Venture and Growth Capital Catalyst Initiative (Growth VCCI)

Discussion guide: Life Sciences stream

July 2026

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1. Overview: Designing the Venture and Growth Capital Catalyst Initiative (Growth VCCI)

The world is evolving, and it is important to ensure that Canadian companies have access to the capital necessary to innovate and scale during periods of economic turbulence and opportunity. Global trade uncertainty is having a ripple effect across the venture capital (VC) landscape, affecting companies, funds, and capital flows. In this context, the Government of Canada is committed to ensuring that homegrown innovators have the capital they need to start up, scale-up, and compete globally.

Budget 2025 provided $1 billion to launch the new Venture and Growth Capital Catalyst Initiative (Growth VCCI), a funds-of-funds program that would leverage more private venture capital by incentivizing pension funds and other institutional investor participation, as well as support for emerging fund managers and important sectors such as the life sciences sector.

Through this program, the government will invest alongside the private sector in three streams:

- $700M for a funds-of-funds stream, focused on selecting fund managers who will be able to attract and leverage private capital investment to achieve scale, allocate assets to strengthen the VC investment landscape for Canadian companies, and achieve a competitive return on investment for investors (Fund-of-funds stream);
- **$200M for a life sciences stream**, focused on VC fund managers that support Canadian life sciences companies (Life Sciences stream); and
- $100M for an emerging managers stream, focused on supporting emerging fund managers, including those in strategic sectors and those located outside traditional VC hubs (Emerging Manager stream).

Building on the success of historic federal capital programs, the Growth VCCI will continue to catalyze investment and innovation across Canada through its following objectives:

1. strengthening the flow of capital to innovative, high-growth potential Canadian companies from pre-seed through to growth stage in order to build the next generation of homegrown entrepreneurs and Canadian anchor firms;
2. attracting investors, including institutional investors such as pension funds and other institutional investors, to performance-driven funds which yield competitive investor returns and advance the sustainability of the Canadian venture capital and growth asset class; and
3. cultivating and retaining the next generation of Canadian fund managers by mobilizing capital to invest in fund managers across the VC and growth asset class, including those in strategic sectors such as life sciences, as well as emerging managers.

This Discussion Guide pertains to the Life Sciences stream only.

Engagement on the Funds-of-funds stream was held in March/April 2026. Engagement on the Emerging Managers stream will follow at a later date; however, preliminary views on its design are also welcome.

2. Purpose

This Discussion Guide is focussed on seeking industry comments on the proposed design of the Life Sciences stream to help inform the development of its final design.

Guided by the previous programs such as the Venture Capital Action Plan and Venture Capital Catalyst Initiatives (VCCI 2017, VCCI 2021), the new Growth VCCI Life Sciences stream aims to strengthen Canada's strategically important Life Sciences Sector and increase access to VC investment for Canadian life sciences companies.

Innovation, Science and Economic Development (ISED), working in close collaboration with the Business Development Bank of Canada (BDC), is seeking views on:

- how the design can best support Canadian life sciences companies, from pre-seed/seed stage to later and growth stage venture capital;
- what adjustments could be made to key terms and definitions to support the development of a more robust domestic life sciences VC ecosystem, including by fostering the growth and development of emerging and established managers;
- whether there are any factors or areas of strategic national importance, market gaps or segments within Canada's Life Sciences Sector that should receive particular consideration during the evaluation and selection process; and
- any other areas related to the Life Sciences stream that are directly identified herein.

3. Where we've been: Historic programming

The Government of Canada has previously supported the growth of the venture capital industry, including those focused on life sciences, through the two Venture Capital Catalyst Initiative (VCCI 2017, VCCI 2021) programs and the predecessor program, the Venture Capital Action Plan (VCAP). VCCI 2021 included targeted support for Canada's Life Sciences Sector through its $50 million Life Sciences stream.

Through these previous programs, the federal government has invested in privately managed funds alongside the private sector, with the Business Development Bank of Canada (BDC) acting as a limited partner (LP) on behalf of the federal government in selected funds.

