



Innovation, Science and
Economic Development Canada

Innovation, Sciences et
Développement économique Canada

Venture Capital Catalyst Initiative

Call for Expressions of Interest

2022

Canada 

Table of contents

Part 1 – General information	1
Part 2 – Instructions for submission of expression of interest <i>Funds-of-funds</i>	4
Part 3 – Instructions for submission of expression of interest <i>Life sciences funds</i>	15
Part 4 – Instructions for submission of expression of interest <i>Inclusive growth stream</i>	25
Part 5 – Evaluation procedures	36
Part 6 – Additional information	38
Appendix A – <i>Evaluation grids</i>	42
Appendix B – <i>Reporting requirements</i>	48
Appendix C – <i>VCCI Inclusive Growth Framework</i>	51
Appendix D – <i>Definitions</i>	54
Appendix E – <i>Non-disclosure agreement</i>	56
Appendix E – <i>Consent to obtain and use information</i>	61



Announced in Budget 2021 by the Government of Canada, the renewed Venture Capital Catalyst Initiative (VCCI) is making available up to \$450 million through three new streams.

Part 1 – General information

Announced in Budget 2021 by the Government of Canada, the renewed Venture Capital Catalyst Initiative (VCCI) is making available up to \$450 million through three new streams. These investments will build on the momentum of the Government's previous venture capital (VC) programs, notably the Venture Capital Action Plan (Budget 2013) and the original VCCI (Budget 2017), to increase the availability of capital for Canada's most promising firms, including targeted support for those in the life sciences sector and for entrepreneurs from traditionally underrepresented groups. This will be accomplished through the introduction of three new streams under the VCCI allocating up to:

- ✔ \$350 million dedicated to funds-of-funds;
- ✔ \$50 million dedicated to support VC investments in life science technologies; and
- ✔ \$50 million dedicated to support a new inclusive growth stream to increase access to VC for underrepresented groups, such as women and racialized communities.

Access to capital is a vital component of a healthy economy, one capable of turning research into commercial products and growing Canada's best and most innovative companies. VC is a specialized type of equity financing that takes educated risks on transformative ideas and talent by investing capital in high-growth potential companies to develop their ideas into marketable products, and scale their operations to reach a greater market (domestic and international). In addition to capital, VC investors bring operational experience, technical knowledge, networks and mentorship to the firms in which they invest. Because of the funding and expertise it provides, a strong and steady stream of VC is an essential element in the success of many of Canada's potential future technology leaders.

Through the VCCI, the Government of Canada, with the participation of institutional investors, corporate investors, provincial governments and others, is expecting to capitalize private-sector-led intermediaries by creating a balanced portfolio through three streams: funds-of-funds; life sciences funds; and inclusive growth.

Recognizing the importance of enhancing diversity and the gender balance, and in line with the Government's objectives, the VCCI includes a comprehensive focus on enhancing diversity, equity and inclusion (DEI) among VC fund managers and portfolio companies, and throughout the VC ecosystem, as well as aligning with industry-leading measures on tracking and reporting.

Diversity, equity, and inclusion in Canadian venture capital

The Government of Canada is committed to advancing DEI to encourage the Canadian VC industry to be representative of the Canadian population. According to recent research completed by the Canadian Venture Capital and Private Equity Association (CVCA) and Diversio, traditionally underrepresented groups face challenges in the VC industry: they make up a minority of the investors, and entrepreneurs from these demographic groups are less likely to seek equity financing and when they do, they are more likely to be turned down or to receive relatively less money for their businesses.

The renewed VCCI follows on a tradition of demonstrating global leadership in DEI in VC. The VCCI introduced in Budget 2017 included a strong focus on supporting gender balance in VC. The renewed VCCI goes further by introducing an inclusive growth stream to support access to VC for traditionally underrepresented groups, particularly women and racialized communities. It further expands this commitment through an Inclusive Growth Framework that will apply to all the renewed VCCI streams and requires all applicants to collect gender and diversity metrics, as well as implement policies and practices that promote DEI principles internally, in building their portfolios and in the broader VC ecosystem.

Part 2 – Instructions for submission of expression of interest

Funds-of-funds

Building on the momentum of previous federal VC programs, the renewed VCCI is allocating up to \$350 million to invest in funds-of-funds with the objective of maximizing returns through balanced investments and increase the availability of capital for promising Canadian technology companies.

Proposal guidelines

2.1 Investment process and strategy

Applicants will be evaluated on the overall impact of their proposed activities and programs on the long-term development of the Canadian VC ecosystem. Evaluations will assess funds-of-funds applicants on their ability to maximize returns through balanced investments; support skilled VC fund managers; attract substantial private sector capital; increase the availability of VC to support the growth and scale-up of leading Canadian companies; and support the development of a strong pipeline of new and diverse technology leaders.

In addition to achieving the investment objectives outlined above, proposals should also outline any strategies, such as the following, to align with the broader goals of the VCCI to address emerging or underserved areas:

- ☑ Engaging in activities and programs that enhance or accelerate the long term development of the Canadian venture ecosystem;
- ☑ Supporting fund managers from underrepresented groups, such as women and racialized communities;
- ☑ Supporting emerging fund managers;
- ☑ Investing in key underserved sectors, such as life sciences;
- ☑ Addressing underserved Canadian regions; and
- ☑ Enhancing access to VC by attracting new investors or investor classes, both Canadian and international, to Canadian VC.

2.1.1 Investment process

Please provide information on how you currently identify, evaluate and select VC funds for investment and companies for direct investment, by describing your:

1. Investment policy and process;
2. Process for generating deal flow and selecting investment opportunities, including due diligence;
3. Policies to reduce potential biases when assessing investment opportunities; and
4. Strategy for managing and supporting investments, including exits.

2.1.2 Proposed investment strategy and impact on the Canadian VC ecosystem

Please provide details on your investment strategy for your proposed fund-of-funds, including:

1. Optimal fund size for the proposed strategy, including minimum and maximum fund sizes, and any expected interim fundraising targets and timelines;
2. Strategy to support and develop the skills of existing Canadian VC fund managers or entrepreneurs, such as by taking seats on limited partner advisory committees or board seats of portfolio companies, providing mentoring, or other endeavors to support investee funds and companies to grow and succeed;
3. Added value for Canadian companies and investors, supporting the development and growth of Canadian companies and entrepreneurs and the Canadian venture ecosystem for the long term; and
4. Specialized strategies to address emerging areas and their impact, including, for example:
 - a) Strategies to develop the VC ecosystem, such as by investing in women, individuals from racialized communities and other underserved groups;

- b) Focus on particular underserved sectors, including life sciences, or regions in Canada, through specialized teams, technical expertise, or other strategies; or
- c) Attracting new investors or investor classes, both Canadian and international, to Canadian VC, including by setting up innovative structures or implementing initiatives to engage key investors, such as corporate strategics.

2.2 Manager capabilities

2.2.1 Firm history

The renewed VCCI is seeking experienced fund managers with a strong history of capital management, having managed funds-of-funds, VC funds, or private equity funds.

Please provide the following information, as applicable:

1. Firm history, including:
 - a) year established, and
 - b) number of funds managed, including type of fund, vintage year and size of each;
2. Legal structure and ownership of firm;
3. Offices, including locations and number of staff at each;
4. Main contact person, including name, position, phone number and email address;
5. List of primary investors (limited partners);
6. List of network of co-investors or syndicate partners;
7. Audited Financial Statements for all active funds and for the asset manager and general partner, for the last three years, if available. If audited statements are not available, provide, for the last three years: quarterly balance sheets, quarterly Profit and Loss statements, including breakdown of revenue sources certified by the firm's CEO or CFO;
8. Quarterly Net Asset Value statements for the last three years for the area of the organization that would actively manage the capital if selected;
9. Any specific restrictions on investments for existing funds (e.g., market, sector, concentration or geography);
10. Any significant or material outstanding litigation impacting the firm;

11. Any significant tax or regulatory inquiries by a government or regulatory authority (e.g., Canada Revenue Agency);
12. Summary of all current compliance licenses with applicable regulatory bodies (e.g., provincial securities commissions, investment dealers associations); and
13. Any other significant or materially relevant information.

Note: Financial statements and any detailed information on financial performance may be provided in an appendix.

2.2.2 Experience and track record of manager

Greater preference will be given to managers with significant investment experience and proven performance records.

Please provide details of the following, as applicable:

1. Current and past funds-of-funds or funds, including: location, duration, target size vs. capital raised for each fund, and any sector, regional or other specialization;
2. Capital currently under management, by fund;
3. Summary of portfolio mix of three of the most recent funds, including: stage of investments, industry of investments and total direct investments;
4. Amount of uncommitted or undeployed capital for each fund under management, and a timeline for deploying the funds under management;
5. Direct investments made in the past 10 years, including: location, industry segment, ownership duration of each investment, and co-investors in each investment (subject to confidentiality);
6. Performance record in VC fund and direct investing, with full information on past and current VC fund and direct investment portfolios, including rates of return, multiples, and performance against relevant benchmarks, such as:
 - a) Gross and net IRR of fund and direct investments over the past 10 years;
 - b) Schedule of funds' cumulative distributions for investments in the past 10 years;
 - c) TVPI/DPI calculation for funds that have been active in the past 10 years;
 - d) Investment multiple for all current investments; and
 - e) Schedule of investments exited in the last 10 years and returns generated by each investment, including initial investment, distributions, exit value, and return multiple.

Note: Detailed information on financial performance may be provided in an appendix.

2.2.3 Investment team

Applicants should be an experienced investment team with demonstrated experience and performance in:

- ☑ Raising and managing funds-of-funds, funds, or other investment entities;
- ☑ Identifying investment opportunities;
- ☑ Investing in and creating value in VC funds; and
- ☑ The successful operation of funds-of-funds or VC funds, including a successful track record of direct investments.

Please provide the following information about your investment team:

1. Résumés/CVs of all individual investment team members, including their length of service with the firm;
2. Résumés/CVs of any other individuals who play a role, or will play a role, in the fund-of-funds management or activities, such as board members, strategic advisors, associates, entrepreneurs-in-residence; and
3. Compensation structure, including i) overall compensation, ii) base compensation, iii) performance fees/incentives/bonuses, and iv) any other compensation.

