



Fact-Finding Exercise Report

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RESTRICTIONS AND LIMITATIONS

Innovation, Science and Economic Development Canada (ISED) engaged Raymond Chabot Grant Thornton Consulting Inc. (RCGT) to perform a fact-finding exercise due to allegations made towards Sustainable Development Technology Canada (“The Corporation”, “Foundation” or “SDTC”).

This report was prepared for ISED based on information and representations that were provided to us by the Corporation board members, management, current and former employees as well as ISED program representatives. The results of this report are solely based on the fact-finding review procedures outlined in Appendix B of this report. This report is not to be used for any other purpose, and RCGT specifically disclaims any responsibility for losses or damages incurred through the use of this report. It should not be reproduced in whole or in part without RCGT’s expressed written permission.

This report, and the supporting work performed by RCGT, does not serve as an affirmation that operational processes and controls and/or technologies of the Corporation are without defect and does not guarantee that such operational processes, controls and/or technologies are immune from fraud, abuse, misconduct, or misstatement. None of the work performed by RCGT or the contents of this report constitute any legal opinion or advice and cannot be used as a basis to prove or disprove individuals’ behaviour or intent.

RCGT reserves the right, but will be under no obligation, to review and/or revise the contents of this report in light of information which becomes known to us after the date of this report.

1. EXECUTIVE SUMMARY

1.1. BACKGROUND AND CONTEXT

ISED delivers a wide range of transfer payment programs in support of its mandate to foster a growing, competitive, and knowledge-based Canadian economy. ISED transacts either directly with ultimate recipients or using third parties. These third parties receive funding to then redistribute to ultimate recipients, based on terms and conditions that are set out in a signed contribution agreement (“Contribution Agreement”).

In late February 2023, ISED officials received a confidential file from a former employee of one of ISED’s shared governance corporations, the Corporation, a third party that receives contribution funding from ISED. The confidential file contained allegations related to the governance and management of contributions to ultimate recipients as well as matters related to the organizational health.

From March 20 to September 1, 2023, RCGT conducted a fact-finding exercise to determine whether there were sufficient facts to support a subsequent due process investigation of the allegations¹, as permitted under ISED authority granted by the contribution agreement between ISED and the Corporation.

1.2. OBJECTIVE AND SCOPE

Engagement Objectives

The objective of this engagement was to carry-out a fact-finding exercise with respect to certain allegations that are contained in a confidential file.

For greater clarity, the objective was not to exhaustively confirm or deny the allegations or investigate or determine intent of the Corporation’s individuals, but to determine whether there are sufficient facts to support a subsequent due process investigation of the allegations by reviewing contribution agreements² between the Corporation and a limited number of ultimate recipients and any other relevant documents.

Fact-Finding Scope

The scope of this fact-finding exercise was limited to allegations noted in the confidential file³ provided by ISED. The scope of this fact-finding exercise focused on conflict of interest, project approval process, eligibility, payments and limited procedures on human resources practices. The observations were based on a sample of funded projects (see Appendix B for list of samples) that included funded organizations identified in the confidential file, and projects of interest noted during the planning phase of the fact-finding exercise.

¹ The due process will be determined by ISED following the analysis of this fact-finding exercise.

² Also known as Project Funding Agreement (PFA).

³ The confidential file outlined the allegations related to governance and management of contributions to Ultimate Recipients as well as matters related to organizational health.

The fact-finding exercise consisted of documentation review and interviews with key stakeholders and the Corporation management. Documentation reviewed included the confidential file, organizational policies and procedures, program governance documents, project approval process documentation and a sample of contribution agreements between the Corporation and a selection of ultimate recipients. Interviewees included employees, external advisors, senior management, members of the Board of Directors and representatives from ISED. The period under review was between the years of 2017 to 2022 (please refer to Appendix A for details).

1.3. SUMMARY OF OBSERVATIONS

The results of our procedures indicate inconsistencies and opportunities for improvement in the application of general governance and conflict of interest practices, compliance with the contribution agreement (selection, approval, eligibility, funding, and monitoring) and human resource practices.

The following table provides an overview of our key observations. Of note, this is not an exhaustive list of observations through this fact-finding exercise. For additional details, please refer to section 2.0 of this report.