As of December 31, 2024, $347 million has been committed to Canadian life science funds by previous VCAP and VCCI 2017 programs. Furthermore, $1.29 billion has been collectively invested into Canadian life science companies via VCAP and VCCI 2017 supported funds. Through its life sciences stream alone, VCCI 2021 allocated a further $50 million to six recipient life sciences fund managers. Fund and company investment data for VCCI 2021 is not yet available.

Together, these programs continue to strengthen the flow of VC into Canada's life sciences sector, helping ensure that promising Canadian companies have access to the equity investment necessary to innovate, to scale, and to compete internationally.

4. Where we're going

Canada's Life Sciences Sector is a driver of cutting-edge technological innovation in healthcare, pharmaceuticals, biotechnology, and medical devices, and plays an important role in supporting Canada's economic growth, quality of life, and national security. Canada's world-class research institutions and talent have helped position the country as a leading jurisdiction for life sciences innovation and a source of globally competitive technologies and companies.

Despite this strong foundation, many Canadian life sciences companies continue to face challenges accessing domestic capital from early development through scale-up. According to BDC's *Canada's Venture Capital Landscape* report (2026), Canada has a limited number of VC funds in life sciences, particularly at the pre-seed/seed and late/growth stages, even as the sector has demonstrated strong investment performance over the past decade. These challenges are compounded by global trade uncertainty and difficult VC fundraising conditions in recent years.

To help address this gap, the federal government intends to invest $200 million through the Growth VCCI Life Sciences stream in VC fund managers that support the development and growth of innovative Canadian life sciences companies. These investments are intended to build a stronger domestic VC capacity in life sciences and help ensure that Canadian life sciences companies can access the capital needed to commercialize and scale at home.

5. Life Sciences stream

Under this stream, selected VC fund managers would invest in high-growth innovative companies in Canada's Life Sciences Sector, while seeking to provide investors with competitive long-term returns.

Building on the objectives of the Growth VCCI program, the particular aim of the Life Sciences stream is to:

- increase the availability of VC investment for innovative, high-growth potential life sciences companies in Canada; and

- build a more robust domestic life sciences VC ecosystem, from pre-seed/seed to late/growth stage, by supporting Canadian VC fund managers with strong life sciences specialization.

To advance these objectives, the Life Sciences stream is intended to support the scale-up of experienced VC fund managers and support the development of emerging managers within the Canadian life sciences ecosystem. The program intends to make investments of at least $5 million in each of the selected fund managers, alongside private-capital investors, with a view to supporting fund managers at different stages of development and fundraising readiness.

Selected fund managers under this stream will be expected to have specialized sector investment capabilities with the capacity to support the development and growth of Canadian life sciences companies.

Through the proposed matching (1:1) Private Capital investment leverage ratio and one-third of fund-size Growth VCCI investment allocation limit, the Life Sciences stream is expected to mobilize at least $600 million for life science VC fund managers investing in Canada's Life Sciences Sector.

Feedback is invited on the proposed eligibility criteria, program terms, definitions, and other parameters below.

6. Eligibility criteria

It is proposed that eligibility criteria be set with the aim of supporting broad participation from fund manager applicants, while at the same time ensuring that applicants meet minimum threshold requirements to move forward for evaluation and consideration under the program.

The eligibility criteria would represent the minimum requirements for an application to be considered further for evaluation. It is proposed that applications that could not meet these requirements would be screened out and would not be further assessed.

To support fund managers at different stages of fund development and fundraising readiness, it is proposed that applicants could be at various stages of fundraising at the time of application, including: preparing to launch fundraising; fundraising underway; or final close reached (with the appropriate approvals in place for an extension of fundraising).

Aligned with the above, to be eligible for the Growth VCCI Life Sciences stream, it is proposed that an applicant:

1. Must be raising a venture capital fund that meets the following three criteria:
   - is a Qualified Venture Capital (VC) Fund (see proposed definition below);
   - is seeking to raise a fund size of at least $15 million; and
   - has an investment strategy primarily focused on Life Sciences Venture Capital Investments in Canada (see proposed definition below);
2. Must meet <u>one</u> of the following fundraising statuses:
   a) is planning to launch fundraising within 36 months from the time of application;
   b) is actively fundraising but has not reached a first close at time of application; or,
   c) where a first close has occurred and a final close deadline exists or has been reached, the applicant has obtained appropriate approvals for an extension of the fundraising period, if required, in order to receive Growth VCCI capital allocation.
3. Must accept the Growth VCCI Life Sciences stream terms, outlined below.

