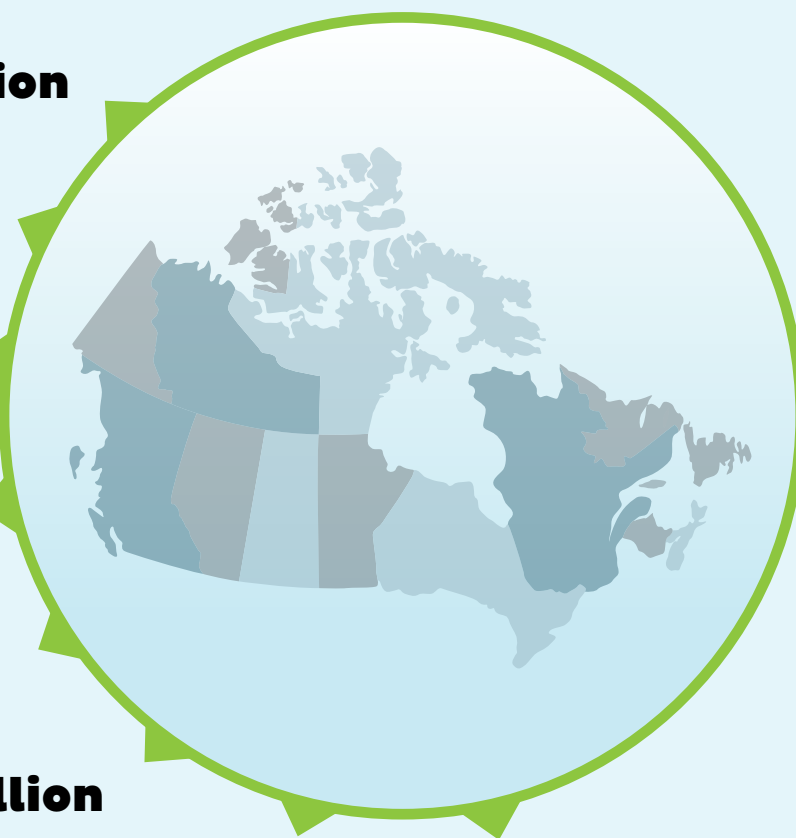
Transportation
\$219 million



Waste management
\$195 million



Energy exploration
and production
\$249 million



¹ Total number of projects pending contract or under contract as of March 31, 2023.

² Numbers and dollar figures shown refer to the period 2001 to March 31, 2023.

SDTC portfolio value³

\$1.71 billion

of SDTC funding to projects



\$4.26 billion

through public and private sector investment

= \$5.97 billion total portfolio value



\$13.27 billion estimated total **follow-on financing** generated by SDTC-funded companies since 2001

Economic and environmental impacts



\$3 billion

estimated annual **revenues** attributable to SDTC supported technologies⁴



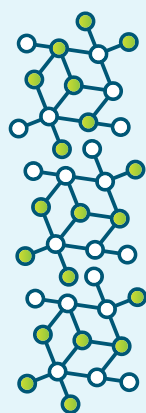
24,492

estimated **total jobs** (direct and indirect) attributable to SDTC-funded projects



3,550

new jobs created in 2022–2023



223

technologies deployed and generating environmental benefits⁵

155

showing **GHG emission reduction benefits**

69%

showing **multiple environmental benefits**

\$354 million

estimated **annual costs avoided** due to air quality, clean water and clean soil benefits generated by SDTC-supported technologies



24.7 megatonnes

CO₂e estimated **annual GHG emissions reduction** attributable to SDTC-supported technologies

(equivalent to taking almost 7.5 million cars off the roads every year)

³ Based on the total number of projects pending contract, under contract or completed as of March 31, 2023.

⁴ Estimated annual revenues are updated annually based on best available data on firm revenue.

⁵ Total number of project technologies that are actively affecting GHG emissions, clean air, clean water or clean soil.

MESSAGE FROM **THE CHAIR**

From the shores of Newfoundland all the way to Vancouver Island, Canadian entrepreneurs are creating ground-breaking innovations to make the future brighter – for the planet and for the people in their communities.

Too often, Canadian entrepreneurs are given the advice to go where the money and the customers are. But this advice disregards what so many know to be true: place matters. It's the foundation upon which businesses are built, and its people are what inspire entrepreneurs to do extraordinary things.

People and place are central to SDTC's mandate. For Canada to be a leader in the new economy and to generate economic prosperity while creating better environmental outcomes, we need to be deliberately focused on helping entrepreneurs grow their companies in the places they call home.

Over the past year, we have expanded our reach through proactive deal-sourcing efforts, supporting companies from every province across our country. In 2022–2023, 40% of our seed funding recipients came from regions outside traditional centres for sustainable innovations, highlighting the geographic diversity of the Canadian innovation ecosystem. And of the companies that have gone on to graduate from our seed funding program and been approved for start-up funding, nearly 60% call communities smaller than Canada's 10 biggest cities home.

As the biggest funder of small and medium-sized sustainability firms in Canada, SDTC invests significant time and resources to find companies and deliver the supports entrepreneurs need to succeed. This requires a deep understanding of the current landscape and what drives their successes and setbacks. This focus on data enabled us to launch our first annual list of Canada's Sustainability Changemakers in 2022 – a group of 10 exceptional Canadian companies that have shown outstanding growth and a track record of delivering on SDTC's mandate of environmental and economic benefits for Canada. These Canadian companies are building knowledge and skills here at home, while growing a global footprint. Their stories are truly inspirational and a testament to the fact that you can come from anywhere in the country and build a successful business.

At SDTC, we know that innovation is a team sport, and it takes more than just funding to propel Canadian companies to the next level of success. From the launch of our Network of Executive Trailblazers (NExT) mentorship pilot to our continued partnership with the Innovation Asset



Collective to help strengthen companies' intellectual property strategies to the return of our in-person Leadership Summit, in 2022–2023 we continued to find ways to build Canada's innovation ecosystem and provide opportunities for entrepreneurs to connect, learn and be inspired by each other's journeys.

SDTC isn't just invested in a company's project. We are invested in their vision. As we look to the future, this commitment of support throughout our companies' journeys to commercialization is more important than ever.

I would like to thank SDTC's President & CEO Leah Lawrence for her leadership over the past year, as SDTC supported more companies than ever before. I also extend my appreciation to the Board of Directors for their dedication and commitment to this vital work as we seek to transform Canada's environmental and economic prosperity.

Annette Verschuren
Chair

**“ OVER THE PAST YEAR, WE HAVE
EXPANDED OUR REACH THROUGH
PROACTIVE DEAL-SOURCING
EFFORTS, SUPPORTING COMPANIES
FROM EVERY PROVINCE ACROSS
OUR COUNTRY.”**

MESSAGE FROM THE **PRESIDENT & CEO**

What a difference a year makes. A year ago, as we prepared SDTC's annual report, we were talking about a record year in investment for climate and sustainability companies. Today, things are much more measured. A year ago, the Bank of Canada raised interest rates for the first time in many years. At the time of writing, they have been raised another 10 times, with potentially more to come. A year ago, no one was talking about ChatGPT and few were debating the pros and cons of artificial intelligence. On the public policy front, the U.S. *Chips Act* and *Inflation Reduction Act* were still to come.