Note: Résumés/CVs may be provided in an appendix. The applicant is expected to obtain and show proof of permission from each person prior to submitting any of their Personal Information, as defined in the *Privacy Act* (Canada), by providing a signed Consent to Obtain and Use Information form for each person, available in Appendix F.

2.2.4 In-depth Canadian investment knowledge of investment team

Preference will be given to teams with demonstrated in-depth knowledge of investing in and supporting Canadian VC, including through:

- ☑ Industry-specific knowledge;
- ☑ Sector-specific expertise;
- ☑ Entrepreneurial experience; and
- ☑ A strong network of business and financial contacts.

Please describe the past and current involvement of the firm and investment team in any of the following in Canada, if applicable (details may be included in résumés/CVs, see above):

1. Building alliances or investment networks within a particular geographic region and across jurisdictions;
2. Promoting investment in or attracting investment to Canada;
3. Forming new investment fund syndicates and co-investor networks;
4. Coordinating and working with other players in the wider innovation system, for example: universities, research centres, angel investors, accelerators, or incubators;
5. Participating on advisory boards, committees, or working groups;
6. Leading or serving industry organizations;
7. Leading or organizing industry events, such as investment forums;
8. Sponsoring or attending investment-related events;
9. Mentoring or advising other investors or entrepreneurs;
10. Authoring reports, newsletters or papers on private equity, VC, technology and innovation, economic development, investment fund management or any other relevant topics; and
11. Speaking engagements, teaching, lecturing or moderating panel discussions.

2.3 Fundraising strategy

Applicants should have a well-developed strategy to attract and engage new long-term investors, both Canadian or international, particularly corporate funds, institutional investors or high-net-worth individuals. Applicants will be evaluated on their demonstrated ability to raise funds and execute on the proposed fundraising strategy, including previous funds.

Please describe your proposed fundraising strategy, including any demonstrated ability to execute on the proposed strategy, such as:

1. Target investors, including previous commitments made by the investors in VC in general, in Canadian VC or in a fund managed by the firm;
2. Attract new investors or investor classes, both Canadian and international, to Canadian VC;
3. Special strategies to target or engage investors, if any; and
4. Previously closed funds of similar structure, size and strategy.

2.4 Diversity, equity, and inclusion strategy

All proposals must include a detailed strategy on how the fund manager will advance DEI in the Canadian VC ecosystem, and will be evaluated on this detailed strategy. Applicants will be expected to implement one commitment under each of the themes of the Inclusive Growth Framework. Data collection and reporting on all metrics will be required.

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.
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.

Consideration will be given to additional commitments and activities. Applicants advancing DEI in ways that have not been covered above are encouraged to detail these activities and explain how such activities serve to advance DEI. For more information on minimum requirements and additional recommended activities, please consult the VCCI Inclusive Growth Framework (Appendix C).

2.5 Strategy for supporting emerging managers

All proposals are required to submit a detailed strategy demonstrating how the manager will support emerging fund managers, and will be evaluated on this basis. A fund manager would be considered emerging if it has raised less than three funds in the past or is currently raising its third fund (Appendix D).

Selected managers would be expected to implement this strategy within best commercial efforts. Strategies could include items such as:

1. Advancing the growth of emerging managers within their portfolio;
2. Policies detailing how the investment team will engage emerging managers outside of their portfolio;
3. Alignment of investment strategy with any of the fund managers selected under other streams of the VCCI;

4. Strategies to engage with emerging managers implementing alternative fund models differing from the traditional VC model; and
5. Describe any additional steps you will take to support emerging fund managers in the Canadian VC ecosystem.

2.6 Canadian presence

All successful applicants must agree, at a minimum, to having 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. All applicants must already be a registered investment entity in Canada and capable of raising capital if selected.

Please describe how you currently meet or exceed the minimum Canadian presence requirements, or provide a detailed strategy for how the requirements will be exceeded, if successful.

2.7 Canadian and other investment criteria

Successful applicants must pledge a commitment to make fund investments in accordance with the following parameters:

- ☑ A minimum of 60% of fund investments in Qualified Canadian VC funds;
- ☑ A maximum of 30% of fund investments in Qualified non-Canadian VC funds; and
- ☑ A maximum of 10% of fund investments in Qualified Canadian funds that fall outside of the definition of Qualified VC funds.

Direct investments will be permitted up to a maximum of 25% of total committed capital, with at least two-thirds of this amount allocated to co-investments within your portfolio. Successful applicants must pledge a commitment to make at least 90% of direct investments in Canadian companies.

The applicant must commit to making all commercially reasonable efforts to ensure that at least 40% of the total invested capital in the proposed fund is invested in Canadian-based companies. Additional points will be awarded to applications proposing higher Canadian investment allocations.

The renewed VCCI is seeking to build a balanced portfolio of recipients of VC funds and companies, reflecting Canada's geographic diversity. Additional consideration will be given to applicants proposing targeted investment strategies to increase the availability of VC in underserved Canadian regions.

2.8 Management fees

Applicants must provide details of the management fee and compensation structure for the proposed fund-of-fund, which will be expected to be competitive and based on comparable terms in the Canadian VC market. The management fee will be used to cover the operating and administrative expenses incurred in delivering services to the fund-of-funds.

2.9 References

References provided in an application may be checked. Applicants must provide a minimum of two references for each of the following four categories of relationships they have had:

1. Current co-investors who have invested in VC funds (including funds-of-funds) and/or portfolio companies alongside the applicant or funds managed by the applicant;
2. Limited partners (investors) who have invested in fund(s) or funds-of-fund(s) managed by the applicant;
3. VC funds that the applicant, or funds managed by the applicant, has invested in; and
4. Portfolio companies in which the applicant, or funds managed by the applicant, has made direct investments.

Note: Detailed references may be provided in an appendix.

Required commitments

Successful applications will be expected to agree to and comply with the requirements below. Please indicate that you agree to the following:

2.10 Private capital leveraged (yes/no)

- Funds-of-funds will be expected to raise \$3 from private-sector investors for every \$1 of public-sector capital committed, which includes capital from provincial governments and other federal government entities; and
- Senior investment professionals will be expected to contribute their own capital to the fund-of-funds.

2.11 Fund size (yes/no)

- ☑ Funds-of-funds must target total capital commitments from a minimum of \$150 million to a maximum of \$400 million;
- ☑ Should the manager successfully raise capital from at least one provincial government, the maximum fund size could be raised above \$400 million to permit the manager to raise matching private sector capital;
- ☑ An interim fundraising target of at least 50% of the fund size must be met prior to securing a first close; and
- ☑ VCCI capital will be committed only as pre-determined fundraising targets are reached.

2.12 Investments (yes/no)

- ☑ Will comply with the minimum Canadian and other investment requirements outlined in Section 2.7; or
- ☑ Include a pledged commitment detailing higher levels of investment in Canadian VC.

2.13 Strategies for DEI and emerging managers (yes/no)

- ☑ Must implement at least the minimum four requirements of the VCCI Inclusive Growth Framework (see Appendix C), as described in Section 2.4; and
- ☑ Must implement a strategy supporting new and emerging VC fund managers in Canada.

2.14 Incentives (yes/no)

- ☑ Incentives will be offered to assist in attracting new, long-term private-sector investors. Capital contributions will flow on a *pro rata* and *pari passu* basis, while capital distributions will flow as follows:
 1. First, private-sector investor contributed capital returned, plus a 5% per annum preferred return;
 2. Second, public-sector contributed capital returned, plus a 3% per annum preferred return;
 3. General partner receives full catch-up of earned carried interest; then
 4. Pro-rata distribution based on committed capital (subject to general partner carry).
- ☑ Provincial governments participating in the VCCI funds-of-funds stream will invest on the same terms as the federal government.

2.15 Reporting and Code of Conduct (yes/no)

- ☑ Annual reporting on performance, impact, and diversity statistics as detailed (see Appendix B) will be required.
- ☑ Proponents will be expected to comply with to a Code of Conduct and will be restricted from making direct 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, weapons or illegal goods.

Part 3 – Instructions for submission of expression of interest

Life sciences funds

To promote the growth of Canada’s strategically important life sciences sector, the renewed VCCI will allocate a total investment of up to \$50 million, for funds investing primarily in the life sciences sector. Investments are expected to be made in amounts of between \$5 million to \$25 million to support a portfolio of two to seven fund managers. Eligible applicants for this stream include VC funds with the investment objective to provide investors with competitive long-term returns through investments in VC opportunities, primarily in technology-focused companies in the Canadian life sciences sector.

Proposal guidelines

3.1 Investment process and strategy

The investment strategies of prospective applicants should seek opportunities in Canada’s life sciences, including through:

- ☑ Targeted support for Canadian life sciences companies (i.e. companies developing science and/or technology-based products and services applied to human health, including medical technologies);
- ☑ Support the growth domestically and internationally of Canadian entrepreneurs in the life sciences sector; and
- ☑ Investing in life sciences sub-sectors to support the growth of the sector in Canada.

Applicants must demonstrate the viability of the proposed investment strategy and outline a well-developed strategy to attract investors, including:

- ☑ Capability/track record of fund managers with respect to providing support, guidance and expected value-added for Canadian life sciences firms;
- ☑ The degree to which the proposed investment strategy is consistent with demonstrated capabilities and has an emphasis on specific life sciences sub-sectors or stages;
- ☑ Any strategy for growing and scaling businesses in the life sciences ecosystem, as appropriate; and
- ☑ Strategy/demonstrated capabilities for maximizing overall leverage.

3.1.1 Investment process

If applicable, provide information on how you currently identify, evaluate and select companies for investment, by describing your:

1. Investment policy and process;
2. Process for finding investment opportunities and generating deal flow, including due diligence;
3. Specialized strategies to address emerging areas, and the rationale and expected impact; and
4. Strategies for achieving exits.

3.1.2 Proposed investment strategy

Please provide details on the investment strategy for your proposal, including:

1. Detailed design and structure of your proposed model, including:
 - a) Funding requested through the VCCI,
 - b) Optimal fund size for the proposed strategy, including minimum and maximum fund sizes, and
 - c) Overall leverage to be targeted;

2. Process for finding investment opportunities and generating deal flow, including due diligence;
3. Strategy targeting specific life sciences sub-sectors and investment stages, if applicable; and
4. Strategy for managing and supporting investments, including exits.