For the purpose of the Life Sciences stream, the following related definitions are proposed:

Qualified Venture Capital (VC) Fund
The investment objective is to provide investors with competitive long-term returns through investments in venture capital (VC) opportunities, typically in innovative or technology-focused companies across sectors of the VC marketplace, including companies in information and communication technologies, clean technologies, healthcare, life sciences and companies that are engaged in the development of new products, markets or business models, subject in each case to the availability of such opportunities.

Qualified VC Funds include investments that would reasonably at the time of making such investment support companies as they develop, grow and transition to reach the later stages of venture. Such investments are made in operating companies principally through minority equity investments to grow the businesses without taking control, but also through majority equity stakes, typically at initial investment without expecting to retain control at exit, and for the purpose of supporting the companies' development and growth, provided; however, such investment is not effected through traditional private equity buyout strategies, primarily through debt investments (excluding mezzanine and convertible debt and other quasi-equity debt instruments consistent with venture capital investing) or for the purpose of exercising control over the operating company, including at exit.

Life Sciences Venture Capital Investment
Direct investments in opportunities, that are not angel investments, in or to support innovative and technology-focused companies in the Life Sciences Sector of the VC ecosystem.

Life Sciences Sector
The Life Sciences Sector is broad and multi-faceted. For the purpose of this stream, it shall be defined as investments into venture capital opportunities primarily in technology-focused companies developing science and technology-based products and services applied to human health, defined broadly as including the following: biotechnology (includes embryology, genetics, cell biology, molecular biology, and biochemistry, among others); drug discovery and pharmaceuticals (research and development of new drugs including identification, screening and efficacy testing of drug candidates, among others); medical devices and diagnostic equipment; healthcare products and services; e-health (enterprise systems and software that relate to areas of healthcare organization); companies in life science sub-sectors supporting the growth of the Canadian life science sector and other medical related products and services. For greater clarity, this could include Life Sciences Sector investments that have applications for the defence and security sectors.

Feedback is invited on whether the proposed eligibility criteria and definitions are appropriate and sufficiently reflect Canada's life sciences venture capital ecosystem. How could these criteria and definitions be refined to better support the sector?

7. Proposed terms

Selected fund managers under this stream would be expected to adhere to the Life Sciences stream's terms, and where not specified, offer investment terms that are market-based.

The proposed terms under consideration are identified below and would represent key requirements for participation in the stream. The intent is that these would be included, as applicable, in final agreements and definitive documents.

Any investment terms not identified below would be subject to negotiation as part of final agreements with the BDC acting as Limited Partner on behalf of the federal government in selected funds, for the purpose of this program.

7.1 Private capital investment leverage ratio

Consistent with the VCCI 2021 Life Sciences stream, it is proposed that selected fund managers must **raise at least $1 from Private Capital investors for every $1 of Growth VCCI capital committed.**

For further clarity, other Public capital would be considered neutral capital and could not be used to fulfill Private Capital leverage ratio requirements. Non-Growth VCCI Public Capital would not be expected to be leveraged with additional Private Capital under the proposed terms of the Life sciences stream (though it may be subject to leverage requirements outside the scope of Growth VCCI, as applicable).

To maximize the impact of Growth VCCI capital, applicants would also be assessed on their ability to attract Private Capital beyond the minimum investment leverage ratio requirement, as part of fundraising strategy evaluation.

For the purpose of the Life Sciences stream, the following related definitions are proposed:

Private Capital
Includes capital from a private investor, private fund, a labour-sponsored fund, a pension fund or any fund managing deposits, in each case, dealing at arm's length with any federal, provincial, territory or local government, or any agency or department thereof. Foreign capital is considered Private Capital.

Public Capital
Includes government-owned capital from municipal, territorial and provincial governments or their agents, other federal government programs and initiatives, or government-owned organizations, and crown corporations within Canada.