Despite these headwinds, 2022–2023 was still a banner year for climate and sustainability companies and, by extension, for SDTC. While they did not break the IPO-fueled investment record of 2022, our portfolio companies still raised \$3.5 billion, beating the previous record high of 2021 and crushing the combined total of 2019 and 2020 by three and a half times.

Yet while investment is important, so too are compound annual growth in revenues, customer relevancy, and contributions to the local and global economy (all key criteria used to generate our second annual Sustainability Changemakers list).

And that is what SDTC's mandate is all about. Without revenues, without customer relevancy both domestically and abroad, without (eventually) a pathway to significant profit that will make back

all that upfront public and private investment, climate and sustainable technologies will not get deployed at the pace and the scale necessary to have the clean air, clean water and biodiverse environment that we all desire.

That is why, in recent years, we rebuilt our business from the ground up, focusing on entrepreneurs with ideas from seed through to scale-up in every region of the country, nurturing a pipeline of emerging companies with the potential to become Canada's next decade of Sustainability Changemakers.

In 2022–2023, in support of our companies, we also had a record year. We approved the highest level of funding for companies in our history for a record 115 projects, growing our total portfolio value to almost \$6 billion.



At the same time, 2022–2023 was a year of focusing on ecosystem growth and resiliency. The number of women-led companies exceeded our total targets, coming in at 35% in our seed stream and 22% in our start-up and scale-up stream. And, for the first time in our history, we are providing funding to entrepreneurs in all 10 provinces.

But there is so much more to do.

I would like to thank the entire SDTC team for their professionalism, thoughtfulness and tireless enthusiasm over the past year in the support of our companies. Every team member is committed to growing Canada's innovation ecosystem alongside our companies. I would also like to thank our Chair, Annette Verschuren, and the rest of SDTC's Board of Directors for their continued vision and guidance. Finally, I would like to thank our entrepreneurs. Your commitment to Canada, to Canadians and to a greener, cleaner globe deserves our utmost gratitude.

The work Canadian sustainability companies do is making a difference. And the world is taking notice. Let's continue that momentum with Canadian companies, for Canadians and beyond.

Leah Lawrence
President & CEO

“ WE APPROVED THE HIGHEST LEVEL OF FUNDING FOR COMPANIES IN OUR HISTORY FOR A RECORD 115 PROJECTS, GROWING OUR TOTAL PORTFOLIO VALUE TO ALMOST \$6 BILLION.”

SOURCING

REACHING OUT TO DEEPEN CANADA'S **INNOVATION ECOSYSTEM**

Growing Canada's innovation ecosystem starts with finding the companies and entrepreneurs who are creating made-in-Canada solutions to global challenges – before they become household names. In 2022–2023, we continued our proactive approach to sourcing those companies, purposefully seeking out new connections and expanding our network to help us find the most promising sustainable innovations.

Partnerships have always been a critical part of our sourcing strategy, with referrals from our provincial counterparts and other entrepreneurial service organizations contributing to our applicant pool. Those partnerships are vital to SDTC's success. In the last year **we added 15 new accelerator partners to our network**, bringing the total to 85.

But it's not enough to wait for companies to approach us. To further grow and diversify our applicant pool, we also stepped up our own outreach efforts last year. We've put boots on the ground in more places across the country, allowing us to go out and find the best and brightest – and get them what they need to grow and succeed here in Canada. Because innovation can happen anywhere, that included deliberate and targeted attention to smaller markets and areas outside major urban centres. We identified leads, spoke directly with CEOs and personally brought them in through our doors. As a result, **17% of the projects approved in 2022–2023 were proactively sourced by our own staff**. And for the first time in SDTC history, companies and entrepreneurs were funded in all 10 provinces, highlighting the geographic diversity of Canada's innovation ecosystem.

We supported those efforts with a national campaign, ***Innovation Happens Here***, to raise our profile in the market and make it easier for entrepreneurs to find us. We also developed a **new client relationship management system** that will improve the way we connect with and track data about our clients so we can serve them better. One of the first elements of the new system is a web-based inquiry platform that makes it easier for prospective clients to reach us to get the answers they are looking for on how to apply and access our funding and supports.

17%

of projects approved
were proactively
sourced by our
own staff.



ADVANCED DATA TO REDUCE OIL AND GAS EMISSIONS

AROLYTICS

SEED TO START-UP

Calgary-based Arolytics first received SDTC seed funding in 2021 and, in February 2023, graduated to the start-up stream. With \$375,000 from SDTC, this software company, which specializes in methane data and analytics for oil and gas producers, will be able to make its methane leak detection and repair (LDAR) programs a reality. The new funding will support the automation and scalability of the company's emissions management platform. When the project is complete, Arolytics will be able to optimize the sensor technology its clients use to find emissions and reduce their environmental footprint faster.

“THE SDTC FUNDING HELPED US ACCESS MORE CLIENTS IN CANADA AND AROUND THE WORLD TO REDUCE METHANE EMISSIONS FROM THE OIL AND GAS SECTOR.”

Liz Connell, President, Arolytics

REDUCING ENVIRONMENTAL IMPACT AND COSTS WITH A DECENTRALIZED ENERGY GRID

PEAK POWER

START-UP TO SCALE-UP

Last year, Toronto's Peak Power received \$5 million in SDTC scale-up funding to help expand and optimize its energy storage systems across Ontario. The company's innovative approach to reducing grid dependency during peak periods of energy demand first earned it start-up funding in 2017 and again in 2021. With that funding, Peak Power was able to develop a commercial pipeline for future installations in Ontario. Now, as the company continues its mission to make centralized power plants obsolete, the new scale-up funding will support the development of a distributed energy resource aggregation platform that will enable batteries, commercial buildings and electric vehicles to become grid-interactive.

“SDTC HAS BEEN FUNDAMENTAL TO PEAK POWER'S PAST, PRESENT AND FUTURE.”

Derek Lim Soo, CEO, Peak Power

SELECTION

CHOOSING THE RIGHT COMPANIES FOR A SUSTAINABLE FUTURE

To support the growth of Canada's innovation ecosystem, we need to select the best ideas with the biggest potential impact. In 2022–2023, we focused on doing that by making sure there was a diversity of voices and perspectives at the table as we decided which companies to fund. We continued to apply our rigorous selection criteria, while also looking for ways to enhance our approval process in order to get funding into the hands of entrepreneurs as fast as possible.

As the innovation ecosystem has evolved, it has always been important for us to evolve along with it, including our approaches for selecting companies to fund. To that end, we have developed a new decision-making framework to support a **portfolio-based approval process**, which will be implemented in the coming year. This doesn't mean accepting fewer companies — in fact, last year **we approved more projects and disbursed more funds than ever before**. But it does enable us to optimize risk management across our entire portfolio, while also helping us better understand markets and the competitive landscape for firms across our portfolio.