Table 1: Summary of Key Observations

Detailed Report Section	Observation Category	Summary of Key Observations
2.1.2	Conflict of Interest	<ol style="list-style-type: none"> 1. Conflict of interest policy does not require board members and employees to declare conflicts with consultants, expert reviewers and other companies providing services. 2. Items associated with perceived conflicts, included: <ol style="list-style-type: none"> a. Documentation demonstrating the discussion of perceived conflicts in Board and Project Review Committee (PRC) meetings was not found in the meeting minutes. b. Conflict of interest declarations do not consistently specify whether conflicts declared are real or perceived. 3. Conflict of interest policy appears to not have been consistently followed for Seed Funding. 4. Conflict of interest policy was inconsistently applied.
2.2.2	Fund Stream Compliance	<ol style="list-style-type: none"> 1. The Seed Fund stream may not meet the main goal of the Contribution Agreement as the funding appears to be in the form of a grant. 2. The Ecosystem Fund appears to be designated for organizations that may not be directly developing and demonstrating new sustainable technologies, which would contravene with the spirit of the Contribution Agreement. 3. One (1) [REDACTED] funded organization appeared to bypass the requirement to be assessed at the PRC.
2.2.3	Ultimate Recipient Compliance	<ol style="list-style-type: none"> 1. Three (3) out of 19 sampled recipients may not to be compliant with the partnership requirements stipulated in

Detailed Report Section	Observation Category	Summary of Key Observations
		<p>the Contribution Agreement. These three (3) funded projects were found to have:</p> <ol style="list-style-type: none"> a. Elements of commercialization, which is inconsistent with the Contribution Agreement goal of funding companies in pre-commercial development stages. b. Payments associated with sales targets, which is inconsistent with the requirement to use the contribution exclusively for eligible expenditures.
2.2.4	Project Approval Process, Eligibility and Payments	<ol style="list-style-type: none"> 1. All PRC and Board decisions reviewed were found to be unanimous approvals, with no evidence of disagreements, challenge, or vote mix. 2. PRC relies on the Corporation's team to prepare and present overall materials that are the basis for the project recommendations to the PRC, which may not always reflect the full context of due diligence performed. 3. In three (3) out of 19 sampled recipients, the Corporation did not appear to follow the recovery requirement as noted in the Contribution Agreement.
2.3.1	Covid-19 Relief Payments	<ol style="list-style-type: none"> 1. Conflict of interest policy may not have been followed for the Covid-19 Relief Payment Initiative. 2. A company that received \$ [REDACTED] in Covid-19 relief payment appeared to be ineligible according to the Corporation's criteria. 3. Covid-19 relief payments did not appear to be consistent with the requirements of the Contribution Agreement as the payments do not require project cost eligibility or monitoring and reporting. 4. Based on documentation provided, commitment and disbursement of some relief payments appear to be outside the Contribution Agreement eligibility period of April 1, 2020, to March 31, 2021.
2.4.1	Human Resourcing Practices	<ol style="list-style-type: none"> 1. SDTC does not appear to have a formal hiring and termination policy. Instead, SDTC follows an informal process of documenting significant events in an employee's tenure, and key discussions that led to their termination/resignation. 2. SDTC's Human Resource's Lead had no record of complaints or whistleblowing and does not recall the existence of any evidence of complaints from prior years. 3. SDTC employee complaints were not historically reported to the Board.

2. DETAILS OF KEY OBSERVATIONS

2.1. CONFLICT OF INTEREST

2.1.1. Context

SDTC's funding goal is to advance clean technology innovation in Canada, specifically by funding and supporting technology projects at the pre-commercial development and demonstration stages.

Advisors, entrepreneurs, and subject matter experts within the clean technology industry are often utilized by SDTC to support the project approval and eligibility process. Additionally, SDTC's Board of Directors is comprised of a specialized group in the clean technology industry, which reinforces the need for strong conflict of interest policy, process, and procedures.

As part of the Contribution Agreement, SDTC is required to establish a code of practice and conflict of interest policy for the operation of the Board of Directors, the PRC, the Audit Committee, employees, agents, investment advisors and portfolio managers, pertaining to the management of the Fund. SDTC has published their Conflict-of-Interest Policy for Board of Directors and for Employees on their website.

Over the years, SDTC has made efforts to improve its conflict-of-interest requirements across the organization. They have undertaken various conflict of interest third party reviews during the period of 2016-2022 through independent parties including but not limited to a third-party study in 2016, 2019 and 2022. Early in the fact-finding engagement, SDTC informed RCGT that they were in the process of hiring an ethics advisor. To date, no additional update regarding the ethics advisor's hiring process has been provided by the Corporation.

As part of this fact-finding exercise, procedures were performed to assess whether the Conflict-of-Interest Policy, process and procedures were followed for a sample of 19 funded companies and whether the conflict of interests comply with the requirements stipulated in the Contribution Agreement. Please refer to appendix B for the complete list of the funded companies sampled.