Please describe your anticipated impact on the Canadian life sciences VC ecosystem and what you will do specifically to:

1. Add value to Canadian life sciences companies, investors and the life sciences funding ecosystem in general;
2. Support and develop companies in Canada's life sciences sector; and
3. Support the development and growth of Canadian life sciences companies and entrepreneurs.

Please include an analysis of the following in your submission:

1. Perceived risks associated with the proposed model (e.g., higher risk profiles, insufficient investment opportunities) and strategies for their mitigation; and
2. Estimated potential outcomes of the proposed investment strategy, including fund performance and overall economic and strategic impact on Canadian life sciences VC.

3.2 Manager capabilities

The renewed VCCI is seeking experienced or high-potential first-time or new fund managers with a strong track record of performance in the life sciences sector and of managed funds-of-funds, VC funds, or private equity funds, or with relevant entrepreneurial experience in the sector. Understanding that proposals may be put forward by new firms, syndicates of firms or new management teams, applications may not necessarily include submissions for each of the following sections.

Submissions will be evaluated holistically based on proven manager capabilities, and the individual and combined track records (as investors or as entrepreneurs) of the management team, clearly detailing:

- Demonstrated experience in raising and managing funds-of-funds, funds or other investment entities, or significant investment experience or relevant entrepreneurial experience of management team members, as applicable; and

- ☑ In-depth knowledge of VC, including significant knowledge and experience in the Canadian life sciences sector, and a strong network of business contacts.

3.2.1 Firm history

Each applicant should provide the following information, as applicable:

1. Firm history, including:
 - a) year established, and
 - b) number of funds managed, including vintage year and size of each;
2. Legal structure and ownership of firm;
3. Offices, including locations and number of staff at each;
4. Main contact person, including name, position, phone number and email address;
5. List of primary investors (limited partners);
6. List of the network of co-investors or syndicate partners;
7. Audited Financial Statements for all active funds and for the asset manager and general partner, for the last three years, if available. If audited statements are not available, provide, for the last three years: quarterly balance sheets, quarterly Profit and Loss statements, including breakdown of revenue sources certified by the firm's CEO or CFO;
8. Quarterly Net Asset Value statements for the last three years for the area of the organization that would actively manage the capital if selected;
9. Any specific restrictions on investments for existing funds (e.g., market, sector, concentration, or geography);
10. Any significant or material outstanding litigation impacting the applicant;
11. Any significant tax or regulatory inquiries by a government or regulatory authority (e.g., Canada Revenue Agency);
12. Summary of all current compliance licences with applicable regulatory bodies (e.g., provincial securities commissions, investment dealers associations); and
13. Any other significant or materially relevant information.

Note: Financial statements and any detailed information on financial performance may be provided in an appendix.

3.2.2 Experience and track record of firm and fund managers

Please detail the following for the firm, or where the firm is new, for members of the investment management team over the past 10 years, as applicable:

1. Current and past funds-of-funds or funds invested in or managed, including: location, duration, target size vs. capital raised for each fund, and any sector, regional or other specialization;
2. Capital currently under management, by fund;
3. Summary of portfolio mix of three of the most recent funds, including: stage of investments, industry of investments, total direct investments;
4. Amount of uncommitted or undeployed capital for each fund under management, and a timeline for deploying the funds under management;
5. Co-investments or direct investments made in the past ten years, including: location, industry segment, ownership duration of each investment, and co-investors in each investment (subject to confidentiality); and
6. Performance record in VC fund and direct investing, with full information on past and current VC fund and direct investment portfolios, including rates of return, multiples, and performance against relevant benchmarks, such as:
 - a) Gross and net IRR of fund and direct investments over the past 10 years;
 - b) Schedule of funds cumulative distributions for investments in the past 10 years;
 - c) TVPI/DPI calculation for funds that have been active in the past 10 years;
 - d) Investment multiple for all current investments; and
 - e) Schedule of investments exited in the last 10 years and returns generated by each investment, including initial investment, distributions, exit value, and return multiple.

For first-time fund managers, please provide details of all equivalent experience as documented under Section 3.2.3.

Note: Detailed information on financial performance may be provided in an appendix.

3.2.3 Investment team

Please provide the following information about your investment team:

1. Résumés/CVs for all individual investment team members, including their length of service with the firm;
2. Résumés/CVs of any other individuals who play a role, or will play a role, in the fund's management or activities, such as board members, strategic advisors, associates, entrepreneurs-in-residence; and
3. Compensation structure, including i) overall compensation, ii) base compensation, iii) performance fees/incentives/bonuses, iv) any other compensation.

Note: Résumés/CVs may be provided in an appendix. The applicant is expected to obtain and show proof of permission from each person prior to submitting any of their Personal Information, as defined in the *Privacy Act* (Canada), by providing a signed Consent to Obtain and Use Information form for each person, available in Appendix F.

3.2.4 In-depth investment knowledge of investment team

Please describe the past and current involvement of the firm and investment team in any of the following in Canada, if applicable (details may be included in résumés /CVs, see above):

1. Building sectoral-focused alliances or investment networks within a particular geographic region and across jurisdictions;
2. Promoting investment in or attracting investment to Canada's life sciences sector;
3. Forming new life sciences investment fund syndicates and co-investor networks;
4. Entrepreneurial experience, including raising capital from VC investors;
5. Coordinating and working with other players in the wider innovation system, for example: universities, research centres, angel investors, accelerators, or incubators;
6. Participating as a member of advisory boards, committees, or working groups focusing on life sciences;
7. Leading or serving life sciences industry organizations;
8. Leading or organizing life sciences industry events, such as investment forums;
9. Sponsoring or attending investment-related events;
10. Mentoring or advising other investors or entrepreneurs;
11. Authoring reports, newsletters or papers on private equity, VC, technology and innovation, economic development, investment fund management or any other relevant topics;
12. Speaking engagements, teaching, lecturing or moderating panel discussions; and
13. Any other relevant activity.

3.3 Fundraising strategy

The renewed VCCI is seeking applicants with a well-developed strategy to attract and engage new long-term investors, Canadian or international, to Canada's life sciences sector; and with a demonstrated ability to fundraise and managing life sciences VC funds or other investment entities, or significant investment experience and relevant entrepreneurial experience of management team members.

Please describe your proposed fundraising strategy, including any demonstrated ability to implement the proposed strategy, such as:

1. At minimum, leverage ratio of private-sector capital raised for every \$1 of VCCI capital committed;
2. Target investors, including previous commitments made by the investors in VC in general, in Canadian VC or in a fund managed by the firm;
3. Special strategies to target or engage investors, if any;
4. Previously closed funds of similar structure, size and strategy; and
5. Letters of interest from investors for your proposal, including support from provincial governments, crown corporation, or public investors, could be provided.

Please note that applicants cannot offer or propose incentives with respect to any VCCI capital invested as part of the life sciences stream of the renewed VCCI. In developing your strategy, please note that the leverage ratio requirement excludes investments made by other levels of government, or agencies that are wholly government-owned. For example, municipal or provincial governments or their agents, other federal government programs and initiatives, or government-owned organizations, such as BDC, are considered public capital and cannot be counted towards private capital for the purposes of meeting or increasing the leverage ratio requirements, but will not be expected to be leveraged with additional private sector capital.

3.4 Diversity, equity, and inclusion strategy

All proposals must include a detailed strategy on how the fund manager will advance DEI in the Canadian VC ecosystem, and will be evaluated on this basis. Applicants will be expected to implement one commitment under each of the themes of the Inclusive Growth Framework. Data collection and reporting on all metrics will be required:

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.
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.

Consideration will be given to additional commitments and activities. Applicants advancing DEI in ways that have not been covered above are encouraged to provide details of these activities and explain how such activities serve to advance DEI. For a list of recommended activities or to better understand

the rationale for the minimum activities, please consult the VCCI Inclusive Growth Framework (Appendix C).

3.5 Canadian presence

All successful applicants must agree to have a substantial presence with meaningful activities in Canada. At a minimum, applicants must have or are preparing to establish, in Canada, a principal office 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) and possesses significant impact in the decision making process.

1. Please describe how you currently, or detail a strategy for how you will, meet or exceed the minimum Canadian presence criteria prior to being awarded a contract, if successful; and
2. Describe any additional steps you have taken, or will take, including the timing for each step, to enhance your presence in Canada.

3.6 Canadian investment

Successful applicants must pledge a commitment to make at least 70% of investments in Canadian companies, on best commercial efforts. Additional points will be awarded to applications proposing higher Canadian investment allocations.

3.7 Management fees

Include detailed proposed management fees. Management fees should be the minimum, market-based rate required for the successful implementation of the proposed model.

3.8 References

References provided in an applications may be checked. Applicants must provide a minimum of two references, as applicable, for each of the following categories of relationships they have had:

1. Current co-investors who have invested in VC funds (including funds-of-funds) and/or portfolio companies alongside the applicant or funds managed by the applicant;
2. Limited partners (investors) who have invested in fund(s) or funds-of-funds managed by the applicant;

3. VC funds that the applicant, or funds managed by the applicant, has invested in, if applicable;
4. Portfolio companies in which the applicant, or funds managed by the applicant, has made direct investments; and
5. If unable to provide references for any of the previous four categories of relationships, applicants can provide references for previous or current business partners, partnerships, or investors from which the applicant has received or expects to receive funding.

Note: Detailed references may be provided in an appendix.

Required commitments

Successful applications will be expected to agree and adhere to the following requirements. Please indicate that you agree to the following:

3.9 Private capital leveraged (yes/no)

- Applicants are expected to raise at least \$1 from private-sector investors for every \$1 of VCCI capital committed; and
- Senior investment professionals will be expected to contribute their own capital to the fund.

3.10 Fund size (yes/no)

- Applicants must demonstrate how the proposed fund would be viable in accordance to the proposed investment strategy, including at the minimum fund size; and
- VCCI capital will be committed only as pre-determined fundraising targets are reached.

3.11 Investments (yes/no)

- ☑ Applicants should invest in technology-focused companies in the life sciences sector, primarily through minority equity stakes, but may also make initial investments through majority equity stakes for the purpose of supporting a company's research capabilities, development and growth without expecting to retain control over the company's operations at exit, provided however such investment is not effected through traditional private equity buy-out strategies, including 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 company's operations, including at exit; and
- ☑ Comply with the minimum Canadian investment requirements outlined in Section 3.6.