One key area we've been focusing on is gender diversity in company leadership. Strong, globally successful women-led firms don't just materialize — they need to be promoted and supported from the earliest stages. That's why we set ourselves an ambitious target of having 25% of our portfolio companies led by women, and we are well-positioned to achieve it. Among the companies we funded last year, **35% in the seed stream and 22% in the start-up and scale-up streams were led by women**. In addition, of the 11 companies that graduated last year from seed to start-up, six were women-led. And we are ready to continue to support these promising women-led firms as they scale.

We have also improved our selection process by ensuring our selection **panels for seed funding reviews include more women and more representatives from the investment community**. Last year, almost every selection panel included at least one woman. Meanwhile, investors bring key market intelligence about what's currently in demand with both consumers and fellow investors — and what's expected to be in demand going forward. This first-hand knowledge enhances our assessment of applicants' projects and provides companies with the added benefit of being exposed to potential partners and investors.

22%

of the companies
in the start-up
and scale-up
streams are
led by women.



FROM EVICTION TO WORLD LEADER IN WASTEWATER TREATMENT SALTWORKS

CHANGEMAKER

Saltworks, based in Richmond, British Columbia, has been a part of SDTC's portfolio since 2009 — and last year was named one of the inaugural Canada's Sustainability Changemakers.

Co-founders Ben Sparrow and Joshua Zoshi built their first desalination plant, made of water cooler jugs and wiring bolted to a piece of plywood, in Sparrow's East Vancouver apartment as part of the New Ventures BC Tech competition. The project got him evicted from that apartment. But it won the competition and provided the funding the pair needed to quit their jobs and create Saltworks.

Since then, Saltworks has become a world leader in industrial desalination and lithium refining. With funding support from SDTC, Sparrow and Zoshi have developed cutting-edge technologies that allow users to remove contaminants from wastewater generated by industrial processes. This enables the water to be recycled, reducing energy consumption while recovering valuable resources from the wastewater. The company has seen significant revenue growth, expanding and diversifying to make changes in a broad range of global markets.

“WE'RE PROUD TO BE THE RECIPIENT OF SDTC FUNDING, WHICH HAS ENABLED US TO ESTABLISH OUR DEVELOPED-IN-CANADA TECHNOLOGY AS A LEADING WASTEWATER TREATMENT SOLUTION.”

Ben Sparrow, CEO, Saltworks



SUPPORT

BUILDING CAPACITY FOR LONG-TERM SUCCESS

Growing and sustaining an innovation ecosystem takes more than funding. It also takes a broad range of supports to help companies thrive so they can scale and bring their innovations to the world. In 2022–2023, we launched a new mentorship pilot program to link CEOs from across our portfolio with experienced CEOs and peers across the nation. And we worked with partner organizations to connect companies with follow-up funding, governance training and intellectual property guidance to help them reach the next level.

Our portfolio companies told us they would benefit from support by others who had gone through the same journey toward commercialization. In response, last year we piloted the **Network of Executive Trailblazers (NExT) mentorship program**. The goal of the program is to create a network of CEOs who can share experiences, learn from one another and inspire each other to go further, faster. The pilot project matched **20 SDTC-supported CEOs with six mentor CEOs** who have successfully grown and scaled companies. The mentees came from a variety of provinces and sectors, with one-third being women and more than half being seed funding recipients. The pilot involved four group learning sessions held between October 2022 and April 2023, covering topics such as culture building, fundraising and business planning. Between sessions, mentors and mentees had the opportunity to connect individually to discuss their own specific challenges and issues of interest. Mentors and mentees both reported benefits from the program, and we are now looking at how to position this pilot as an ongoing support for companies.

The **2022 Leadership Summit**, held in May, marked our return to an in-person event, with almost 300 attendees. While the virtual summits we held during the pandemic offered a lot of useful content, we heard from participants that in-person networking with other innovators was much more valuable, so we were pleased to be able to offer that opportunity again. The 2022 Summit also saw the launch of the **first cohort of Canada's Sustainability Changemakers**, a list of SDTC portfolio companies with strong revenue growth and whose innovations are delivering measurable environmental impacts.

We continued our **work with the Innovative Asset Collective (IAC) and the Innovation Governance Program (iGP)**. All SDTC-funded companies are offered membership with the IAC, granting them access to workshops (including three delivered at the 2022 Summit), market intelligence and other resources to strengthen their intellectual property strategies. Through the iGP, company leadership teams, advisors and board directors can take executive training to build the skills and

resources they need to scale up globally. In 2022, **we sponsored 45 company representatives, partners and SDTC staff** to take this training.

In addition, our ongoing partnerships with BDC and EDC continue to deliver critical support our portfolio companies need to scale and grow. Last year's **\$383 million in follow-on funding** via these partnerships significantly surpassed our target of \$250 million.

Canada's Sustainability Changemakers 2022

Launched at the 2022 Leadership Summit, Canada's Sustainability Changemakers is the first made-in-Canada list recognizing home-grown innovation in sustainable technologies. Each Changemaker is selected based on data-driven criteria including annual revenue, growth rate, measurable environmental impact, and Canadian and global presence. The very first Changemakers were:

- ▶ Anaergia
- ▶ CarbonCure Technologies
- ▶ Enerkem
- ▶ Hifi
- ▶ KEY DH Technologies
- ▶ NanoXplore
- ▶ RecycleSmart
- ▶ Saltworks
- ▶ Semios
- ▶ Vive Crop Protection



LEARNING AND GROWING THE CIRCULAR ECONOMY TOGETHER

HYON SOFTWARE

NEXt PILOT PARTICIPANT

Inspired by how garage sales allow unneeded items to be passed along to someone else, Regina-based Hyon Software's simple "re-commerce" platform has helped evolve the circular economy and divert 150,000 pounds of usable items from landfills. The company credits much of its success to incredible mentors. That's why CEO Kristy Ehman was thrilled to be selected as one of the mentees in SDTC's NEXt pilot program.

Through NEXt, Hyon has been able to review its existing business plan, share ideas and learn from CEOs who have successfully grown and scaled sustainable companies. Mentorship has provided key insights that have been invaluable to helping Hyon grow and thrive.

“ MENTORSHIP IS A TWO-WAY RELATIONSHIP. AS A MENTEE, I GET THE BENEFITS, BUT I'VE ALSO SEEN MORE THAN ONCE THAT MENTORS HAVE ADVISED SOMETHING AND THEN REALIZED THAT THEY SHOULD TAKE THAT SAME ADVICE FOR THEIR OWN ORGANIZATIONS.”

Kristy Ehman, CEO, Hyon Software

BUILDING THE FOOD SYSTEMS OF TOMORROW

MARA RENEWABLES

ECOSYSTEM PARTNERS

Since receiving initial project funding in 2012, Nova Scotia-based biotechnology company Mara Renewables has been working with other Canadian partners to fund and deliver its ground-breaking technology. With support from SDTC and BDC, as well as the Atlantic Innovation Fund, the Atlantic Canada Opportunities Agency, Ocean Supercluster and the National Research Council Industrial Research Assistance Program, Mara has been able to leverage its funders and partnerships to create a business plan for reimagining what the world's food system can look like through the use of natural algae-based biotechnologies for human nutrition and related industries. Mara earned the 2022 Cleantech Export Star Award from EDC and has shown strong growth over the past year.