Feedback is invited on whether the proposed minimum Private Capital investment leverage ratio appropriately balances the objective of encouraging additional Private Capital investment in the sector with the need to maintain flexibility for emerging managers.

7.2 Investment minimum and allocation limit

To support a robust domestic life sciences VC ecosystem while maintaining meaningful participation from other investors, it is proposed that Growth VCCI make **commitments of at least $5 million in each of the selected fund managers**, **with a limit that the Growth VCCI commitment represent no more than one-third of fund size (aggregate LP commitments).**

Feedback is invited on whether the proposed investment minimum and allocation limit appropriately balance meaningful support for fund managers with the objective of maintaining strong participation from other investors.

7.3 Close timing

The proposed close timing requirements are intended to provide flexibility for fund managers at different stages of fund development and fundraising readiness, while ensuring that Growth VCCI capital is deployed in a timely manner and remains available for reallocation where proposed fundraising milestones are not achieved.

Selected fund managers would be expected to complete **a first close of the Growth VCCI commitment within 24 months of confirmation of federal investment**. Growth VCCI capital will only be committed as the required matching Private Capital is raised, and the one-third of fund size allocation limit is respected.

Selected fund managers must provide progress updates to the Government every six months following confirmation of federal investment, for the first 24 months or until first close, whichever comes first, indicating whether they intend to go forward with the fund and fundraising efforts as per the application and evaluation process. Where a selected fund manager does not intend to go forward, or does not achieve proposed fundraising targets or agreed milestones, uncommitted Growth VCCI capital may be reallocated.

In exceptional circumstances, BDC may choose to negotiate extensions beyond the expected 24 month first close deadline, where a fund manager demonstrates a viable path forward to achieving a first close within a reasonable timeframe.

In all cases, selected fund managers must unlock the entirety of the Growth VCCI commitment within 36 months of confirmation of federal investment, failing which the outstanding Growth VCCI capital commitment will be withdrawn and may be reallocated.

Feedback is invited on whether the proposed close timing requirements provide fair and reasonable expectations for achieving fundraising targets.

7.4 Minimum fund size

It is proposed that selected fund managers must raise a fund with a **minimum fund size of at least $15 million**. This threshold is intended to establish a minimum requirement for capital allocation, while recognizing that the optimal proposed target fund size, including its alignment with the investment strategy and capacity to support initial and follow-on investments, would be taken into consideration as part of the evaluation process. For clarity, no maximum target fund size is being proposed. However, it is intended that funding will be allocated to multiple fund managers.

Feedback is invited on whether the proposed minimum fund size requirement establishes an appropriate minimum threshold for Growth VCCI capital allocation in order to support the development and growth of Canadian life sciences companies.

7.5 Canadian presence

To ensure selected fund managers have a meaningful Canadian presence, while providing flexibility for new entrants to establish operations in Canada, **selected fund managers must have, or plan to establish within 18 months from confirmation of federal investment, a Canadian presence with meaningful activities in Canada**. At minimum, selected fund managers must have or establish a principal office located in Canada that is an active investment office and that houses senior investment professionals who are residents of Canada and of whom at least one is a member of the investment committee (or similar decision-making body) responsible for making investment decisions for the proposed fund at the time of closing on Growth VCCI capital.

7.6 Canadian-Based Company investments

To support investment directed at innovative, high-growth potential life sciences companies in Canada, it is proposed that selected fund managers must commit to investing into Canadian-Based Companies, on a best commercial efforts basis, the lesser of: **at least 70% of invested capital; or at least five times the Growth VCCI capital allocated to the fund.**

For the purpose of the Life Sciences stream, the following definitions are being proposed:

Canadian-Based Company
A portfolio company that, at the time of the original investment by a selected fund manager, has the following characteristics:

a) either:
   - its headquarters are located in Canada; or
   - at least half of its senior executive officers are residents; and

b) either:
   - substantial operations are located in Canada; or
   - a majority of its full-time employees are located in Canada.

Feedback is invited on how the proposed Canadian-Based Company investment requirements can foster increased investment in Canadian life sciences companies while also taking into account the relative scale of the Growth VCCI allocation and varying fund manager investment strategies.