Board⁴ and PRC Members

Board and PRC members (i.e., board members that are also nominated as PRC members) must comply with Code of Conduct and Conflict of Interest Policy for the Board of Directors and PRC, which is a policy separate from the one for employees and contractors.

These governance bodies are required to review the policy annually and sign a document acknowledging they have read and understood the requirements as a condition of their appointment as a director and as a member of the PRC, when applicable.

Before either PRC or Board of Director meetings, members are provided with applicant name, consortia members and brief description of the project. Upon receipt of this package, members must declare conflict of interest or acknowledge no conflict of interest.

When there is a declaration of conflict, considered real in nature, the member is required to recuse themselves from any work or decision associated with the company in conflict. Project related information will not be provided to the member that declared a conflict, nor will they partake in the

⁴ For the purposes of this report, board member means board director.

discussions or votes. However, in the case of perceived conflict, a discussion with the PRC and/or Board of Directors meeting will take place to determine whether to allow or disallow the member from participating based on the assessed degree of perceived conflict.

Employees (i.e., inclusive of CEO and Executive Team)

The Conflict-of-Interest Policy applies to all individuals who are employed or retained by SDTC, including full-time, part-time, term or contract employees as well as expert reviewers, consultants, suppliers, and contractors providing services or goods to SDTC.

In addition, employees are subjected to the Internal Trading Policy which supplements the Conflict-of-Interest Policy and clarifies how SDTC will declare any conflicts of interest and how employees are to proactively manage these conflicts. The Internal Trading Policy provides guidance to SDTC employees including but not limited to not own shares in, act as a director, officer, partner or otherwise personally engaged with business that falls into three (3) categories:

- An applicant company that has submitted a request for funding.
- A funded company that is in the process of being contracted, or inactive; and
- A funded company where less than five (5) years has elapsed from the date of completion of the funded company's SDTC project.

A listing of applicant companies and funded companies are maintained by the VP, Investments and is available to all employees, constituting a blackout period for those companies. Employees should notify the Director of Human Resources whether any investments are held by them or their spouses, as well as any potential or perceived conflicts. An employee with a conflict of interest related to a request for funding will abstain from any discussions or decisions related to the application.

Through interviews it was indicated that the listing is updated monthly and sent out through their internal portal to all employees to declare any investments, potential or perceived conflicts.

Expert Reviewers

Expert reviewers are independent advisors hired by SDTC to evaluate and critique each proposal considering the requirements and mandate of SDTC and to either recommend⁵ or not recommend a project for funding. Proposals are reviewed by at least one (1) expert in the technology area of the application (i.e., technical reviewer) and one (1) expert who is market oriented (i.e., business reviewer).

There is no formal public procurement process to select the expert reviewers. However, during the process of procurement, the expert reviewer is required to sign a conflict-of-interest agreement along with their hiring documentation. The agreement is a one-page document that underlines their acknowledgement and agreement including but not limited to their commitment to objective recommendations based exclusively on the merits of the business cases, and to the immediate disclosure in writing of any potential or perceived conflict and awareness that this may cause them to withdraw from further review. Once they sign the conflict-of-interest agreement, they will be part of the roster for expert reviewers.

When a project requires review, an expert reviewer is selected from the roster and the conflict-of-interest declaration is required in association with the specific project. If conflict exists, the expert reviewer will not be assigned to the project, and another expert reviewer will be asked to review the project. While expert reviewers are required to declare conflicts with companies, SDTC does not probe expert reviewers' relationship with board members or executive team members.

⁵ Please refer to section 2.2.1 Context, subsection Due Diligence for more details.

Consultants

Consultants are hired for subject matter expertise to support the project approval process. Consultants are not required to declare conflict of interest per project. However, according to the Conflict-of-Interest Policy, they are required to sign conflict of interest agreements whenever they perform a task which could influence a project funding decision. This determination is made by the Manager, Finance during the establishment of the work scope and contract with the supplementary services contractors.

It was noted that consultants are required to sign a general conflict of interest agreement during the onboarding process. However, consultants are not required to declare individual conflict of interests with specific projects they are consulting on.