3.12 Strategy for DEI and inclusion (yes/no)

- ☑ Must implement at least the minimum four requirements of the VCCI Inclusive Growth Framework (see Appendix C), as detailed in Section 3.4.

3.13 Reporting and Code of Conduct (yes/no)

- ☑ Annual reporting on performance, impact, and diversity statistics as detailed (see Appendix B) will be required.
- ☑ Proponents will be expected to comply with a Code of Conduct and will be restricted from making direct 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, weapons or illegal goods.

Part 4 – Instructions for submission of expression of interest

Inclusive growth stream

To help advance DEI in the Canadian VC ecosystem, the new inclusive growth stream allocates \$50 million for proposals enhancing access to VC for diverse fund managers and underrepresented Canadian entrepreneurs. The capital will be allocated towards approximately five to ten fund managers. Eligible applicants include VC funds with the investment objective to provide investors with competitive long-term returns through investments in VC opportunities, in technology-focused companies and high-growth-potential firms across sectors of the Canadian VC marketplace.

This stream seeks to build a portfolio supporting the development of private sector managers across the country to improve access to VC by underrepresented groups through inclusive growth, to both strengthen the Canadian VC ecosystem and to break down barriers to full economic participation for all Canadians. Consideration will be given to applicants proposing investment strategies targeting underrepresented groups, as well as applicants featuring diverse fund managers. For the purposes of this program,

“inclusive growth” refers to supporting the participation of individuals from underrepresented groups as VC fund managers and as entrepreneurs.¹

To allow new and emerging managers time to develop fundraising and investment strategies and ensure broad access to the program, the inclusive growth stream will be implemented using two separate application rounds for this call for expressions of interest, making available up to \$25 million under the first round of applications and at least \$25 million under the second round of applications.

Proposal guidelines

4.1 Investment strategy

The investment strategies of prospective applicants should implement strategies to improve access to VC for entrepreneurs from traditionally underserved groups, which include:

- Women and nonbinary individuals;
- Indigenous Peoples (First Nations, Métis, Inuit);
- Racialized, Black and/or people of colour (visible minorities);
- Persons who identify as LGBTQ2+; and
- Persons living with disabilities.

Consideration will be given to investment strategies that improve access to VC for entrepreneurs from underrepresented groups in Canadian regions that are traditionally underserved by VC.

Applicants must demonstrate the viability of the proposed investment strategy and outline a well-developed strategy to attract investors, including:

- Capability/track record of fund managers to provide support, guidance and the expected value-added for Canadian firms;

¹ Canadian Venture Capital Association. [State of Diversity & Inclusion 2019](#)

- ☑ The degree to which the proposed investment strategy is consistent with demonstrated capabilities, with emphasis on specific sectors or stages;
- ☑ For established funds, strategies for addressing gender and diversity gaps in the ecosystem; and
- ☑ Strategy/demonstrating capabilities for maximizing overall leverage.

4.1.1 Investment process

If applicable, please provide information on how you currently identify, evaluate and select companies for investment, by describing your:

1. Investment policy and process;
2. Process for finding investment opportunities and generating deal flow, including due diligence;
3. Specialized strategies to address emerging areas, and the rationale and expected impact; and
4. Strategies for achieving exits.

4.1.2 Proposed investment strategy

Please provide details of the investment strategy for your proposal, including:

1. Detailed design and structure of your proposed model, including:
 - a) Funding requested through the VCCI;
 - b) Optimal fund size for proposed strategy, including minimum and maximum fund sizes, and
 - c) Overall leverage to be targeted;
2. Process for finding investment opportunities and generating deal flow, including due diligence and, if applicable, sector focus; and
3. Strategy for managing and supporting investments, including exits.

Please describe what you will do specifically to:

1. Add value to Canadian companies, investors and the funding ecosystem in general, particularly underserved Canadians;
2. Support and develop companies in Canada; and
3. Support the development and growth of Canadian companies and traditionally underserved entrepreneurs.

Please include an analysis of the following in your submission:

1. Perceived risks associated with the proposed model (e.g., higher risk profiles, insufficient investment opportunities) and strategies for their mitigation; and
2. An analysis of why and how the proposed investment strategy, internal policies and/or ecosystem building initiatives will advance DEI for the Canadian innovation and VC ecosystem, including a description of identified gaps, inputs, outputs, desired outcomes and overall impact.

4.2 Manager capabilities

The renewed VCCI is seeking experienced or high-potential fund managers with strong commitments to improving access to VC for underserved groups, having managed, VC funds, or private equity funds, or with relevant entrepreneurial experience in the sector. Understanding that proposals may be put forward by new firms, syndicates of firms or new management teams, applications may not necessarily include submissions for each of the following sections.

Submissions will be evaluated holistically based on proven manager capabilities, and the individual and combined track records (as investors or as entrepreneurs) of the management team, clearly detailing:

- Demonstrated experience in raising and managing funds or other investment entities, or significant investment experience and relevant entrepreneurial experience of management team members;
- In-depth knowledge of Canadian VC, including significant knowledge and experience in inclusive growth, and a strong network of business contacts; and
- Demonstrated commitment to advancing DEI in Canadian VC, including through demonstrated diversity and DEI practices within the firm and management team.

4.2.1 Firm history

Each applicant should provide the following information, as applicable:

1. Firm history, including:
 - a) year established, and
 - b) number of funds managed, including vintage year and size of each;
2. Legal structure and ownership of firm;
3. Offices, including locations and number of staff at each;
4. Main contact person, including name, position, phone number and email address;

5. List of primary investors (limited partners);
6. List of network of co-investors or syndicate partners;
7. Audited Financial Statements for all active funds and for the asset manager and general partner, for the last three years, if available. If audited statements are not available, provide, for the last three years: quarterly balance sheets, quarterly Profit and Loss statements, including breakdown of revenue sources certified by the firm's CEO or CFO;
8. Quarterly Net Asset Value statements for the last three years for the area of the organization that would actively manage the capital if selected;
9. Any specific restrictions on investments for existing funds (e.g., market, sector, concentration, or geography);
10. Any significant or material outstanding litigation impacting the applicant;
11. Any significant tax or regulatory inquiries by a government or regulatory authority (e.g., Canada Revenue Agency);
12. Summary of all current compliance licences with applicable regulatory bodies (e.g., provincial securities commissions, investment dealers associations); and
13. Any other significant or materially relevant information.

Note: Financial Statements and any detailed information on financial performance may be provided in an appendix.

4.2.2 Experience and track record of firm and fund managers

Please detail the following for the firm, or where the firm is new, for members of the investment management team over the past 10 years, as applicable and if available:

1. Current and past funds invested in or managed by the fund and/or investment management team, including: location, duration, target size vs. capital raised for each fund, and any sector, regional or other specialization;
2. Capital currently under management, by fund or by investment management team;
3. Summary of portfolio mix of three of the most recent funds, including: stage of investments, industry of investments, total direct investments;
4. Amount of uncommitted or undeployed capital for each fund under management, and a timeline for deploying the funds under management;
5. Co-investments or direct investments made by the fund and/or by the investment management team, including: location, industry segment, ownership duration of each investment, and co-investors in each investment (subject to confidentiality); and
6. Performance record in VC fund and direct investing, with full information on past and current VC fund and direct investment portfolios, including rates of return, multiples, and performance against relevant benchmarks, such as:

- a) Gross and net IRR of fund and direct investments over the past 10 years;
- b) Schedule of funds cumulative distributions for investments;
- c) TVPI/DPI calculation for funds that have been active;
- d) Investment multiple for all current investments;
- e) Schedule of investments exited in the last 10 years and returns generated by each investment, including initial investment, distributions, exit value, and return multiple.

For first-time fund managers, please detail all equivalent experience as documented under Section 4.2.3.

Note: Detailed information on financial performance may be provided in an appendix.

4.2.3 Investment team

Please provide the following information about your investment team:

1. Résumés/CVs of all individual investment team members, including their length of service with the firm;
2. Résumés/CVs of any other individuals who play a role, or will play a role, in the fund's management or activities, such as board members, strategic advisors, associates, entrepreneurs-in-residence; and
3. Compensation structure, including: i) overall compensation, ii) base compensation, iii) performance fees/incentives/bonuses, iv) any other compensation.

Note: Résumés/CVs may be provided in an appendix. The applicant is expected to obtain and show proof of permission from each person prior to submitting any of their Personal Information, as defined in the *Privacy Act* (Canada), by providing a signed Consent to Obtain and Use Information form for each person, available in Appendix F.

4.2.4 In-depth investment knowledge of investment team

Please describe the past and current involvement of the firm and investment team in any of the following in Canada, if applicable (details may be included in résumés /CVs, see above):

1. Promoting DEI in the Canadian VC ecosystem;
2. Building focused alliances or investment networks within a particular geographic region and across jurisdictions;
3. Entrepreneurial experience, including raising capital from VC investors;
4. Promoting investment in or attracting investment to Canada;
5. Forming new investment fund syndicates and co-investor networks;

6. Coordinating and working with other players in the wider innovation system, for example: universities, research centres, angel investors, accelerators, or incubators;
7. Participating as a member of advisory boards, committees, or working groups focusing on inclusive growth;
8. Leading or serving inclusive growth-related industry organizations;
9. Leading or organizing inclusive growth-related industry events, such as investment forums;
10. Sponsoring or attending investment-related events;
11. Mentoring or advising other investors or entrepreneurs;
12. Authoring reports, newsletters or papers on private equity, VC, technology and innovation, economic development, investment fund management or any other relevant topics;
13. Speaking engagements, teaching, lecturing or moderating panel discussions; and
14. Any other relevant activity.

4.3 Fundraising strategy

Applicants should have a well-developed strategy to attract and engage new long-term investors, Canadian or international, to Canada's VC ecosystem; and with a demonstrated ability to raise funds and manage VC funds or other investment entities, or significant investment experience and relevant entrepreneurial experience of management team members.

Please describe your proposed fundraising strategy, including any demonstrated ability to execute on the proposed strategy, such as:

1. At a minimum, leverage ratio of private-sector capital raised for every \$1 of VCCI capital committed;
2. Target investors, including previous commitments made by the investors in VC in general, in Canadian VC or in a fund managed by the firm;
3. Special strategies to target or engage investors, if any;
4. Previously closed funds of similar structure, size and strategy; and
5. Letters of interest from investors for your proposal, including support from provincial governments, crown corporation, or public investors, could be provided.