“ WE'RE THRILLED TO HAVE SDTC'S SUPPORT TO HELP US SHOW THAT GOOD FOOD DOESN'T HAVE TO DISRUPT NATURE'S ECOSYSTEMS.”

Tim Haig, CEO, Mara Renewables

2022–2023 **PERFORMANCE** AGAINST STRATEGIC OBJECTIVES

We set four corporate goals for SDTC to pursue over the course of the fiscal year:

Goal 1: Investing from seed to success — Portfolio investment strategy



CORPORATE GOALS	ACHIEVEMENTS
<ul style="list-style-type: none">▶ Approve \$190–210 million in new investments with disbursements of \$125–150 million to funded projects.▶ Implement an updated governance approach to portfolio-based approvals, performance monitoring and outcomes assessment, including a refined approach to our enterprise risk management.▶ Maintain a diverse pool of applicants from across Canada, with particular focus on client discovery efforts, to:<ul style="list-style-type: none">• Seek out entrepreneurs with the highest potential to make the most meaningful impact in our three sustainability areas.• Diversify and expand our applicant pool with the target of ensuring at least 25% of companies funded are led by women.• Expand our brand awareness (including through company profiles) across seed, start-up and scale-up entrepreneur populations.	<ul style="list-style-type: none">▶ Approved \$196.4 million in funding, an increase of \$20 million over the previous year (46 start-up and scale-up companies + 69 seed companies).▶ \$133.2 million disbursed, 32.4% higher than the \$101 million disbursed in the previous year.▶ Portfolio-based approvals process developed with board working group and ready for implementation, covering governance framework, investment framework and compliance framework.▶ Internal resource-building to focus on deal sourcing to seek out highest potential entrepreneurs.▶ 17% of projects approved in 2022–2023 were proactively sourced.▶ 15 new accelerators added to our network, bringing the total to 85.▶ 35% of seed companies are women-led; 6 of the 11 of seed funding graduates are women-led.

Goal 1: Investing from seed to success — Portfolio investment strategy (Continued)



CORPORATE GOALS	ACHIEVEMENTS
<ul style="list-style-type: none"> Identify two to four ecosystem-building opportunities across the various stages of innovation that will enable entrepreneurs to succeed. This includes piloting new approaches to shared infrastructure, and prototyping services and shared resources accessible to companies. Develop and implement a multi-year approach to client surveys throughout our operations to further inform our strategic direction. 	<ul style="list-style-type: none"> Developed 111 company profiles, which were promoted through SDTC's social media channels. Launched the <i>Innovation Happens Here</i> campaign to highlight 10 SDTC success stories. Grew SDTC's digital presence on LinkedIn by nearly 50%. Continuing to source and evaluate potential ecosystem-building opportunities. Targeted CEO outreach conducted in Q2. Innovation, Science and Economic Development Canada (ISED) evaluation of SD Tech fund conducted with portfolio companies to collect data and feedback.

Goal 2: Connecting and supporting our entrepreneurs and innovation ecosystems



CORPORATE GOALS	ACHIEVEMENTS
<p>Facilitate post-investment support services to equip companies with the capacities they need to excel, including access to talent, training, investment and customers. To do this, we will:</p> <ul style="list-style-type: none"> Develop an alumni mentoring program to connect experienced and emerging entrepreneurs and advance the business and leadership skills of the portfolio as a whole. Support the development of ongoing board governance education in continued partnership with the Council of Canadian Innovators. 	<ul style="list-style-type: none"> Launched the Network of Executive Trailblazers (NExT) program with initial pilot of 20 mentees (CEOs from portfolio companies) matched with six mentors. Partnered with the Innovation Governance Program (iGP) through participation on the iGP steering committee and by nominating approximately 45 CEOs/advisors/directors to participate in six-week training sessions. Continue to conduct research, including value chain analysis into areas of opportunity. Brought together nearly 300 CEOs, investors and government partners for our annual in-person Leadership Summit in May 2022.

Goal 2: Connecting and supporting our entrepreneurs and innovation ecosystems (Continued)



CORPORATE GOALS	ACHIEVEMENTS
<ul style="list-style-type: none"> ▶ Identify and develop commercial market opportunities within Canada to create stable local demand that can serve as a platform/ beachhead for a critical mass of globally exporting companies. ▶ Become a leader in intellectual property (IP) education in continued partnership with the Innovative Asset Collective (IAC), developing at least two to three IP workshops with peer-to-peer learning for every stage of our clients' commercialization journeys. ▶ Build on the <i>Innovation Happens Here</i> campaign by continuing to profile the strengths of companies and regions, and by expanding the focus to include, for example: <ul style="list-style-type: none"> • Curated events such as our annual Leadership Summit. • Investor and alumni events that connect companies with start-up and scale-up investors. ▶ Launch a new private equity partners group. ▶ Continue to collaborate with BDC, EDC, Strategic Innovation Fund (SIF), Canada Infrastructure Bank (CIB) and provincial partners to build cross-organizational strategies for leading firms. 	<ul style="list-style-type: none"> ▶ Provided all companies receiving seed funding with access to a one-year membership with the IAC. ▶ Delivered three IAC workshops at the 2022 Summit, with an additional workshop in winter 2023. ▶ Leveraged IAC expertise to develop an updated due diligence framework. ▶ Launched new online inquiry platform to help scale and drive direct engagement with prospective clients. ▶ Targeted outreach with private financiers is ongoing, with the intent to identify potential partners for a private equity partners group. ▶ Regular working group with BDC and EDC continues with referrals to identify opportunities for follow-on fundraising, diligence sharing and ways to better support companies. ▶ \$383 million in follow-on financial support provided by BDC and EDC to SDTC portfolio companies, exceeding the target of \$250 million. ▶ Established a referral process with SIF.

Goal 3: Timely information to inform decision-making



CORPORATE GOALS	ACHIEVEMENTS
<ul style="list-style-type: none"> ▶ Collect, leverage and gain insights from portfolio companies for portfolio companies by leveraging portfolio company data (e.g., financial, environmental, diversity) as well as aggregated external data sources to inform decision making, portfolio performance monitoring and outcomes assessment. This will include: <ul style="list-style-type: none"> • Publishing quarterly portfolio performance and outcomes indicators. • Developing a framework to assess portfolio companies annually against their global competitors. • Partnering with the IAC and others to undertake two to three competitive and IP landscape reviews and evaluate the areas of threat and opportunity. ▶ Provide portfolio insights and market intelligence to our clients on a quarterly basis to allow greater understanding of macro factors affecting them and inform their decision making. ▶ Continue our business transformation to a data-centric organization by renewing our IM/IT infrastructure, with two planned releases of our internal software platform: <ul style="list-style-type: none"> • Release 1 will improve process efficiency and finish migration operations to a new cloud-based software platform. • Release 2 will deliver tools to enhance understanding of our portfolio companies by collecting more relevant data elements specific to portfolio management and ecosystem supports. ▶ Continue to partner with the University of Toronto's Munk School of Global Affairs and Public Policy to monitor accelerator success in nominating and supporting seed companies. 	<ul style="list-style-type: none"> ▶ Quarterly performance and outcomes indicators were used to establish the inaugural Canada's Sustainability Changemakers list of top-performing companies in our portfolio. ▶ Commissioned a benchmarking study of SDTC-funded companies, completed independently by Statistics Canada. Analysis showed that survival rates were very high for SDTC-funded companies, exceeding Statistics Canada's comparison groups. ▶ Continued work with IAC to incorporate IP landscape reviews in our decision making. ▶ Launched the <i>SDTC Insights</i> quarterly newsletter to provide portfolio analysis and outcomes indicators to CEOs. ▶ Launched the inaugural Canada's Sustainability Changemakers list, leveraging enhanced portfolio analytics and performance data. ▶ Operationalized portfolio mapping tools to support portfolio strategy and decision-making. ▶ Formalized the scope of <i>Connect+</i> Release 1 through a detailed discovery phase. Developed a detailed contract and project plan with 13 specific development and testing "sprints". ▶ Performed a review of the project at midway and currently finalizing the production release planning for Q1 2023–2024 to ensure full complexities are built into the system for optimal experience for external and internal users. ▶ Completed value chain analysis with support of Munk School resources, which will support our success in nominating and supporting companies at all stages. ▶ Completed capstone project to evaluate early-stage investment trends.