2.1.2. Key Observations: Conflict of Interest

1. It was noted that the policy and procedures do not explicitly require board members (inclusive of PRC members), employees (inclusive of CEO and executive team) to declare conflicts with accelerators, expert reviewers, consultants, and companies providing services and goods to SDTC. Furthermore, expert reviewers and consultants are not explicitly required to declare conflicts with board members, or SDTC employees.
 - a) The [REDACTED] one (1) of the [REDACTED] and one (1) [REDACTED] retained by SDTC to support the project application and approval process, are [REDACTED] of [REDACTED] an [REDACTED]. To date, no evidence was found of any of the following:
 - [REDACTED] declaration of conflict with [REDACTED]
 - [REDACTED] declaration of conflict with the [REDACTED]
 - [REDACTED] declaration of conflict with the [REDACTED]
 - [REDACTED] declaration of conflict with [REDACTED]
 - b) A backdated declaration of conflict of interest between the [REDACTED] and the [REDACTED] was made under the direction of the [REDACTED]
 - c) In addition, the Conflict-of-Interest Policy does not appear to account for circumstances of ambiguity, such as the [REDACTED] involvement with one (1) of the funded [REDACTED]. The [REDACTED] was an [REDACTED] that sits on the quarterly [REDACTED]. While the [REDACTED] did not appear to have conducted due diligence for [REDACTED] during an interview with the SDTC team⁶, it was noted that the [REDACTED] did provide advisory to SDTC, which is also supported by a letter from the [REDACTED] supporting the funding of [REDACTED]
2. Concerning perceived conflict-of-interest, the following was noted:
 - a) Through review of PRC and Board of Directors meeting minutes, only one (1) of the 21 samples had a formally perceived conflict declared [REDACTED]. However, it was found that deliberation or conclusion by the PRC or the Board of Directors prior to 2023 for perceived conflicts, in general, is not documented. Although deliberations may occur, it does not provide a document trail to assess for compliance. It was noted that the Conflict-of-Interest Policy for the Board of Directors does not specify a procedure to deliberate perceived conflicts, and that this procedure was found in SDTC's internal conflict guidelines.
 - b) In two (2) cases [REDACTED], the conflict-of-interest declaration was not always clear on whether it was real or perceived. In addition, while the board

⁶ For the purposes of this report SDTC team is the reference for employees other than the CEO.

member declared a conflict of interest, the board member is noted to have attended both the PRC and Board of Directors meetings and no evidence was found of abstention, or any conclusion for perceived conflicts during the discussions and approval related to the projects that would justify the board member's participation.

3. In the case of Seed Funds, while conflicts are declared, conflict-of-interest recusal is not consistently done at the PRC and Board of Directors meetings. Seed Fund rounds were found to be approved in batches of upwards of 10 companies, which may indicate a lower level of oversight. Interviews with the Corporation have noted that the lower level of oversight is due to the low materiality of each payment (\$50,000-\$100,000).
 - a) As such, two (2) projects [REDACTED] were found to have the [REDACTED] who declared conflicts of interest associated with the above-mentioned companies, participating in the discussion, and voting during the approval process. In these circumstances, the rationale for non-recusal was not noted in the Board of Directors meeting minutes.
4. Two (2) instances were found where the Conflict-of-Interest Policy was not consistently followed. The following are the results of testing 21 samples (inclusive of the planned 19, [REDACTED] and [REDACTED] which were found to be of interest during testing) for compliance against the Conflict-of-Interest Policies.
 - a) The [REDACTED] did not consistently declare conflicts as part of the Corporation's conflict of interest processes. It appears that the [REDACTED] did not formally declare conflicts for [REDACTED] projects [REDACTED] during the time of the project assessment and approvals. Communications were found suggesting that the [REDACTED] informally declared a perceived conflict with [REDACTED] to the PRC Chair at the time. The same was not done for [REDACTED].
 - i. In April 2023, two (2) backdated conflicts [REDACTED] and [REDACTED] were included into the Corporation's monthly declaration process by the [REDACTED]. Through an interview with the [REDACTED] it was explained that these declarations were made under the direction of the [REDACTED].
 - ii. Upon further review of these conflicts, it was found that the same circumstances with the [REDACTED] noted in the monthly conflict of interest declaration existed for two (2) other companies [REDACTED] and [REDACTED]. The conflict of interest of these two other companies were not declared.
 - iii. However, it was noted the [REDACTED] indicated that these were minor perceived conflicts that did not necessitate declaration. In the case of the conflict related to [REDACTED] the [REDACTED] indicated a professional working relationship with the individual throughout his consultancy with the Corporation, and through the Board of Directors of a partnership corporation, [REDACTED]. In the case of the conflict related to [REDACTED] this is with an individual with whom the [REDACTED] had a professional working relationship with in the 1990s.
 - b) On November 26, 2020, the [REDACTED] was approved at the Board of Directors meeting. A [REDACTED] was found to have provided consultancy services to [REDACTED] in exchange for payment in the total of \$10,000 while being an active board member for Corporation. These services were noted to have been invoiced on June 30, 2021, as seen in the [REDACTED] expense reports for the period of January 1 - June 30, 2021. The [REDACTED] on the [REDACTED]

[REDACTED] of [REDACTED] until [REDACTED] Documentation does not indicate evidence of recusal of this [REDACTED] from discussions and approval of [REDACTED]

2.2. PROJECT APPROVAL PROCESS, ELIGIBILITY AND PAYMENTS

2.2.1. Context

At SDTC, funding is provided through four (4) streams: Seed, Start-up, Scale up, and Ecosystems. While Start-up and Scale-up follow the same due diligence process, Seed and Ecosystems have variations in their processes.