7.7 General partner (GP) commitment

General partners must make a GP commitment that is market-based relative to fund size.

7.8 Management fees

Management fees should be market-based rate required for the successful implementation of the proposed model.

7.9 Pari passu treatment of Growth VCCI capital

To support competitive neutrality among all life sciences VC funds in the Canadian ecosystem, it is proposed that **no incentives** with respect to the Growth VCCI capital can be offered nor proposed, and that **Growth VCCI capital be treated pari passu** with that from Private Capital investors.

7.10 Fulfillment of regulatory obligations to operate as a fund manager

Must demonstrate compliance with applicable investment registration and regulatory bodies, in order to reach first close timing expectations.

7.11 Fund structure

Operate as a General Partner/Limited Partner Structure (GP/LP Structure) with at least one Private Capital LP (in addition to any potential Growth VCCI LP, if selected). Alternative structures will be considered, provided they demonstrate sufficient risk mitigation, including tax and governance measures as well as adherence to program terms. Accountability of investment decisions and ongoing support/monitoring responsibilities should be sufficiently detailed, reflecting sound governance and market practices.

For the purpose of the Life Sciences stream, the following related definition is proposed:

General Partner/Limited Partner Structure (GP/LP Structure)
Is defined as the standard legal and economic framework where the general partner (GP) is responsible for managing the fund, making investment decisions, operating the partnership and has fiduciary responsibilities to the fund. The limited partners (LPs) provide capital to the fund but do not participate in day to day management and investment decisions.

7.12 Prohibited investments

Selected fund managers will be restricted from making investments in companies primarily engaged in certain activities, such as holding or managing real estate, extracting resources, or selling, marketing or providing gambling, pornography, alcohol, tobacco or illegal goods, or any company that is engaged in activities that are inconsistent with, or contrary to Canada's economic, security, foreign policy, or public interest objectives.

8. Other requirements

8.1 Call for Expressions of Interest and selection process

To support fund managers at different stages of fund development and fundraising readiness, it is proposed that the stream be delivered through a single fixed intake process, with applicants required to provide details that reflect their stage of fundraising, which may include: preparing to launch (target date for first close); fundraising underway (target or actual date of first close, and date of final close, as applicable); or final close reached (with appropriate extension approvals obtained to receive Growth VCCI allocation of capital).

Fund managers will be evaluated and selected through a competitive process that will assess capabilities in areas such as investment process and strategy, manager capabilities, fundraising strategy, as well as assess on holistic elements such as anticipated impact on the Canadian life sciences VC ecosystem and alignment with the Growth VCCI and Life Sciences stream objectives. Assessment criteria will be set out in more detail in the Call for Expressions of Interest.

This approach is intended to support fund managers at different stages of fund development and fundraising readiness, to help build a broader pipeline of eligible managers and encourage the development of more specialized life sciences funds in Canada. It would allow fund managers that have already secured the required matching Private Capital to scale their fund size and accelerate capital deployment, while providing flexibility for fund managers that are not yet actively fundraising or remain in the fund development stage to apply, and giving new entrants and emerging managers more time to fundraise.

Applicants would be invited to bring forward proposals outlining their capabilities and, where applicable, track record, including their strategies for providing support, guidance and expected value-added for Canadian life sciences companies; clearly articulated investment thesis that is consistent with demonstrated capabilities and has an emphasis on specific life sciences sub-sectors or stages; and fundraising strategy/demonstrated capabilities for maximizing overall leverage.

Once selected, fund managers would be required to do their own fundraising to meet predetermined targets within set timeframes.

Views are welcome on timing and sequencing of the process, including how best to balance fundraising outcomes for selected fund managers alongside timely flow of capital into the life sciences ecosystem.

8.2 Uncommitted capital re-allocation

The Government would reserve the right to reallocate uncommitted capital under this stream to other fund managers under any stream of the Growth VCCI program.

In the event uncommitted capital cannot be committed to other fund managers within any stream of the Growth VCCI, it is proposed that it may be re-allocated to selected fund managers under the Life Sciences stream that are raising a subsequent fund focused on Canada's Life Sciences Sector, that is not materially different in approach to the fund, strategy, or team that received Growth VCCI investment.