Goal 4: Talent, skills and diversity



CORPORATE GOALS	ACHIEVEMENTS
<ul style="list-style-type: none"> ▶ Focus on supporting our team to build critical skills and expertise in support of our mandate, including: <ul style="list-style-type: none"> • Ensuring personalized learning plans are in place for all team members. • Ensuring all team members are trained and feel confident in the use of the new digital tools. ▶ Promote and develop the leadership skills needed to create a positive, diverse and vibrant culture in our remote-first work environment. ▶ Continue to actively monitor team wellness and maintain focus on the health and safety of our people. Continue to provide employees with the individual support they require through health and wellness initiatives. ▶ Continue to raise awareness of equity, diversity and inclusivity (EDI) through training sessions and by highlighting best practices and ensuring they are integrated into our recruitment processes, leadership development, ecosystem initiatives and project selection processes. 	<ul style="list-style-type: none"> ▶ Launched a core training program with a focus on digital skills for this year. ▶ Strengthened and relaunched the onboarding process to set each employee up for success. ▶ Put in place objectives and key results (OKRS) and learning plans across the organization. ▶ <i>Connect+</i> training underway with initial users and select team members as testers. All team members will receive extensive training and follow-up support, including a peer support group, before the full organization moves to <i>Connect+</i>. ▶ Leadership program developed and supported by regular discussions and learning on best practices. ▶ Leadership remains focused on the health and wellness of teams and continually discusses and adapts best practices. ▶ Continued to execute on our commitment to the Government of Canada's 50 – 30 Challenge as a framework to accelerate diversity actions. ▶ Continued to advance EDI within our workplace through creation of a strategy to benchmark current practices and inform future actions.



2023–2024 CORPORATE GOALS: **PEOPLE AND PLACE**

With the 2030 deadline for key climate commitments rapidly approaching, it is more important than ever to support the companies creating the vital innovations that will get us there. Canada's goals are ambitious – and to meet them, we need a critical mass of Canadian cleantech innovators to achieve global scale.

To help accelerate the commercialization journey of more cleantech companies from more places across the country, we have set the following goals for 2023–2024:



GOAL 1: INVESTING FROM SEED TO SUCCESS

Growing an expanding cohort of Canadian companies, strengthening relationships with clients and ensuring our portfolio delivers benefits to Canada.



GOAL 2: CONNECTING AND SUPPORTING OUR ENTREPRENEURS AND INNOVATION ECOSYSTEMS

Strengthening the entire cleantech network, providing more tools for success and working with partners to foster growth across all stages of innovation.



GOAL 3: TIMELY INFORMATION TO INFORM DECISION MAKING

Leveraging portfolio insights to support targeted sourcing and understanding emerging areas of competitive opportunity for Canadian companies.



GOAL 4: TALENT, SKILLS AND DIVERSITY

Growing and recognizing the talent, leadership and diversity within our team and throughout our entrepreneurial community and ecosystem.



For more information on SDTC's 2023–2024 core and growth strategies, read the full Corporate Plan at sdtc.ca.

FINANCIAL STATEMENTS

Independent auditor's report

To the Board of Directors of the
**Canada Foundation for Sustainable Development Technology – Fondation du Canada pour l'appui
technologique au développement durable**

Opinion

We have audited the financial statements of the **Canada Foundation for Sustainable Development Technology – Fondation du Canada pour l'appui technologique au développement durable** [the "Foundation"], which comprise the statement of financial position as at March 31, 2023, the statement of operations and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Canada
July 10, 2023



A member firm of Ernst & Young Global Limited

Canada Foundation for Sustainable Development Technology – Fondation du Canada pour l'appui technologique au développement durable

STATEMENT OF FINANCIAL POSITION

[Amounts in thousands of dollars]

As at March 31

			2023	2022
	SD Tech Fund \$	NextGen Biofuels Fund \$	Total \$	Total \$
ASSETS				
Current				
Cash [note 3]	4,537	324	4,861	16,661
Amounts receivable	84	—	84	3,082
Harmonized Sales Tax receivable	317	3	320	103
Interfund receivable [note 4]	—	—	—	44
Prepaid expenses	360	—	360	297
Total current assets	5,298	327	5,625	20,187
Investments [note 5]	—	9,220	9,220	—
Capital assets, net [note 7]	1,035	—	1,035	612
	6,333	9,547	15,880	20,799
LIABILITIES AND NET ASSETS				
Current				
Accounts payable and accrued liabilities	5,067	—	5,067	9,491
Interfund payable [note 4]	—	—	—	44
Total current liabilities	5,067	—	5,067	9,535
Deferred contributions				
Expenses of future periods [note 8]	1,266	9,547	10,813	11,264
Total liabilities	6,333	9,547	15,880	20,799
Commitments [note 10]				
Net assets	—	—	—	—
	6,333	9,547	15,880	20,799

See accompanying notes

Canada Foundation for Sustainable Development Technology – Fondation du Canada pour l'appui technologique au développement durable

STATEMENT OF OPERATIONS

[Amounts in thousands of dollars]

Year ended March 31

			2023	2022
	SD Tech Fund \$	NextGen Biofuels Fund \$	Total \$	Total \$
REVENUE				
Recognition of deferred contributions <i>[note 8]</i>	150,685	175	150,860	113,238
Contributions	—	—	—	3,000
	150,685	175	150,860	116,238
EXPENSES <i>[notes 12 and 13]</i>				
CEO and governance	1,733	72	1,805	2,532
People and technology	4,264	—	4,264	2,756
Investments	3,909	32	3,941	2,378
Ecosystems	4,058	17	4,075	3,066
Finance	3,541	54	3,595	4,475
	17,505	175	17,680	15,207
Project disbursements	133,180	—	133,180	101,031
	150,685	175	150,860	116,238
Excess of revenue over expenses for the year	—	—	—	—

See accompanying notes

Canada Foundation for Sustainable Development Technology – Fondation du Canada pour l'appui technologique au développement durable