SDTC partners with approximately 80 accelerators to nominate companies for the Seed Fund. This stream provides grants ranging from \$50,000 - \$100,000 in one-time grants to each eligible ultimate recipient. The Seed Fund rounds occur three (3) times a year.

Scale-up and Start-up companies submit project proposals for funding ranging anywhere from \$500,000 to \$17,000,000. Ecosystems, however, are different in that they are non-profit organizations that are funded to develop community-based programs that produce, enhance, and maintain ecosystem services.

Application and Eligibility

For Start-up and Scale-up applications, two (2) Investment Leads are assigned to assess the eligibility. If approved at this level, the company is invited to submit a video pitch to be assessed by the VP Investment and Investment Leads.

For the Seed Fund, a company may only qualify if they are nominated by an accelerator. Accelerators can nominate one (1) company per Seed Fund round, but they may nominate another if the company is led by a woman as part of SDTC's initiatives to advance equality in tech. An accelerator's role is to provide support and resources to early-stage companies to help start-ups grow and scale their businesses.

Another Seed Fund qualification requirement stipulated by the Corporation is that early-stage sustainability entrepreneurs must have closed at least 200% of the funding amount requested (with a minimum raise of \$100,000) from a non-government and non-related party in cash within the past 12 months. Royalties, provisions for repayment or for return of funds to SDTC are not acceptable.

For the Ecosystems Fund, SDTC works with provincial funding organizations, investors, or service providers to identify eligible companies. The companies that qualify for the Ecosystems Fund are non-profit organizations that demonstrate significant quantifiable environmental and economic benefits. According to the Corporation, Ecosystems are currently a pilot program. To date, there are [REDACTED] by the [REDACTED]

Due Diligence

For Start-up and Scale-up applications, once the applicant's video pitch has passed assessment by the VP Investment and the Investment Leads, the applicant is invited to submit a comprehensive application to be assigned to two (2) expert reviewers to assess technical and business requirements. If both expert reviewers recommend the project (whether weak or strongly recommend), the application will move onto the PRC stage for further deliberation.

The process is different for Ecosystems and Seed. However, as part of SDTC's due diligence strategy, Ecosystems and Seed Fund companies are required obtain external funding, and in Seed Funds case, to match SDTC's contribution. The expectation is that the external contributor will have conducted their own due diligence, in the absence of SDTC's.

Seed Fund companies are evaluated using a panel of three (3) volunteer jurors for each day across a five (5) day period. In total, 15 jurors are selected from industry partners, board members and at times expert reviewers for their expertise. If deemed eligible and recommended at the juror level, the Seed Fund companies are brought to the PRC for further assessment in batches.

Per section 8.05 of the Contribution Agreement, Review of Project Proposals, all eligible projects must be assessed at the PRC before recommendation for approval at the Board of Directors meetings.

Approval

All companies (i.e., projects) that are recommended by the PRC move forward to the Board of Directors for approval. Start-up, Scale-up and Ecosystems fund companies follow the same approval process; however, Seed Fund companies are brought to PRC for deliberation and further approved at the Board of Directors level in batches.

The PRC is made up of a selection of board members. These board members vote at the PRC and are allowed to vote again at the Board of Directors meeting for approval. Board members that are assigned as jurors are also allowed to vote again at the PRC and Board of Directors meeting for approval. The list of Seed Fund companies can be extensive. As such, the PRC sessions usually come with a separate appendix listing of all the companies in the batch.

Payments

For Start-up, Scale-up and Ecosystems, once an applicant company (i.e., project) is approved for funding, the company receives an initial amount upon signing of their Project Funding Agreement (PFA)⁷ with SDTC. Afterwards, the company must report on the completion of any promised milestones before further funding can be disbursed. These milestones are set out in the PFA, with a dollar amount stipulated per milestone.

Seed Fund is a grant that does not encompass reporting requirements towards the payment. The Seed Fund comprises a one-time payment of \$50,000-\$100,000 made in full to the early-stage company upon signing of the contract.