It is proposed that uncommitted capital would be reallocated in the following situations:

- A selected fund manager does not achieve fundraising targets associated with the Private Capital leverage requirements and the one-third of fund size allocation limit for the Life Sciences Stream of Growth VCCI sufficient to unlock the entirety of the Growth VCCI allocation;
- If there are material changes made to the investment strategy, management team, final fund size, or any other element that would materially change the nature of the fund as presented during the application, evaluation and selection process; or
- If the selected fund manager indicates that they no longer intend to go forward with the fund and fundraising efforts.

8.3 Code of conduct

Consistent with past practice, selected fund managers will be expected to demonstrate a high degree of integrity and transparency in their firm operations as well as interactions with portfolio funds and companies.

General partners must adopt the BDC’s Code of Conduct or one that is substantially the same form and substance for the term of the partnership. The main provisions cover harassment, discrimination, and workplace violence. Selected fund managers will be expected to demonstrate a high level of integrity and transparency.

8.4 Program reporting obligations

In addition to regular reporting requirements for LPs, selected fund managers will be expected to fulfill program reporting requirements including, but not limited to, those measures outlined in Annex B, to support program monitoring and performance reporting requirements. In addition, selected fund managers under this program will be expected to report on fund activities and make commercially reasonable efforts to obtain the information specific to this program.

8.5 Inclusive growth framework obligations

As with previous programs, selected funds managers under this program will be expected to align with the Inclusive Growth Framework (Annex C) and implement at least one action under each of the following areas (internal, portfolio and ecosystem) and fulfill obligations under data collection.

9. Discussion questions

1. What are the current trends, opportunities, and challenges shaping investment in Canada's life sciences sector?
2. How could the proposed terms and definitions (e.g., Life Sciences Sector, minimum fund size) be strengthened to better support the sector?
3. Are the proposed Eligibility Criteria and Call for Expressions of Interest process appropriately structured to support timely capital deployment while providing sufficient flexibility for fund managers planning to fundraise in the near future?
4. Are there specific market gaps or key segments (e.g., drug development and medical technologies) that should be subject to additional consideration during the evaluation and selection process?
5. How could design better support new entrants and emerging managers in the life sciences sector?
6. Are there other parameters or operational efficiencies that should be considered in the context of design?

Summary: Proposed Life Sciences stream parameters

Area	Proposed Growth VCCI Life Sciences stream terms
Private Capital investment leverage ratio	**Must raise at least $1 from Private Capital investors for every $1 of Growth VCCI capital committed.** For further clarity, other Public Capital, would be considered neutral capital and could not be used to fulfill Private Capital leverage ratio requirements. Non-Growth VCCI Public Capital would not be expected to be leveraged with additional Private Capital under the proposed terms of the Life sciences stream of the Growth VCCI (though it may be subject to leverage requirements outside the scope of Growth VCCI, as applicable).
Investment minimum and allocation limit	**Growth VCCI commitments of at least $5 million in each of the selected fund managers, with a limit that the Growth VCCI commitment represent no more than one-third of fund size (aggregate LP commitments).**
Close Timing	Selected fund managers would be expected to complete **a first close of the Growth VCCI commitment within 24 months of confirmation of federal investment**. Growth VCCI capital will only be committed as the required matching Private Capital is raised, and the one-third of fund size allocation limit is respected.
Minimum fund size	Must raise a fund with a **minimum fund size of at least $15 million**. For clarity, there is no set limit for the maximum target fund size.
Canadian presence	**Must have, or plan to establish within 18 months from confirmation of federal investment, a Canadian presence with meaningful activities in Canada.** At minimum, selected fund managers must have or establish a principal office located in Canada that is an active investment office and that houses senior investment professionals who are residents of Canada and of whom at least one is a member of the investment committee (or similar decision-making body) responsible for making investment decisions for the proposed fund at the time of closing on Growth VCCI capital.