STATEMENT OF CASH FLOWS

[Amounts in thousands of dollars]

Year ended March 31

			2023	2022
	SD Tech Fund \$	NextGen Biofuels Fund \$	Total \$	Total \$
OPERATING ACTIVITIES				
Excess of revenue over expenses for the year	—	—	—	—
Add (deduct) items not affecting cash				
Amortization of capital assets	97	—	97	150
Recognition of deferred contributions	(150,685)	(175)	(150,860)	(113,238)
Investment income	874	320	1,194	197
Net change in non-cash working capital balance related to operations	(1,666)	(40)	(1,706)	(895)
Cash used in operating activities	(151,380)	(105)	(151,275)	(113,786)
CAPITAL ACTIVITIES				
Purchase of capital assets	(520)	—	(520)	(188)
Cash used in capital activities	(520)	—	(520)	(188)
FINANCING ACTIVITIES				
Sales (purchases) of investments, net	—	(9,220)	(9,220)	9,041
Contributions received	149,215	—	149,215	97,175
Cash provided by (used in) financing activities	149,215	(9,220)	139,995	106,216
Net decrease in cash during the year	(2,685)	(9,115)	(11,800)	(7,758)
Cash, beginning of year	7,222	9,439	16,661	24,419
Cash, end of year	4,537	324	4,861	16,661

See accompanying notes

Canada Foundation for Sustainable Development Technology Canada – Foundation du Canada pour l'appui technologique au développement durable

NOTES TO FINANCIAL STATEMENTS

[Amounts in thousands of dollars unless otherwise noted]

March 31, 2023

1. Description of business

Canada Foundation for Sustainable Development Technology – Fondation du Canada pour l'appui technologique au développement durable [the "Foundation"] is a corporation continued under the *Canada Foundation for Sustainable Development Technology Act* [S.C.2001], effective on March 22, 2002.

The Foundation is not an agent of His Majesty, but is accountable to Parliament through the Ministry of Innovation, Science and Economic Development Canada. The Foundation is a non-taxable entity under paragraph 149(1)(l) of the Income Tax Act (Canada).

The Foundation's mandate, governance, operations, performance requirements, accountability and relationship to the Government of Canada are defined in its governing statute and in funding agreements that have been executed by the Foundation and the Minister of Innovation, Science and Economic Development Canada. In this way, the Foundation operates as a fully accountable instrument of the Government of Canada to help provide timely development and demonstration of innovative technology solutions to the nationally important issues of climate change, clean air and water, and soil quality.

The Foundation manages two funds: the SD Tech Fund and the NextGen Biofuels Fund [collectively, the "Funds"], which are further described below.

SD Tech Fund

During the year ended March 31, 2023, the Foundation signed another agreement with the Government of Canada to hold back \$25 million lapsed by the Foundation in fiscal year 2021-2022. As at March 31, 2023, the Foundation has received \$1,368 million in contributions and is eligible to receive an additional \$718 million in contributions, for a total of \$2,086 million [since inception] from the Government of Canada to provide financial support to projects that develop and demonstrate new technologies that have the potential to advance sustainable development, including technologies to address climate change, clean air and water, and soil quality. This support is provided to eligible recipients that comprise either a not-for-profit corporation or a private sector commercial corporation having established partnerships with one or more of the following: a private sector commercial corporation, a university or college, a private sector research institute, a not-for-profit corporation, or a federal or provincial Crown corporation [or subsidiary] whose role is the provision of resources and/or facilities to the consortium as a subcontractor.

Eligible contributions are to be received based on cash flow requirements up to March 31, 2028. The Foundation receives annual cash flows from the Government of Canada based on projections of future cash outflows in order to provide the funding required to meet project requirements.

With the exception of a reasonable amount reserved for related project monitoring and evaluation, and for wind-up costs, the Foundation will also endeavour to manage and disburse the funds in total by March 31, 2028.

NextGen Biofuels Fund

The NextGen Biofuels Fund provides financial support towards the establishment of first-of-kind facilities that demonstrate production pathways for next-generation renewable fuels at a large demonstration scale. This support is provided to eligible recipients, including for-profit

corporations, partnerships, limited partnerships or business trusts with legal capacity in Canada and that have access to expertise in next-generation renewable fuels production pathways. Agreements for financial support to eligible recipients include provisions for repayability from free cash flows of the funded project.

The Foundation has disbursed as at March 31, 2023 [the “disbursement period”] its share of eligible project costs incurred by eligible recipients. With the exception of a reasonable amount reserved for related project monitoring and evaluation, collection of repayments and for wind-up costs, the Foundation shall return any unused portion of the NextGen Biofuels Fund to the Government of Canada at the earlier of the end of the funding agreement on September 30, 2027, and such time or times subsequent to the end of the disbursement period as the Government of Canada may determine.

Effective December 3, 2014, the NextGen Biofuels Fund is no longer accepting applications for financial support.

2. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations [the “Standards”] and reflect the following significant accounting policies. A statement of remeasurement gains and losses and a statement of change in net assets have not been included as they would not provide additional meaningful information.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions whereby contributions, including grants received and interest earned on the invested amounts, are deferred and recognized as revenue in the year in which related expenditures are incurred. A receivable is recognized if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions are restricted for disbursement to eligible sustainable development technology projects and operations of the Foundation, as defined in the Funding Agreements.

Project disbursements

Project disbursements are recognized as expenses when the disbursements of funds are authorized and all eligibility criteria are met.

Capital assets

Capital assets are recorded at cost less amortization, which is calculated on a straight-line basis over the assets’ estimated useful lives using the following annual rates:

Computer hardware	3 years
Computer software	2–5 years
Office furniture and equipment	5 years
Leasehold improvements	Shorter of remaining term of the lease or estimated useful life

When a capital asset no longer contributes to the Foundation’s ability to provide services, its carrying amount is written down to its residual value.

Financial instruments

Financial instruments include cash, amounts receivable, investments, and accounts payable and accrued liabilities.

Financial assets and liabilities are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, with exception of cash, which is measured at fair value. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- ▶ **Level 1** — unadjusted quoted market prices in active markets for identical assets or liabilities;
- ▶ **Level 2** — observable or corroborated inputs, other than Level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

- **Level 3** — unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of hierarchy for which a significant input has been considered in measuring fair value.

The financial instrument recorded on the statement of financial position at fair value is composed of cash and is listed as Level 1.

Expenses

The Foundation classifies expenses on the statement of operations by function. The Foundation does not subsequently allocate expenses between functions, and all expenditures are recorded directly in the function to which they relate.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts

of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the year ended March 31, 2023. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known. The most significant estimates used in preparing these financial statements include the estimated useful lives of capital assets and the amount of accrued liabilities

3. Restricted cash

Included in the cash balance is \$1,238 [2022 – \$2,471] in restricted cash provided by third parties to distribute to eligible projects. This cash is not for use by the Foundation for any other means.

4. Interfund balance and transactions

The interfund balance receivable/payable bears no interest and is not governed by terms of repayment. As at March 31, 2023, nil [2022 – \$44] of operating expenses and allocated staff costs incurred by the SD Tech Fund on behalf of the NextGen Biofuels Fund were outstanding.