The Government may consider incentives to assist in attracting new, long-term private-sector investors. Please describe any proposed incentives you believe would be the minimum necessary to reach your proposed fundraising target, including a rationale as to why the incentives would be

necessary and the impact they would have on the fundraising strategy. No proposed incentive structure shall be considered legally binding.

In developing your strategy, please note that the leverage ratio requirement excludes investments made by other levels of government, or agencies that are wholly government-owned. For example, municipal or provincial governments or their agents, other federal government programs and initiatives, or government-owned organizations, such as BDC, are considered public capital and cannot be counted towards private capital for the purposes of meeting or increasing the leverage ratio requirements, but will not be expected to be leveraged with additional private sector capital.

4.4 Diversity, equity, and inclusion strategy

All proposals must include a detailed strategy on how the fund manager will advance DEI in the Canadian VC ecosystem, and will be evaluated on this basis. Applicants will be expected to implement one commitment under each of the themes of the Framework. Data collection and reporting on all metrics will be required:

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.
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.

Additional consideration will be given for applications demonstrating a track record of commitment to DEI, and that make additional commitments to DEI activities. Applicants advancing DEI in ways that have not been covered above are encouraged to provide details of these activities and explain how such activities serve to advance DEI. For a list of recommended activities or to better understand the rationale for the minimum activities, please consult the VCCI Inclusive Growth Framework (Appendix C).

4.5 Canadian presence

All successful applicants must agree to have a substantial presence with meaningful activities in Canada. At a minimum, applicants must have or are preparing to establish, in Canada, a principal

office 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) and possesses significant impact in the decision making process.

1. Please describe how you currently, or detail a strategy for how you will, meet or exceed the minimum Canadian presence criteria prior to being awarded a contract, if successful; and
2. Describe any additional steps you have taken, or will take, including the timing for each step, to enhance your presence in Canada.

4.6 Canadian investment

Successful applicants must pledge a commitment to make at least 70% of investments in Canadian companies, on best commercial efforts. Additional points will be awarded to applications proposing higher Canadian investment allocations.

4.7 Management fees

Include detailed proposed management fees. Management fees should be the minimum, market-based rate required for the successful implementation of the proposed model.

4.8 References

References provided in applications may be checked. Applicants must provide a minimum of two references, as applicable, for each of the following categories of relationships they have had:

1. Current co-investors who have invested in VC funds and/or portfolio companies alongside the applicant or funds managed by the applicant;
2. Limited partners (investors) who have invested in fund(s) managed by the applicant;
3. VC funds that the applicant, or funds managed by the applicant, has invested in, if applicable;
4. Portfolio companies in which the applicant, or funds managed by the applicant, has made direct investments; and
5. If unable to provide references for any of the previous four categories of relationships, applicants can provide references for previous or current business partners, partnerships, or investors that the applicant has received or expects to receive funding.

Note: Detailed references may be provided in an appendix.

Required commitments

Successful applications will be expected to agree to and comply with the following requirements. Please indicate that you agree to the following:

4.9 *Private capital leveraged (yes/no)*

- Applicants are expected to raise at least \$1 from private-sector investors for every \$1 of VCCI capital committed; and
- Senior investment professionals will be expected to contribute their own capital to the fund.

4.10 *Fund size (yes/no)*

- Applicants must demonstrate how the proposed fund would be viable in accordance to the proposed investment strategy and operating budget, including at the minimum fund size; and
- VCCI capital will be committed only as pre-determined fundraising targets are reached.

4.11 *Investments (yes/no)*

- Applicants should invest in technology-focused companies or other high-growth-potential firms, for the purpose of supporting a company's research capabilities, development and growth;
- Applicants should primarily invest in minority equity stakes, but may also make initial investments through majority equity stakes without expecting to retain control over the company's operations at exit, provided however such investment is not effected through traditional private equity buy-out strategies, including 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 company's operations, including at exit; and
- Comply with the minimum Canadian investment requirements outlined in Section 4.6.

4.12 Strategy for diversity, equity and inclusion (yes/no)

- ☑ Must implement at least the minimum four requirements of the VCCI Inclusive Growth Framework (see Appendix C), as detailed in Section 4.4.

4.13 Reporting, and Code of Conduct (yes/no)

- ☑ Annual reporting on performance, impact, and diversity statistics as detailed (see Appendix B) will be required.
- ☑ Proponents will be expected to comply with a Code of Conduct and will be restricted from making direct 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, weapons or illegal goods.

Part 5 – Evaluation procedures

5.1 Summary of the evaluation and selection process

- i. Interested applicants will make written submissions in response to the Call for Expressions of Interest;
- ii. All applicants must submit a completed and signed Non-Disclosure Agreement (see Appendix E) and a Consent to Obtain and Use Information form (see Appendix F) for each person for whom Personal Information is submitted;
- iii. Based on information provided in the Expressions of Interest, a private-sector selection committee will select a limited number of candidates to proceed to the next stage of the selection process;
- iv. Due diligence and reference checks of the candidates will be carried out;
- v. Candidates will be notified and may be requested to provide supplemental information;
- vi. Upon receipt of the supplemental information, candidates may be selected to meet with the selection committee and other relevant parties;
- vii. Following these meetings, a shortlist of preferred candidates will be selected to enter into negotiations with lead investors, including BDC, on behalf of the Government of Canada; and
- viii. Each selected candidate will participate in the final negotiation and settlement of the indicative term sheet and any definitive documents required, which may include BDC as a LPAC representative.

5.2 Evaluation criteria

Proposals that meet all of the mandatory evaluation requirements will be evaluated and scored in accordance with the point-rated evaluation criteria identified in the evaluation grid (see Appendix A). Proposals will be assessed in accordance with the evaluation grid developed for the VCCI stream to which proponents applied.

Through the VCCI, the Government is seeking to build a portfolio of funds-of-funds and VC funds that strengthen and broaden the Canadian VC ecosystem while increasing the availability of VC and advancing DEI in the ecosystem. The selection committee will therefore be asked to evaluate applicants on both their relative scores and their impact on the ecosystem, and their fit within the overall VCCI portfolio. As such, the Government reserves the right to select applicants with lower evaluation scores if their proposals better balance the portfolio and the overall strategic impact of the initiative.

5.3 Selection committee

The Government will establish a private-sector selection committee for each of the streams to evaluate incoming proposals and provide recommendations to the Deputy Minister of Innovation, Science and Economic Development Canada with respect to which applicants to select for the VCCI.

The committee will be composed of up to six members, including one chairperson. Committee members will include VC industry leaders, entrepreneurs and private-sector investors. Members are expected to contribute their objective professional judgment, as well as the perspectives of the industry they represent. Proficiency in both official languages and diversity will be considered in assessing candidates for these positions. Candidates will be expected to comply with Conflict of Interest and Ethics guidelines.

Further detail on the selection committee is available on the VCCI website.

Part 6 – Additional information

6.1 Submission instructions

Applications should address the requirements set out in this Call for Expressions of Interest. Proposals should be limited to a document of less than 50 pages. Additional appendices may be attached; however, the answers provided in the main body of the proposal should include a comprehensive overview of all relevant details.

To be considered, one (1) electronic copy (to be emailed) and two (2) printed copies (to be sent by courier) of the Expression of Interest, including all appendices, must be received by the VCCI Secretariat at the following addresses:

Email: capital@ised-isde.gc.ca

Address:

VCCI Secretariat
235 Queen Street
Ottawa, ON K1A 0H5

The application deadline for each stream will be staggered. The application deadline stated below for each stream relates to the submission of the electronic copy. The physical copies must be received within five business days following the application deadline.

- For the funds-of-funds stream, applications must be received ~~by no later than 5:00 p.m. Pacific Time on June 23, 2022~~ – **NOW CLOSED**
- For the investments in life sciences stream, applications must be received ~~by no later than 5:00 p.m. Pacific Time on September 7, 2022~~ – **NOW CLOSED**
- For the first round of applications for the inclusive growth stream, applications must be received ~~by no later than 5:00 p.m. Pacific Time on November 30, 2022~~ – **NOW CLOSED**; and
- For the second round of applications for the inclusive growth stream, applications must be received ~~no later than 5:00 p.m. Pacific Time on November 22, 2023~~ – **NOW CLOSED**.

6.2 Additional required documents

Along with the Expressions of Interest, each applicant must also submit one original completed and signed copy of each of the following:

1. Non-Disclosure Agreement (see Appendix E); and
2. A Consent to Obtain and Use Information form for the applicant, firm or organization for whom Commercial Confidential Information is submitted, and for each person for whom Personal Information, as defined in the *Privacy Act* (Canada), is submitted (see Appendix F).

Please note that the Non-Disclosure Agreement (Appendix E) and Consent to Obtain and Use Information (Appendix F) were updated on October 14, 2022. All applicants are asked to use the revised agreements for their submissions.

6.3 Accommodation and accessibility

The Government of Canada is committed to providing a fair application, assessment and selection process, including for applicants that may face accessibility barriers. Should an applicant require any type of accommodation or have questions about the access provided during the application, assessment and selection process, please contact the VCCI Secretariat.

6.4 Exclusions

The Government of Canada reserves the right, at any time, to:

- Request written clarification or the submission of additional or supplementary written information in respect of a submission;
- Waive any formalities and accept submissions that substantially comply with the requirements of the selection process;
- Verify with any applicant or with a third party any information set out in any submission;
- Check references other than those provided by an applicant;
- Make changes, including substantial changes, to the selection process or associated documents;

- ☑ Select any applicant as a selected candidate over a candidate who is ranked higher;
- ☑ Cancel the selection process;
- ☑ Cancel the selection process and issue a new selection process for the same or similar services;
- ☑ Amend the total available funding, or reallocate funding between streams;
- ☑ Accept any submissions in whole or in part; or
- ☑ Reject any or all submissions.

6.5 Non-binding process

This Call for Expressions of Interest is intended to identify prospective service providers for the purposes of negotiating potential agreements.

This call and associated assessment and selection processes are not intended to create and shall not create a formal or informal legally binding bidding process and shall be governed by the law applicable to direct commercial negotiations.