2.2.2. Key Observations: Fund Stream Compliance

1. Per section 2.01, Goals and Objectives of SD Tech Fund, *is to advance clean technology innovation in Canada, specifically by funding and supporting technology projects at the pre-commercial development and demonstration stages*. The section also stipulates that within this goal, there are two (2) main objectives:
 - (a) *Contribute to achieving Canada's environmental objectives, including its greenhouse gas emissions reduction goals; and*
 - (b) *Contribute to Canada's sustainable economic growth by enabling Canadian entities to complete globally in the clean technology sector.*

The Corporation created a fund stream called the Seed Fund, of which funding is advertised through their website as one-time payment grants ranging from \$50,000 - \$100,000 does not seem to be in line with the spirit of the section 2.01.

- a) There is an emphasis on the procurement of external funding to obtain the Seed Fund Grant, as opposed to assessment of the eligible project costs.

⁷ In the past (2017/2018) the agreement was referred to as Contribution Agreement.

- b) The PFA used for Seed Fund (Seed Fund PFA) appears to not be following Schedule Four of the Contribution Agreement that stipulates the minimum terms and conditions for contractual agreement with ultimate recipients.
 - i. The Seed Fund PFAs do not include, for example: a description of the Eligible Project and planned activities nor the Eligible Project Costs.
 - c) It has been noted during interviews with the SDTC team, that the closure of Seed Fund projects has been on hold due to other priorities. When asked for the rationale, SDTC team explained that the materiality of the Seed Funds resulted in this type of funding lower priority.
 - d) The closure of a Seed Fund project includes assessment of total eligible project costs and whether there is a potential SDTC overpayment, for example, in the case where the ratio between the total funding paid surpasses 50% of the total eligible project cost. There is a potential risk that SDTC may have resulted in an overpayment for those projects, but because they are treated as lower priority, the recovery of the money may be potentially postponed or not collected at all.
 - e) In the period from 2019 (i.e., year of which Seed Fund was implemented) until 2022, a total of 180 seed fund projects were funded, totaling \$ 17,551,275.
2. Per section 2.02 of the Contribution Agreement, Activities of the SD Tech, where it states that to support its overall goal to advance technology innovation in Canada, *the Foundation agrees to Undertake the following activities:*
- (a) Fund the Development and Demonstration of new Sustainable Development Technologies related to climate change, clean air, clean water, and clean soil in order to make progress towards Sustainable Development,*
 - (b) Fund the Development and Demonstration of new Sustainable Development Technologies that will contribute to Canada's greenhouse gas emissions reduction objectives.*
 - (c) Foster and encourage innovative collaboration and partnering amongst diverse Persons in the private sector and in academic and not-for-profit organizations to strengthen the Canadian capacity to develop and demonstrate Sustainable Development Technologies with respect to climate change, clean air, clean water, clean soil; and*
 - (d) Enable timely diffusion by funded recipients of new Sustainable Development Technologies in relevant Market Sectors throughout Canada.*

However, it appears that the [REDACTED] stream is potentially non-compliant with section 2.02 of the Contribution Agreement. Although the [REDACTED] are respectively [REDACTED] and [REDACTED] neither appear to be directly developing and demonstrating new sustainable technologies, which may not be in line with the spirit of the Contribution Agreement.

- a) [REDACTED] correspondence dated September 16, 2020, between the Corporation and ISED was found where there was an indication of a potential concern raised by ISED's Team Leader, International and Financing Policy at the

time that funding accelerators⁸ directly would cause policy implications. The ISED's Team Leader also noted in the email, that the ISED's Board of Director's representative would likely raise the concern directly to the Corporation's CEO. To date, no documentation was found that describes the discussion between ISED and the Corporation's CEO.

- i. SDTC team provided a note to file that stated it was not SDTC's intention to fund accelerators beyond this [REDACTED] SDTC also reinforced to ISED that the any projects would adhere to conditions outlined within Contribution Agreement and would support the section 2.02.
 - ii. To date it is not possible to determine whether ISED's Board of Director's representative did have the discussion with the CEO and whether there was a mutual understanding that the ecosystems would adhere to section 2.02 or any other section in the Contribution Agreement.
3. Per sections 8.07 and 8.09 of the Contribution Agreement, composition of PRC and Project Approval by the Board respectively, the PRC must review all eligible proposals, and the Board of Directors only assesses projects that are recommended by the PRC.

However, during the fact-finding exercise, one (1) instance of non-compliance with section 8.07 and 8.09 was found.

- a) Under the [REDACTED] stream, one (1) of the [REDACTED] bypassed the requirement to be screened at the PRC and was instead discussed and approved solely at the Board of Directors meeting.
- b) It has been noted during interviews with the SDTC team, the rationale provided for bypassing the PRC was that the Corporation wanted to engage a full board discussion on the initiative.