5. Investments

Investments consist of the following:

	Level	NextGen Biofuels Fund			
		2023		2022	
		Fair value \$	Amortized cost \$	Fair value \$	Amortized cost \$
Guarantee Investment Certificates	1	9,220	9,220	—	—

As at March 31, 2023, accrued interest of \$143 [2022 – nil] is included in Guaranteed Investment Certificates.

There were no transfers between levels for the years ended March 31, 2023 and 2022.

6. Financial instruments and risk management

Market risk

Interest rate risk

Investment in financial instruments renders the Foundation subject to investment risk. This risk arises from changes in interest rates if investment instruments are withdrawn prior to maturity or should market interest rates increase significantly over those of the investments of the Foundation. The Foundation invests in guaranteed investment certificates, which management considers low risk.

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices [other than those arising from interest rate risk], whether those changes are caused by factors specific to an individual financial instrument or its issuer, or factors affecting all similar securities traded in the market. The guaranteed investment certificates are a term deposit account, established for the purpose of investment, and, as such, the Foundation is not exposed to price risk.

Concentration risk

Concentration risk exists when a significant portion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. Although the portfolio may be held at a single financial institution, management believes that the investments in guaranteed investment certificates described above do not represent excessive risk.

Credit risk

The risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Amounts receivable mainly consist of funds receivable related to sales taxes and government funding; thus, the Foundation has assessed the related credit risk as low. The maximum credit exposure at the Foundation is represented by amounts receivable as presented in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations associated with financial liabilities or to meet cash requirements on a timely basis or a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

7. Capital assets

Capital assets consist of the following:

	SD Tech Fund			
	2023			2022
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$
Computer hardware	257	255	2	53
Computer software	2,916	1,915	1,001	528
Office furniture and equipment	137	125	12	31
Leasehold improvements	1,036	1,016	20	—
	4,346	3,311	1,035	612

During the year, capital assets were acquired at an aggregate cost of \$520 [2022 – \$188] and disposals of fully amortized assets were \$202 [2022 – nil].

Cost and accumulated amortization as at March 31, 2022 amounted to \$4,028 and \$3,416, respectively.

8. Deferred contributions – expenses of future periods

Deferred contributions related to expenses of future periods represent the unspent balance in the Funds that is restricted for disbursement to eligible sustainable development technology projects and operations of the Foundation, as defined in the Funding Agreements. The change in the deferred contributions balance is as follows:

	2023			2022
	SD Tech Fund \$	NextGen Biofuels Fund \$	Total \$	Total \$
Balance, beginning of year	1,862	9,402	11,264	27,130
Federal contributions received	149,215	—	149,215	97,175
Interest income	874	320	1,194	197
Amount recognized as revenue	(150,685)	(175)	(150,860)	(113,238)
Balance, end of year	1,266	9,547	10,813	11,264

9. Capital management

The Foundation defines capital as its deferred contributions related to expenses of future periods.

The Foundation's objectives in managing capital are to safeguard its ability to continue as a going concern and pursue its strategy of promoting sustainable development technology and next-generation renewable biofuels to eligible projects that meet the mandate and criteria of its funder, the Government of Canada, and benefits to other stakeholders. Management continually monitors the impact of changes in economic conditions on its investment portfolio and its funding commitments.

The Foundation is not subject to any externally imposed capital requirements other than those defined in the current Contribution Agreements, and its overall strategy with respect to capital remains unchanged from the year ended March 31, 2022.

10. Commitments

SD Tech Fund

As at March 31, 2023, SD Tech Fund has awarded contributions of \$1,626 million, of which \$1,304 million has been disbursed since inception. Agreements with eligible recipients in place related to these awarded contributions total \$1,570 million. Therefore, the Foundation has outstanding contractual obligations of \$266.3 million as at March 31, 2023 to be paid over the period 2024–2028.

The Foundation has outstanding contractual obligations to make contributions and to lease office space as follows:

	\$ [in millions]
2024	144.6
2025	77.8
2026	32.8
2027	10.8
2028	1.7
	267.7

NextGen Biofuels Fund

There are no outstanding commitments for the NextGen Biofuels Fund; all contributions have been paid as at March 31, 2023.

11. Legal claims

From time to time, legal claims are filed against the Foundation. An estimate of loss, if any, relative to any legal matters is not determinable at this time and no provision has been recorded in the accounts related to legal claims.

12. Expenses by object

The following is a summary of expenses by object:

	2023			2022
	SD Tech Fund \$	NextGen Biofuels Fund \$	Total \$	Total \$
Compensation	11,396	94	11,490	9,954
Professional services and governance	2,149	34	2,183	1,924
General and administrative	2,414	12	2,426	1,868
Expert review and legal	684	35	719	891
Human Resources	313	—	313	355
External outreach	255	—	255	134
Travel and other	294	—	294	81
	17,505	175	17,680	15,207

13. Reclassification of prior year presentation

Due to a change in functional responsibilities, certain prior year amounts have been reclassified for consistency with the current year presentation.

These reclassifications had no effect on the reported results of operations.



GOVERNANCE AND COMPENSATION

Governance

BOARD OF DIRECTORS

SDTC is governed by a Board composed of 15 directors, seven of whom (including the Chair) are appointed by the Government of Canada and eight of whom are appointed by Members of SDTC. They provide strategic direction and oversight of SDTC's financial matters, as well as its investment, partnerships, data, IP and talent strategies.

The Board has four committees: the Audit Committee, Governance and Nominating Committee, People and Culture Committee, and Project Review Committee.

Directors are required to declare potential conflicts of interest and refrain from participating in any discussions regarding matters that could give rise to such a conflict.

Annette Verschuren	Chair of the Board, SDTC Chair & CEO, NRStor
Sarah Kavanagh	Vice-Chair of the Board, SDTC Corporate Director
Judith Athaide	Corporate Director President and CEO, The Cogent Group
Leo de Bever	Chair, Nauticol Energy
Michael Denham	Executive Vice-President and Head of Commercial and Private Banking, National Bank of Canada
Jill Earchy	CEO, InBC Investments
Brenda Kenny	Board Chair, Alberta Innovates
Stephen Kukucha	Partner, PacBridge Partners
Carl Landry	Managing Director, Investments, Canada Infrastructure Bank
Erin Mahoney	Commissioner of Public Works, York Region
Jessica McDonald	Corporate Director
Ellen McGregor	CEO, Fielding Environmental
Gary Merasty	Executive Vice-President & Chief Development Officer, Northwest Company
Guy Ouimet	Managing Partner, Celtis Capital
Jo Mark Zurel	Corporate Director

As of March 31, 2023. For a list of current Board, Members and their profiles, visit www.sdtc.ca.

Members

The Members review SDTC's annual performance, approve SDTC's auditors and approve independent directors to the Board.

Ed Vandenberg	Partner, Corporate, Osler
Kathleen Sendall	Corporate Director

Compensation

BOARD OF DIRECTORS

Position	Annual stipend*
Chair of the Board	\$12,000
Vice-Chair of the Board	\$9,000
Directors	\$5,000

*All Directors of the Board received a meeting fee of \$550 per meeting day. The Directors who sit on Project Review Committees or Board working groups received a meeting fee of \$1,500 per meeting day.