No legal relationship or obligation regarding the procurement of any good or service shall be created between the applicant and the Government unless and until there is successful negotiation and execution of a written agreement between the Government, or an Agency of the Government, and the applicant.

6.6 Applicants to bear costs

Each applicant will be responsible for all fees, costs and expenses that are incurred by it in connection with the Expression of Interest, including, without limitation, all fees, costs and expenses relating to the preparation and issuance of responses to the information request, to the preparation for and attendance at any meetings, including with the Selection Committee, and to the negotiation and settlement of any documentation relating to the establishment of a fund-of-funds, fund or other investment entity.

6.7 Enquiries

All enquiries must be submitted by email to the VCCI Secretariat at: capital@ised-isde.gc.ca

All enquiries regarding a specific stream of the VCCI must be submitted at least 24 hours prior to the submission deadline for that stream. Enquiries and replies may be recorded and may be posted or

distributed to all applicants, at the Government's option. The Government may not provide a reply to an enquiry if it feels that this would be an unfair advantage to one or more applicants.

The Government will respond only to enquiries concerning clarification of procedures or guidelines contained in this Call for Expressions of Interest. The Government will not provide feedback on the evaluation, scoring, selection or similar of applicants until after the selection process and any negotiations thereunder are completed.

6.8 Uncommitted capital

Following the selection of candidates for funding, recipients will be expected to respect pre-determined fundraising targets, with the VCCI capital to be allocated as these targets are met. Any capital uncommitted following fundraising targets that are not reached may be reallocated to other applicants across any stream of the renewed VCCI.

6.9 Required commitments

The fund-of-funds and VC fund managers selected under each stream of the renewed VCCI will be expected to agree to and comply with the terms and requirements set out in this document, including, without limitation, fulfilling reporting requirements as outlined in Appendix B.

Appendix A

Evaluation grids

Evaluation grid: <i>Funds-of-funds</i> (Part 2)		
Parameter	Requirements and evaluation criteria	Point allocation (out of 100, excluding additional points)
Investment process and strategy	<p>Detailed and feasible investment process and strategy with high likelihood of successful implementation.</p> <p>Ability to generate venture-level returns for investors.</p> <p>Ability to support and develop existing Canadian VC fund managers and entrepreneurs.</p> <p>Degree to which the proposed investment strategy is aligned with demonstrated capabilities.</p> <p>Degree to which the strategy:</p> <ol style="list-style-type: none"> 1. Adds value to Canadian companies and investors, supporting the development and growth of Canadian companies and entrepreneurs and the Canadian venture ecosystem for the long term; 2. Invests in key underserved sectors; 3. Addresses underserved Canadian regions; and 4. Attracts new investors or investor classes, both Canadian and international, to Canadian VC. 	35 points
Manager capabilities	<p>Demonstrated experience in raising and managing funds-of-funds, funds or other investment entities.</p> <p>In-depth knowledge of Canadian VC, including industry or sector-specific knowledge, entrepreneurial experience and a strong network of business contacts.</p>	30 points
Fundraising strategy	<p>Well-developed strategy to attract new investors or investor classes, Canadian or international.</p> <p>Demonstrated ability to fundraise and execute on proposed fundraising strategy, including through letters of interest from</p>	10 points

	investors or previous closings of similar funds either in Canada or internationally.	
Diversity, equity, and inclusion strategy	Strategy for addressing diversity, equity, and inclusion among Canadian VC fund managers and companies, and in the Canadian VC ecosystem.	10 points
	Pledged commitment to implement the minimum four requirements of the VCCI Inclusive Growth Framework (see Appendix C).	Pass/fail
Strategy supporting emerging managers	Strategy for supporting emerging managers, including those from underrepresented groups and regions.	5 points
	Pledged commitment to support emerging managers as part of broader strategy.	Pass/fail
Canadian presence	Pledged presence of at least one Canadian office with at least one full-time manager. Applicant must already be a registered investment entity in Canada and capable of raising capital if selected.	Pass/fail
Canadian and other investment criteria	Pledged commitment of at least 60% of fund investments in Qualified Canadian VC funds. Pledged commitment to make no more than 30% of fund investments in non-Canadian Qualified VC funds. Pledged commitment to make no more than 10% of fund investments in Qualified Canadian funds. Pledged commitment to make at least 90% of direct investments in Canadian companies. Pledged commitment to make no more than 25% of total committed capital in direct investments. All commercially reasonable efforts will be used to ensure at least 40% of capital under management is invested in Canadian-based companies.	Pass/fail
Private capital leveraged	Minimum of 3 times public-sector investment.	Pass/fail
Size of funds-of-funds	\$150-400 million, with allowance for greater fund size if raising capital from at least one provincial government. First close at least 50% of target total size.	Pass/fail

Incentives for investors	<p>Capital contributions will flow in pro-rata, at a ratio of 25% public-sector to 75% private-sector capital.</p> <p>Capital distributions will flow as follows:</p> <ol style="list-style-type: none"> 1. First, private sector capital returned, plus a 5% preferred return; 2. Second, public-sector capital returned, plus a 3% preferred return; 3. General partners receive full catch-up of carried interest; then 4. Pro-rata distribution based on committed capital (subject to GP carry). 	Pass/fail
Reporting and Code of Conduct	<p>Reporting on performance, impact and diversity statistics.</p> <p>Adherence to Code of Conduct.</p>	Pass/fail
Holistic evaluation	<p>Impact on the Canadian VC ecosystem, and the value-add to Canadian companies and investors.</p> <p>The degree to which the proposal is aligned with broader VCCI program goals.</p> <p>Enhancement or acceleration of the development of the Canadian VC ecosystem for the long term.</p>	10 points

Evaluation grid: *Investments in life sciences* (Part 3)

Parameter	Requirements and evaluation criteria	Point allocation (out of 100, excluding additional points)
Investment process and strategy	<p>Detailed and feasible investment process and strategy with high likelihood of successful implementation.</p> <p>Ability to generate returns for investors and overall leverage achieved.</p> <p>Ability to support and develop existing Canadian entrepreneurs.</p> <p>The degree to which the proposed investment strategy is aligned with demonstrated capabilities and targeted fund size.</p> <p>The degree to which the proposed strategy will impact the Canadian life sciences VC ecosystem.</p>	35 points

Manager capabilities	Demonstrated experience and performance in raising and managing funds-of-funds, funds or other investment entities. Entrepreneurial experience, including raising capital from VC investors In-depth knowledge of Canadian life sciences VC, including industry or sub-sector-specific knowledge, entrepreneurial experience and a strong network of business contacts.	25 points
Fundraising strategy	Well-developed strategy to attract investors or investor classes, both Canadian and international. Market validation of the proposed investment strategy, including through letters of interest from investors or previous closings of similar funds either in Canada or internationally.	10 points
Diversity, equity, and inclusion strategy	Strategy for addressing diversity, equity, and inclusion among Canadian companies, and in the Canadian VC ecosystem.	10 points
	Pledged commitment to implement the minimum four requirements of the VCCI Inclusive Growth Framework (see Appendix C).	Pass/fail
Canadian presence	Applicant agrees to have a substantial presence with meaningful activities in Canada.	Pass/fail
Canadian investment	Pledged commitment of at least 70% of investments in Canadian companies, on best commercial efforts.	Pass/fail
	Additional points awarded for greater pledged commitment.	Additional: 5 points
Private capital leveraged	Minimum of 1 times public-sector investment.	Pass/fail
Size of funds	VCCI capital will be committed only as pre-determined fundraising targets are reached.	Pass/fail
Reporting and Code of Conduct	Reporting on performance, impact and diversity statistics. Adherence to Code of Conduct.	Pass/fail
Holistic evaluation	Impact on the Canadian VC ecosystem and life sciences VC, and the value-add to Canadian companies and investors. Strategic and economic impact on emerging areas in the Canadian life sciences VC ecosystem.	20 points

Evaluation grid: *Inclusive growth stream* (Part 4)

Parameter	Requirements and evaluation criteria	Point allocation (out of 100, excluding additional points)
Investment process and strategy	<p>Detailed and feasible investment process and strategy with high likelihood of successful implementation.</p> <p>Ability to generate returns for investors and overall leverage achieved.</p> <p>Ability to support and develop existing Canadian entrepreneurs.</p> <p>The degree to which the proposed investment strategy is aligned with demonstrated capabilities and targeted fund size.</p> <p>The degree to which the proposed strategy will enhance diversity, equity, and inclusion in the Canadian VC ecosystem.</p>	30 points
Manager capabilities	<p>Demonstrated experience and performance in raising and managing funds-of-funds, funds or other investment entities.</p> <p>Entrepreneurial experience, including raising capital from VC investors.</p> <p>In-depth knowledge of Canadian VC, including industry or sector-specific knowledge, entrepreneurial experience and a strong network of business contacts.</p>	25 points
Fundraising strategy	<p>Well-developed strategy to attract investors or investor classes, both Canadian and international.</p> <p>Market validation of the proposed investment strategy, including through letters of interest from investors or previous closings of similar funds either in Canada or internationally.</p>	10 points
Diversity, equity, and inclusion strategy	<p>Strategy for addressing diversity, equity, and inclusion among Canadian companies, and in the Canadian VC ecosystem.</p>	20 points
	<p>Demonstrated track record of commitment to DEI.</p> <p>Additional commitments to DEI activities</p>	Additional: 5 points
	<p>Pledged commitment to implement the minimum four requirements of the VCCI Inclusive Growth Framework (see Appendix C).</p>	Pass/fail
Canadian presence	<p>Pledged presence of at least one Canadian office with at least one full-time manager.</p>	Pass/fail

Canadian investment	Pledged commitment of at least 70% of investments in Canadian companies, on best commercial efforts.	Pass/fail
	Additional points awarded for greater pledged commitment.	Additional: 5 points
Private capital leveraged	Minimum of 1 times public-sector investment.	Pass/fail
Size of funds	VCCI capital will be committed only as pre-determined fundraising targets are reached.	Pass/fail
Reporting and Code of Conduct	Reporting on performance, impact and diversity statistics. Adherence to Code of Conduct.	Pass/fail
Holistic evaluation	Impact on the Canadian VC ecosystem and VC, and the value-add to Canadian companies and investors. Impact in advancing diversity, equity, and inclusion in the Canadian VC ecosystem. Strategic and economic impact on emerging areas in the Canadian VC ecosystem.	15 points

Appendix B

Reporting requirements

Selected fund-of-funds and VC fund managers will be expected to make commercially reasonable efforts to obtain the necessary information from supported funds and portfolio companies to fulfill the reporting requirements outlined below, and in support of reporting requirements outlined in the Performance Management Framework for the renewed VCCI.