2.2.3. Key Observations: Ultimate Recipient Compliance

1. Per section 6.01(a), an Ultimate Recipient *is, for the sole purpose of receiving money from the Fund, a recipient if it has expertise in Sustainable Development Technology and is:*
 - (a) *a for-profit corporation, a partnership, a limited partnership or a business trust and has entered into a contract related to the carrying out of an Eligible Project with one or more legal entities (entities stipulated by the Contribution Agreement).*

During the Fact-Finding Exercise, three (3) instances of potential non-compliance with section 6.01(a) were found:

- a) In one instance [REDACTED] a letter dated January 28, 2022, from a legal entity was found in file confirming the intent of a partnership; however, a consortium agreement or contract confirming the partnership and the amount of cash or in-kind contribution was not found. The following was noted during the document review of this file:
 - i. The budget used as the basis for the PFA signed on November 1, 2022, contained a SDTC's request: "*Please include the contribution of the [REDACTED] on this tab (referring to the Funding Sources tab). Note that the amount in the budget must match the amount committed to in the letter.*"

⁸ [REDACTED] and [REDACTED] are also known [REDACTED] in the clean tech market.

- ii. The Ultimate recipient response was: [REDACTED] (*referring to [REDACTED] contributions are still under discussion. It will not make a material impact on the funding request so we can proceed assuming it is zero*”).
 - iii. It is unclear why the legal entity was still considered in the Project Funding Source Table information and in the consortium members list section as part of the PFA without any cash or in-kind amounts declared. As a result, the Ultimate recipient seemed to be the only entity funding the project in addition to the SDTC funding amount, which contradicts the section 6.01.
- b) In one (1) instance [REDACTED] the ultimate recipient provided an Investment Framework Offset Project (IFOP) Agreement dated April 12, 2017 (with 5 years of duration) between [REDACTED] and [REDACTED] with specific objectives, in relation to [REDACTED] (i. e. product development, commercialization and global exports). The following was noted during the document review of this file:
- i. The agreement was provided by the ultimate recipient to confirm funding source, of which [REDACTED] would contribute with [REDACTED] as part of the funding commitments in the project proposal to SDTC. The IFOP agreement states the contribution made by [REDACTED] would be offset by the Canadian Industrial & Regional Benefits (IRB) and Industrial & Technological Benefits (ITB) programs in Canada which indicates that the funding was not set for the purposes of the SDTC project application.
 - ii. According to the Contribution Agreement⁹ summary report¹⁰ created by the SDTC team, the IFOP Agreement was accepted in lieu of a Consortium Letter for the purpose of contracting the project. The signed Consortium Letter was a requirement to be provided to SDTC at the end of Milestone [REDACTED]. When asked about the rationale where certain projects do not have a Consortium Agreement in file, SDTC team explained that is a practice to accept a Consortium letter instead. This practice may not be in line with section 6.01(a) of the Contribution Agreement.
 - iii. Correspondence between SDTC team and the ultimate recipient on [REDACTED] indicated that SDTC team requested an explanation for the lack of a signed consortium agreement with [REDACTED] and for the lack of documentation of their participation. The explanations were to be presented to the SDTC approval authorities for consideration. To date, no evidence was found that the consortium agreement was provided to the Corporation.
- c) In one (1) instance [REDACTED] the ultimate recipient obtained their signed PFA without appearing to have met the consortium requirement of CA section 6.01(a).
- i. Three (3) different organizations provided a letter to indicate they would provide in-kind contributions of \$50,000 each. However, no evidence of the agreements was found in the project file.
 - ii. It was also noted in the documentation that supports the preparation for the PFA execution that SDTC team noted the following “It should be noted that

⁹ The Project Funding Agreement (PFA) was called Contribution Agreement in 2017.

¹⁰ The CA Summary Report (also known as PFA Summary Report) relevant information in preparation for contracting and execution of the Contribution Agreement between SDTC and [REDACTED]

the Consortium Members will provide non-monetary strategic support (samples)”.

- iii. It is unclear why the three (3) different organizations were still considered in the Project Funding Source Table information and in the consortium members list section as part of the PFA without any cash or in-kind amounts declared.
- iv. As a result, the Ultimate recipient seemed to be the only entity funding the project in addition to the SDTC funding amount, which contradicts section 6.01(a).

2. Three (3) funded projects were found to have:

- a) Elements of Commercialization, which is inconsistent with the Contribution Agreement goal of funding companies in pre-commercial development and demonstration stages.