Area	Proposed Growth VCCI Life Sciences stream terms
Canadian-Based Company investments	Selected fund managers must commit to investing into Canadian-Based Companies, on a best commercial efforts basis, the lesser of: **at least 70% of invested capital; or at least five times the Growth VCCI capital allocated to the fund.**
General partner (GP) commitment	General partners must make a GP commitment that is market-based relative to fund size.
Management fees	Management fees should be market-based rate required for the successful implementation of the proposed model.
Pari passu treatment of Growth VCCI capital	**No incentives** with respect to the Growth VCCI capital can be offered nor proposed, and that **Growth VCCI capital be treated pari passu** with that from Private Capital investors.
Fulfillment of regulatory obligations to operate as a funds manager	Must demonstrate compliance with applicable investment registration and regulatory bodies, in order to reach first close timing expectations.
Fund structure	Operate as a General Partner/Limited Partner Structure (GP/LP Structure) with at least one Private Capital LP (in addition to any potential Growth VCCI LP, if selected). Alternative structures will be considered, provided they demonstrate sufficient risk mitigation, including tax and governance measures as well as adherence to program terms. Accountability of investment decisions and ongoing support/monitoring responsibilities should be sufficiently detailed, reflecting sound governance and market practices.
Prohibited investments	Restricted from making investments in companies primarily engaged in certain activities, such as holding or managing real estate, extracting resources, or selling, marketing or providing gambling, pornography, alcohol, tobacco or illegal goods, or any company that is engaged in activities that are inconsistent with, or contrary to Canada’s economic, security, foreign policy, or public interest objectives.

Area	Proposed Growth VCCI Life Sciences stream terms
Code of Conduct	General partners must adopt the BDC’s Code of Conduct or one that is substantially the same form and substance for the term of the partnership. The main provisions cover harassment, discrimination, and workplace violence. Selected fund managers will be expected to demonstrate a high level of integrity and transparency.
Reporting obligations	Annex B
Inclusive growth framework obligations	Annex C

10. Feedback

Feedback on the design of the Life Sciences stream can be shared with Innovation, Science and Economic Development (ISED) at capital@ised-isde.gc.ca until **5 p.m. PDT on August 31, 2026**. Submissions may be submitted in either official language. Unless otherwise requested, submissions will be shared with BDC, to support program design.

11. Annexes

Annex A: Glossary

For the purposes of the Growth VCCI Life Sciences stream, the following definitions are proposed. Definitions used for the purposes of the program are capitalized throughout this document.

Canadian-Based Company
A portfolio company that, at the time of the original investment by a selected fund manager, has the following characteristics:

c) either:

- its headquarters are located in Canada; or
- at least half of its senior executive officers are residents; and

d) either:

- substantial operations are located in Canada; or
- a majority of its full-time employees are located in Canada.

Canadian Presence
Must have, or plan to establish within 18 months from confirmation of federal investment, a Canadian presence with meaningful activities in Canada. At minimum, selected fund managers must have or establish a principal office located in Canada that is an active investment office and that houses senior investment professionals who are residents of Canada and of whom at least one is a member of the investment committee (or similar decision-making body) responsible for making investment decisions for the proposed fund at the time of closing on Growth VCCI capital.

General Partner/Limited Partner Structure (GP/LP Structure)
Is defined as the standard legal and economic framework where the general partner (GP) is responsible for managing the fund, making investment decisions, operating the partnership and

has fiduciary responsibilities to the fund. The limited partners (LPs) provide capital to the fund but do not participate in day to day management and investment decisions.

Life Sciences Sector

The Life Sciences Sector is broad and multi-faceted. For the purpose of this stream, it shall be defined as investments into venture capital opportunities primarily in technology-focused companies developing science and technology-based products and services applied to human health, defined broadly as including the following: biotechnology (includes embryology, genetics, cell biology, molecular biology, and biochemistry, among others); drug discovery and pharmaceuticals (research and development of new drugs including identification, screening and efficacy testing of drug candidates, among others); medical devices and diagnostic equipment; healthcare products and services; e-health (enterprise systems and software that relate to areas of healthcare organization); companies in life science sub-sectors supporting the growth of the Canadian life science sector and other medical related products and services. For greater clarity, this could include Life Sciences Sector investments that have applications for the defence and security sectors.