Metrics	Level of detail received, by recipient	
Investors in funds-of-funds	Government and BDC	Public
Profile of investor <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Name of investor. <input checked="" type="checkbox"/> Location/nationality of investor. <input checked="" type="checkbox"/> Type of investor (government, pension fund, financial institution, corporate, high-net worth). 	Complete	Aggregate
Investment information <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Total amount committed by the investor in the fund-of-funds. <input checked="" type="checkbox"/> Total capital paid in against commitment. <input checked="" type="checkbox"/> Cash returned to the investor for those investments. <input checked="" type="checkbox"/> Fair value of the investor's active investment in the fund-of-funds. 	Complete	Aggregate
Diversity, equity and inclusion <ul style="list-style-type: none"> <input checked="" type="checkbox"/> DEI reporting template completed. 	Mostly complete*	Aggregate
Funds-of-funds	Government and BDC	Public
Profile of the fund-of-funds <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Name of the fund-of-funds. 	Complete	Complete

<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Total amount raised by the fund-of-funds. 		
<p>Investment information</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Total amount committed by the fund-of-funds to VC funds (domestic and international). <input checked="" type="checkbox"/> Total amount committed by the fund-of-funds to companies (domestic and international). <input checked="" type="checkbox"/> Amount of cash that the fund-of-funds paid in against the commitment, and cash returned for those investments. <input checked="" type="checkbox"/> Fair value of active investments made by the fund-of-funds, both direct and indirect. <input checked="" type="checkbox"/> Financial return of the fund-of-funds (pooled gross internal rate of return, TVPI, and DPI). <input checked="" type="checkbox"/> Number of exit events and percentage of investment liquidated. 	Complete	Aggregate
<p>Diversity, equity and inclusion</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> DEI reporting template completed. 	Mostly complete*	Aggregate
<p>Canadian VC funds supported under all streams of the VCCI</p>	Government and BDC	Public
<p>Fund information</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Name of VC fund. <input checked="" type="checkbox"/> Primary stage and sector focus of fund. <input checked="" type="checkbox"/> Location of fund headquarters (for Canadian funds). <input checked="" type="checkbox"/> Emerging manager, if applicable. 	Complete	Complete
<p>Profile information</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Target number of investments. <input checked="" type="checkbox"/> Maximum and minimum investment sizes, if any. <input checked="" type="checkbox"/> Emerging manager, if applicable. <input checked="" type="checkbox"/> Key investment personnel in Canada. 	Complete	Aggregate
<p>Investment information</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Total amount raised by fund. <input checked="" type="checkbox"/> Amount invested by the fund in companies, and cash returned from investments. 	Complete	Aggregate

<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Fair value of active investments. <input checked="" type="checkbox"/> Follow-on funds raised. 		
Diversity, equity and inclusion <ul style="list-style-type: none"> <input checked="" type="checkbox"/> DEI reporting template completed. 	Mostly complete*	Aggregate
Canadian companies supported by funds-of-funds and Canadian VC funds	Government and BDC	Public
Profile information <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Name of company. <input checked="" type="checkbox"/> Industry sector and stage of company. <input checked="" type="checkbox"/> Location of company. 	Mostly complete *	Mostly complete *
Annual economic impact <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Company revenue, including exports <input checked="" type="checkbox"/> Number of employees <input checked="" type="checkbox"/> Location <input checked="" type="checkbox"/> R&D expenditures <input checked="" type="checkbox"/> Revenue growth <input checked="" type="checkbox"/> Exit event, if applicable 	Mostly complete *	Aggregate
Diversity, equity and inclusion <ul style="list-style-type: none"> <input checked="" type="checkbox"/> DEI reporting template completed. 	Mostly complete*	Aggregate

* Managers will be permitted to withhold specific information or request that it not be published if there are reasonable grounds to believe that such disclosure would be detrimental to the company. An explanation will be required. They will be expected to report this information when it becomes reasonable to do so.

Appendix C

VCCI Inclusive Growth Framework

Promoting 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, the VCCI will require minimum requirements for applicants on DEI policies and activities. Applicants will be expected to implement one commitment under each of the themes of the Framework, with additional consideration for applicants implementing additional commitments. Data collection and reporting on all metrics will be required.

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.
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 renewed VCCI.

Below is a non-exhaustive list of examples under each theme, though applicants are welcome to include other initiatives beyond those listed below. Applicants are asked to describe how their proposed activities would positively impact inclusive growth and support underserved groups.

Internal

- ☑ An organizational DEI statement or strategy and/or a Chief Diversity Officer/Champion.
- ☑ Participation in the 50 – 30 Challenge, an initiative between the Government of Canada, business, and diversity organizations to increase corporate diversity.
- ☑ A standard code of conduct and/or anti-discrimination policy.
- ☑ Steps to remove bias from hiring processes and/or widen the applicant pool beyond traditional sources.
- ☑ A family leave policy and/or promotion of flexible work policies or work-life balance.
- ☑ Mentorship/training programs tailored to diverse hires.
- ☑ Specialized training for employees (e.g., leadership, anti-harassment, or cultural competency training).
- ☑ Organizational culture surveys and method to track progress.
- ☑ Mental health support for its employees and/or portfolio companies.
- ☑ A harassment reporting system or an independent ombudsperson.

Portfolio

- ☑ Participation in the 50 – 30 Challenge, an initiative between the Government of Canada, business, and diversity organizations to increase corporate diversity.
- ☑ Establishing diversity targets for the investment portfolio (targets for company boards, senior management, or in other areas).
- ☑ Tracking and reporting on deal flow demographics.
- ☑ Incorporating DEI questions in due diligence activities.
- ☑ Monitoring DEI quantitative and qualitative metrics post-investment that are not included in the DEI template.

Ecosystem

- ☑ Volunteers for, leads, or partners with any associations or initiatives promoting DEI.
- ☑ Provides office hours for underrepresented founders.
- ☑ Seeks diverse speakers for firm events.

Data

Data collection and reporting of diversity metrics of fund and portfolio is mandatory under the renewed VCCI, and will include the following:

- ☑ GP and underlying funds – ownership, investment committee composition, and firm employees:
 - ✓ Male, female, and nonbinary individuals.
 - ✓ Indigenous Peoples (First Nations, Métis, Inuit).
 - ✓ Racialized, Black and/or People of Colour (Visible Minorities).
 - ✓ Persons that identify as LGBTQ2+.
 - ✓ Persons living with disabilities.
- ☑ Portfolio companies – employees, management team and board of directors:
 - ✓ Male, female, and nonbinary individuals.
 - ✓ Indigenous Peoples (First Nations, Métis, Inuit).
 - ✓ Racialized, Black and/or People of Colour (Visible Minorities).
 - ✓ Persons that identify as LGBTQ2+.
 - ✓ Persons living with disabilities.

Data collection will be consistent with the Diversity, Equity and Inclusion Reporting Template for General Partners used by BDC Capital.

Appendix D

Definitions

Canadian Fund: Applicable to the funds-of-funds stream, a Canadian fund is defined as having a substantial presence in Canada; a fund will be considered to have a substantial presence in Canada if the manager's headquarters is located in Canada or a principal office of the manager that is an active investment office is located in Canada, and, in each case, such office is staffed with senior investment professionals who are residents of a province or territory of Canada and who comprise at least one-half of the fund's investment committee (or similar decision making body) that will be responsible for making investment decisions.

Co-Investment: An opportunity to make a venture capital investment on a co-investment basis with a Qualified Venture Capital Fund, which is presented to the Partnership by the general partner or a manager of a Qualified Venture Capital Fund (a) in which the Partnership at such time is concurrently making, or has previously made, a Fund Investment, (b) that is managed by the same general partner or manager, or an Affiliate of such general partner or manager, of a Qualified Venture Capital Fund that is a Fund Investment, or (c) that is managed by the general partner or manager, or an Affiliate of such general partner or manager, and in each case pursuant to which the Partnership and such Qualified Venture Capital Fund participate in such specific co-investment on substantially the same terms and conditions.

Emerging Manager: A fund manager would be considered emerging if it has raised fewer than three funds in the past or is currently raising its third fund.

Inclusive Growth: Inclusive growth, for the purposes of this program, refers to supporting the participation of individuals from underrepresented groups as VC fund managers and as entrepreneurs.

Qualified Canadian Fund: Qualified Canadian Funds are funds that may fall outside of the definition of Qualified VC Fund used in this program, but that otherwise support emerging technology companies and that provide growth equity to support later stages for companies as they continue to grow and progress through the VC continuum, including funds that will take a minority or majority equity stake in such companies.

Qualified VC Fund: The investment objective of a Qualified VC Fund is to provide investors with competitive long-term returns through investments in venture capital opportunities, in technology-focused companies across sectors of the VC marketplace, including companies in information and communication technologies (including the development, application, production or distribution of business to business and other software and services based on information and communications technologies), clean technologies (including products and services related to alternative energy, energy efficiency and water and water-related goods and services), 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 be considered growth capital investments. 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 buy-out 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.