EMPLOYEES

SDTC has designed its total compensation to be market-competitive and works with Mercer on an annual basis to ensure alignment with market.

In accordance with the Contribution Agreement, compensation for the fiscal year ending March 31, 2023, for employees whose compensation exceeded \$100,000 per annum, including salary, allowances, and other benefits, was within the annual compensation ranges listed below.

Position	Annual compensation	Additional performance-based compensation
President & CEO	\$311,000–\$448,000	\$0–\$119,000
Vice-Presidents	\$200,000–\$279,000	\$0–\$67,000
Directors	\$152,000–\$180,000	\$0–\$24,000
Managers & Leads	\$95,000–\$142,000	\$0–\$15,000

APPENDIX:

2022–2023 PROJECTS

This list includes projects approved and publicly announced for the period April 1, 2022, through March 31, 2023. Project details can be found at sdtc.ca.

SEED FUNDING

Agminded Research and Development Ltd.

AI Shading

Anodyne Chemistries Incorporated

AssistIQ

Aurea Technologies

Axolotl Biosciences

Ayrton Energy Inc

BioIntelligence Technologies Inc.

Biome Renewables

BioSam

Carbon Lock Tech

CarbonGraph

Cattle Scan

Closure Liability Management Inc.

Datanergie Inc.

Domely Technologies

Drift Resource Technologies

Drinkable

EARTHLI

Edgecom Energy

Enaimco

enVgo Inc

Farm Health Guardian

FORM innovations INC

Gamotech

GECCO

Genuine Taste

HazTrack

Hydrogen In Motion Inc. (H2M)

INLAN Inc.

Innervision

IntelliCulture

KiDrone

LabsCubed

Lantern Machinery Analytics Inc

LightLeaf Solar

Litus Inc.

Maket Technologies Inc.

Marine Thinking

Material Futures Lab

Metafold 3D

Nada Grocery Inc.

Neptune Nanotechnologies Inc.

NovaResp Technologies

NULIFE GreenTech Inc.

OceanSync Data Solutions Inc.

Off The Grid

Open Waters Design and Manufacturing

Origen Air
Picketa Systems
PLAEX Building Systems Inc.
Psigryph Inc.
QuadroCore
QuantoTech Solutions LTD.
Quantum
RegenEAU
Reusables.com
RFINE Biomass Solutions
Robichaud
Sixone
Skaldyr Inc.
Smart Cocoon Inc.
SolarSteam
SR.ai
Swift Charge
Ukko Agro
UVX
VoxCell Bioinnovation Inc.
ZeroIN

START SCALE FUNDING

2S Water Corp
3E Nano Inc.
AdaptisTech Inc.
Anaconda Systems Ltd
Arolytics
Aurora Hydrogen
BluWaveai Inc.
BrainBox AI
Carbonova Corp.
Cascadia Seaweed corporation
Clear Blue Technologies
Cyclic Materials

Ecopia Tech. Corp.
enim (Seneca Expert-Conseils)
Entosystem
Environmental Material Science
e-Zinc Inc.
Future Fields Cellular Agriculture & Research Ltd
GaN Systems Inc.
GBatteries Energy Canada
Green Graphite Tech Inc.
Hortau Inc.
Invision AI
IRIS R&D Group Inc.
KSM Inc.
Maxen Tech
Miovision Technologies Inc.
Nano One Materials Corp.
New School Foods
Next Hydrogen Solutions Inc.
Nexus Robotics
Niricson Software Inc.
Oneka Tech
Panevo Services Ltd.
Peak Power Inc.
Pegasus Imagery
Provision Analytics
RainStick Shower
Rayleigh Solar Tech Inc.
Reazent
Summit Nanotech Corp.
Symbient Environmental
Synergraze Inc.
Visual Defence Inc.
VueReal Inc.
ZS2 Technologies

2022-2023 FUNDED COMPANIES

Name	Round	Fiscal Year	Name	Round	Fiscal Year
2S Water Corp	23B	FY22-23	Invision AI	22D	FY22-23
3E Nano Inc.	22F	FY22-23	IRIS R&D Group Inc.	22D	FY22-23
AdaptisTech Inc.	23B	FY22-23	KSM Inc.	22C	FY22-23
Aerium Analytics	23C	FY23-24	Maxen Tech	22D	FY22-23
Aluma Power Corp	22B	FY21-22	Miovision Technologies Inc.	22C	FY22-23
ALUS Canada	22B	FY21-22	Nano One Materials Corp.	22F	FY22-23
Anaconda Systems Ltd	22E	FY22-23	New School Foods	22F	FY22-23
Arolytics	22F	FY22-23	Next Hydrogen Solutions Inc.	22F	FY22-23
Aurora Hydrogen	23A	FY22-23	Nexus Robotics	22D	FY22-23
BluWaveai Inc.	23B	FY22-23	Niricson Software Inc.	23B	FY22-23
BrainBox AI	22F	FY22-23	Nouveau Monde Graphite	22B	FY21-22
Calogy Solutions	23D	FY23-24	OmniPly Technologies Inc.	22B	FY21-22
Carbon Upcycling Tech Inc.	23C	FY23-24	Oneka Tech	23B	FY22-23
Carbonova Corp.	22F	FY22-23	Panevo Services Ltd.	22D	FY22-23
Cascadia Seaweed corporation	22E	FY22-23	Peak Power Inc.	22E	FY22-23
Circular Rubber Tech Inc.	23D	FY23-24	Pegasus Imagery	22D	FY22-23
Clear Blue Technologies	22E	FY22-23	Provision Analytics	23A	FY22-23
Cyclic Materials	23A	FY22-23	RainStick Shower	22E	FY22-23
E2 Metrix Inc.	22B	FY21-22	Rayleigh Solar Tech Inc.	23B	FY22-23
eCamion	23D	FY23-24	Reazent	22E	FY22-23
Ecopia Tech. Corp.	22D	FY22-23	RideFlag Tech Inc.	22B	FY21-22
enim (Seneca Expert-Conseils)	22F	FY22-23	SMPC Tech inc.	23D	FY23-24
Entosystem	22D	FY22-23	Sollum Tech Inc.	22B	FY21-22
Environmental Material Science	23B	FY22-23	SPARK Microsystems Intl	22B	FY21-22
e-Zinc Inc.	23B	FY22-23	Summit Nanotech Corp.	22D	FY22-23
Future Fields Cellular Agriculture & Research Ltd	23A	FY22-23	Symbient Environmental	23A	FY22-23
GaN Systems Inc.	22F	FY22-23	Synergraze Inc.	22F	FY22-23
GBatteries Energy Canada	23B	FY22-23	Visual Defence Inc.	23A	FY22-23
Green Graphite Tech Inc.	22D	FY22-23	VueReal Inc.	22F	FY22-23
Hortau Inc.	22F	FY22-23	ZS2 Technologies	22F	FY22-23
Innord Inc.	22B	FY21-22			



SUSTAINABLE DEVELOPMENT
TECHNOLOGY CANADA

TECHNOLOGIES DU DEVELOPPEMENT
DURABLE CANADA