Life Sciences Venture Capital Investment

Direct investments in opportunities, that are not angel investments, in or to support innovative and technology-focused companies in the Life Sciences Sector of the VC ecosystem.

Private Capital

Includes capital from a private investor, private fund, a labour-sponsored fund, a pension fund or any fund managing deposits, in each case, dealing at arm's length with any federal, provincial, territory or local government, or any agency or department thereof. Foreign capital is considered Private Capital.

Public Capital

Includes government-owned capital from municipal, territorial and provincial governments or their agents, other federal government programs and initiatives, or government-owned organizations, and crown corporations within Canada.

Qualified Venture Capital (VC) Fund

The investment objective is to provide investors with competitive long-term returns through investments in venture capital (VC) opportunities, typically in innovative or technology-focused companies across sectors of the VC marketplace, including companies in information and communication technologies, clean technologies, healthcare, life sciences and companies that are engaged in the development of new products, markets or business models, subject in each case to the availability of such opportunities.

Qualified VC Funds include investments that would reasonably at the time of making such investment support companies as they develop, grow and transition to reach the later stages of venture. Such investments are made in operating companies principally through minority equity investments to grow the businesses without taking control, but also through majority equity stakes, typically at initial investment without expecting to retain control at exit, and for the purpose of supporting the companies' development and growth, provided; however, such investment is not effected through traditional private equity buyout strategies, primarily through debt investments (excluding mezzanine and convertible debt and other quasi-equity debt instruments consistent with venture capital investing) or for the purpose of exercising control over the operating company, including at exit.

Annex B: Proposed reporting requirements

In addition to regular reporting requirements to the LPs, as will be defined in the legal documents, for this program, reporting requirements may include (and are not limited to) the following, in order to support program monitoring and performance reporting requirements (in support of the Growth VCCI performance measurement framework).

Selected fund managers will be expected to make commercially reasonable efforts to obtain the necessary information from portfolio companies to fulfill the reporting requirements outlined below.

1. Life Sciences fund managers

Aligned with the Life Sciences stream of VCCI 2021, selected fund managers will provide the following information on their overall investment activity:

- Total amount raised by fund.
- Amount invested by the fund in companies, and distributed capital.
- Fair value of active investments.
- Financial return of the VC fund (pooled gross internal rate of return, Total Value to Paid-in Capital [TVPI], and Distributions to Paid-in Capital [DPI]).
- Number of exit events and percentage of investment liquidated.
- Follow-on funds raised.
- DEI reporting template, as identified in the Business Development Bank of Canada (BDC)'s DEI Reporting Template for Canadian General Partners

2. Canadian companies supported under the Life Sciences stream

Aligned with the Life Sciences stream of VCCI 2021, selected fund managers will provide the following information on their underlying portfolio companies:

- Name of company.
- Industry sector and stage of company.
- Location of company.
- Company revenue, including exports.
- Number and location of employees.
- Research and development expenditures (R&D).
- Revenue growth.
- Exit event, if applicable.
- DEI reporting template as identified in the Business Development Bank of Canada (BDC)'s DEI Reporting Template for Canadian General Partners.

Annex C: Inclusive Growth Framework obligations

Promoting Diversity, Equity and Inclusion (DEI) in Canadian VC is an important objective of the VCCI. Aligning with industry efforts, and work by BDC, the Canadian Venture Capital & Private Equity Association (CVCA) and Institutional Limited Partners Association (ILPA) to develop industry best practices guidance on DEI and data reporting, selected applicants will be expected to provide details on how they will fulfill Inclusive Growth Framework obligations and what actions they will take to implement at least one commitment under each of the Framework's themes.

1. **Internal:** Implement policies and practices that promote the enhancement of DEI internally.
2. **Portfolio:** Implement investment policies and practices that aim to reduce biases and promote the enhancement of DEI within the portfolio.
3. **Ecosystem:** Implement policies and practices that promote the enhancement of DEI in the community.

Each recipient manager will be required to:

4. **Data:** Collect and report diversity metrics of fund and portfolio companies. Data collection will be consistent with the DEI Reporting Template for general partners used by BDC Capital, and is mandatory for all selected managers under the Growth VCCI.