Underrepresented Groups: Underrepresented groups include those groups that have traditionally been underrepresented in positions of economic influence and leadership or that face systemic barriers that create inequity. The following are included in underrepresented groups:

- ☑ Women and nonbinary individuals
- ☑ Indigenous Peoples (First Nations, Métis, Inuit)
- ☑ Racialized, Black and/or People of Colour (Visible Minorities)
- ☑ Persons who identify as LGBTQ2+
- ☑ Persons living with disabilities

Appendix E

Non-disclosure agreement

NON-DISCLOSURE AGREEMENT (Revised on November 1, 2023)

THIS AGREEMENT is made as of the ____ day of _____, 2023

Between:

_____ (name of firm)

("the Applicant")

-and-

HIS MAJESTY THE KING IN RIGHT OF CANADA, AS REPRESENTED BY THE MINISTER OF SMALL BUSINESS

WHEREAS the Applicant will provide commercial and personal information to ISED in connection with the Applicant's participation in the application, evaluation, and selection process for general partners and managers of funds, as well as during the subsequent negotiation of the Limited Partner Agreement and related agreements, and implementation and management of fund, if selected, (the "Process") under the Venture Capital Catalyst Initiative (the "VCCI");

AND WHEREAS each Party wishes to protect the confidentiality of Confidential Information (as defined below) disclosed by either Party to the other during the Process, as such information is considered to be of a confidential and proprietary nature and, without limitation to the foregoing;

NOW THEREFORE, in consideration of being given access to Confidential Information, and for other good and valuable consideration the receipt and sufficiency of which are acknowledged, the Parties agree and covenant as follows:

1. Definitions

- a) “Agreement” means this agreement between the Applicant and ISED respecting the confidentiality of information disclosed during the Process.
- b) “Confidential Information” means, without limitation, all scientific, technical, business, financial, legal, marketing or strategic information and data, and includes commercial and personal information
 - i. that is non-public, protected, confidential, privileged or proprietary in nature;
 - ii. that may have actual or potential economic value, in part, from not being known, including the fact of the existence of this Agreement;
 - iii. however fixed, stored, expressed or embodied (and includes, without limitation, samples, prototypes, specimens and derivatives);
 - iv. disclosed during discussions, telephone calls, meetings, tests, demonstrations, correspondence or otherwise;
 - v. that is consistently treated as confidential and is reasonably understood by a receiving Party to be confidential;

or any part or portion thereof.

For greater certainty “Confidential Information” also includes information relating to any current or proposed business structures, services, business plans, marketing, pricing, or other business strategies; lists of, or any other information relating to, any investors, agents or employees and their relationships; any draft policy papers, formal written briefing material; and any other commercial or financial information including financial performance, plans and projections, or term sheets.

- c) “Party” means either ISED or the Applicant individually, and “Parties” means ISED and the Applicant collectively.
- d) “Representative” means:
 - i. For ISED, Representatives include: the Minister of Small Business, the Minister of Finance, and members of the Ministers' exempt staff as defined in the Public Service Employment Act; federal public servants in the employ of the Government of Canada; members of the private-sector selection committee; employees and board members of the Business Development Bank of Canada (BDC); officers, agents, affiliates, advisors and other persons engaged by ISED or BDC in connection with the Process; and officials and employees of provincial governments participating in the VCCI, that have a need-to-know such Confidential Information for the purpose of completing the Process and any following negotiations.
 - ii. For the Applicant: employees, directors, officers, agents, affiliates, advisers and other persons engaged by the Applicant in connection with the Process, that have a legitimate business need-to-know Confidential Information for the purpose of completing the Process and any following negotiations.

2. Confidentiality

- a) **Obligation of Confidentiality** – Confidential Information disclosed by a Party under this Agreement shall:
- i. be held in confidence by the receiving Party;
 - ii. be used by the receiving Party exclusively for the Process;
 - iii. be safeguarded by the receiving Party by taking such action as may be appropriate to prevent the unauthorized access, use or disclosure of the Confidential Information;
 - iv. not be disclosed to third parties, except Representatives as defined herein and then only for the Process; and
 - v. not be disclosed unless required by law.
- b) **No Waiver of Privilege** – Each Party acknowledges that the Confidential Information of the disclosing Party is the property of the disclosing Party or third parties and that the disclosing Party does not waive any rights, title or privilege it may have in respect of any of the Confidential Information.
- c) **Confidentiality Exclusions** – The obligations imposed by Article 3 (Confidentiality) do not apply to information:
- i. In the public domain – the information is now or hereafter becomes, through no act or failure to act on the part of receiving Party, generally known or available to the public without breach of this Agreement;
 - ii. Already known to the receiving Party – the information was already in the possession of the receiving Party at the time of disclosure and was not acquired from the disclosing Party;
 - iii. Disclosed by a third party – the information becomes available from a third party who has a lawful and legitimate right to disclose the information to others;
 - iv. Independently developed – the information was independently developed by a Party without reviewing or accessing any of the disclosing Party’s Confidential Information;
 - v. Required to be disclosed pursuant to a judicial, administrative, or legislative order - the information was released pursuant to a compulsory order under a judicial process or under a compulsory regulatory requirement;
 - vi. Required to be disclosed by law – nothing in this Agreement shall be interpreted so as to preclude ISED from disclosing information that ISED is required or ordered to disclose under the federal Access to Information Act or otherwise, pursuant to any applicable federal laws; or
 - vii. Required to be disclosed to an Auditor General – nothing in this Agreement shall be interpreted so as to preclude ISED from disclosing information that ISED is required to disclose to the Auditor General of Canada; or

viii. To which a disclosing Party consents to be released – the information may be released if a disclosing Party agrees in writing to the release of its information.

d) Confidential Information may only be reproduced as necessarily required to carry out the Transaction, or with written permission from the disclosing Party.

3. Ownership

Confidential information is proprietary – The Confidential Information of a disclosing Party is and shall remain the exclusive property of the disclosing Party or third parties, as the case may be and, apart from the terms of this Agreement, receiving Party is granted no title, interest, license, or ownership in the Confidential Information. Receiving Party shall not contest any such title, interest, license, or ownership. Receiving Party shall not incorporate the Confidential Information or any resulting product based on or derived from the Confidential Information in any patent or copyright application.

4. Effective Date and Duration

This Agreement shall come into force and effect on the date of last signature (the “Effective Date”). This Agreement only relates to Confidential Information that is disclosed to a receiving Party during the period from the Effective Date to fifteen (15) years after the Effective Date.

5. No Other Agreement

There are no other understandings, agreements or representations with respect to the subject matter hereof, express or implied, between the Applicant and ISED.

6. Amendments

This Agreement may be amended in writing by the Parties.

7. Governing Law

This Agreement shall be governed by the laws of the Province of Ontario and those of Canada applicable therein. The courts of the Province of Ontario shall have exclusive jurisdiction over all matters arising in relation to this Agreement and each Party hereby submits to the jurisdiction of the courts of the Province of Ontario.

8. Counterparts and Electronic Signatures

This Agreement may be executed in original counterparts, with the same effect as if all Parties had signed the same document, and will become effective when one or more counterparts have been signed by all of the Parties and delivered to the other Parties. All counterparts will be construed together and evidence only one agreement. This Agreement may also be executed by the Parties and transmitted by email, and if so executed and transmitted, this Agreement will be for all purposes as effective as if the Parties had delivered an executed original Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

APPLICANT

Per: _____

Name: _____

Title: _____

**HIS MAJESTY THE KING IN RIGHT OF CANADA, AS REPRESENTED BY THE MINISTER OF
SMALL BUSINESS**

Per: _____

Name: _____

Title: _____

Appendix F

Consent to obtain and use information

CONSENT TO OBTAIN AND USE INFORMATION

(Revised on November 1, 2023)

_____ (the "Applicant") will provide Personal Information and Commercial Confidential Information to Innovation, Science and Economic Development Canada ("ISED") in connection with the Applicant's participation in the application, evaluation, selection process for general partner and manager of funds, as well as during the subsequent negotiation of the Limited Partner Agreement and implementation of fund, if selected, (the "Process") under the Venture Capital Catalyst Initiative (the "VCCI"); and ISED must use and share Personal Information and Commercial Confidential Information to complete the Process.

The undersigned consents to:

1. Definitions

- a) "Confidential Information" means, without limitation, all scientific, technical, business, financial, legal, marketing or strategic information and data, and includes commercial and personal information
 - i. that is non-public, protected, confidential, privileged or proprietary in nature;
 - ii. that may have actual or potential economic value, in part, from not being known, including the fact of the existence of this Agreement;
 - iii. however fixed, stored, expressed or embodied (and includes, without limitation, samples, prototypes, specimens and derivatives);
 - iv. disclosed during discussions, telephone calls, meetings, tests, demonstrations, correspondence or otherwise;
 - v. that is consistently treated as confidential and is reasonably understood by a receiving Party to be confidential;

or any part or portion thereof, information relating to any current or proposed business structures, services, business plans, marketing, pricing, or other business strategies; lists of, or any other information relating to, any investors, agents or employees and the relationships therewith; any draft policy papers, formal

written briefing material; and any other commercial or financial information including, but not limited to, financial performance, plans and projections, or term sheets.

- b) "Party" means either ISED or the Applicant individually, and "Parties" means ISED and the Applicant collectively.
- c) "Representatives" means:
 - i. For ISED, Representatives include: the Minister of Small Business, the Minister of Finance, and members of the Ministers' exempt staff as defined in the Public Service Employment Act; federal public servants in the employ of the Government of Canada; members of the private-sector selection committee; employees and board members of the Business Development Bank of Canada (BDC); officers, agents, affiliates, advisors and other persons engaged by ISED or BDC in connection with the Process; and officials and employees of provincial governments participating in the VCCI, that have a need-to-know such Confidential Information for the purpose of completing the Process and any following negotiations.
 - ii. For the Applicant: employees, directors, officers, agents, affiliates, advisers and other persons engaged by the Applicant in connection with the Process, that have a legitimate business need-to-know Confidential Information for the purpose of completing the Process and any following negotiations.

2. Disclosure

During the course of the Process, each Party may disclose Confidential Information, including commercial and personal information, whether by verbal, written or electronic communication or otherwise. Disclosure made by the disclosing Party will be made upon the basis of the confidentiality of the discussions between the Applicant and Representatives for ISED, the confidentiality of the Confidential Information and each Party's agreement that, unless specifically authorized in writing by the disclosing Party or as otherwise agreed in this Agreement, the receiving Party will:

- a) not disclose any portion of any Confidential Information to any person except those Representatives of the receiving Party with a need-to-know such information; and
- b) take the precautions, at a minimum those as the receiving Party affords its own Confidential Information of a similar nature, to safeguard and protect from direct or indirect disclosure to any other person or entity all Confidential Information disclosed by the disclosing Party to, or otherwise received by, the receiving Party. These precautions will include marking documents as "confidential", storing them in locked filing cabinets, and sharing information on a "need-to-know" basis.

3. Use

The Parties may make inquiries, including the collection of additional Confidential Information about the Applicant, which may include credit history, additional references and background information, as deemed necessary in order to reach a decision on the selection of general partners and managers; and Exchange such information with other investors reasonably believed to be expressing a reasonable interest in investing in the Applicant.

Per: _____

Name: _____

Title: _____