Per the section 2.01, Goals and Objectives of SD Tech Fund, is to advance clean technology innovation in Canada, specifically by funding and supporting technology projects at the pre-commercial development and demonstration stages. In the Definitions section 1.01, Demonstration and Development are defined as follows:

- *“Demonstration” means the testing of a design of new, modified or improved products, processes or services at pilot scale, field scale or initial full scale, provided that these same projects are not intended to be converted or used for industrial application or commercial exploitation within the Period of Funding. It does not include routine or periodic alterations to existing products, production lines, manufacturing processes, services and other ongoing commercial operations even though those alterations may represent improvements.*
 - *“Development” means the translation and technological advancement of applied research findings into a plan, blueprint, design or implementation of new, modified or improved products, processes or services, including the creation and testing of a prototype that would not be intended to be commercially used within the Period of Funding.*
- i. In one (1) instance [REDACTED] the sampled project (i.e., [REDACTED] application) was the third round of funding provided by the Corporation to [REDACTED]. The detailed proposal submitted by the entity included the following:
 - [REDACTED] with SDTC’s support, [REDACTED] demonstrated the greenhouse gas emissions. In 2020, with SDTC’s further support. [REDACTED] The technology is now proven. [REDACTED] and [REDACTED] This is a transformative capability, offering environmental benefits on a global scale, across multiple industries.”
 - The PFA includes in the Milestone [REDACTED] the order of [REDACTED] as a target achievement as well as [REDACTED]

- for [REDACTED] There is a potential indication that the [REDACTED] project will contribute to expand the technology and market capacity and not the development of technology, which may not be in line with the section 2.01 and their respective definitions.
- ii. In one (1) instance [REDACTED] it was noted in the 2021 sampled project detailed proposal that the Corporation previously funded [REDACTED]. The detailed proposal submitted by the entity included the following:
- The project goal is to develop a [REDACTED] of reducing greenhouse gas emissions [REDACTED].
 - A revenue forecast (in the period of 2022-2030) for the existing [REDACTED]. This may potentially indicate that commercialization of newly implemented [REDACTED] would be done during the period of Funding (i.e., [REDACTED]).
 - According to the PFA Summary, which is a report prepared by SDTC Due Diligence team as part of the package for PRC recommendation, “SDTC funding will provide financial support to help [REDACTED] accelerate development of the [REDACTED] while deploying current capital to drive sales revenues. With SDTC Support, [REDACTED] projections show that year revenue growth would be ~35% higher, increasing their EBITA margin to 26% vs 11% without SDTC”.
- iii. In one (1) instance [REDACTED] it was noted that the sampled 2022 project was a continuation of a previously project funded by the Corporation. The [REDACTED] provided a weak recommendation of this project as the [REDACTED] believed [REDACTED] did not need the support from SDTC to accomplish the project. It was also noted in the [REDACTED] report:
- “The project would be a ‘nice to have’ bucket as [REDACTED] is a good partner.”
 - The [REDACTED] emphasized the need for a critical examination of SDTC’s mission and how the project fits into their overall mission.
 - During an interview with the [REDACTED] the [REDACTED] indicated that [REDACTED] was a clear example of a company in a commercialization stage.
- iv. All the three (3) instances [REDACTED] have been found to have sales targets¹¹ as part of their achievements per milestone. During an interview with SDTC team, it was noted that, in general, revenues were used as a measure for growth rate, and that “as they’re selling products and services, whatever service they are selling is now generating environmental

¹¹ For more details please key observation (b) (i.e., next observation) within this section.

benefit". In addition, the SDTC team indicated that growth in revenue did not mean profitability, but that the company was expanding.

- v. On the May 1, 2018, Board of Directors meeting, the CEO provided an update on SDTC's discussion with ISED. It was noted in the Board of Directors minutes that ISED requested SDTC to accelerate allocations and disbursements to address a changing environment. The CEO noted that a funding gap exists for projects at the late demonstration stage. The CEO proposed that SDTC consider funding projects at that stage to fill the gap, and that SDTC's mandate would permit funding of projects at that stage. The Board authorized SDTC to proceed in the manner proposed by the CEO. Review of the Board of Directors minutes showed that the ISED's Board of Director's representative was not in attendance at that Board of Directors meeting.

Payments associated with sales targets, which is inconsistent with the requirement to use the contribution exclusively for eligible expenditures.

Per section 3.04, the purpose of the Contribution:

"The Foundation shall use the Contribution solely and exclusively for eligible expenditures, namely payments to Ultimate Recipients for Funded Projects and the Fund's Operating Expenditures".

In the Definitions section 1.01:

"Eligible Expenditures mean eligible Operating Expenditures related to the Fund and payments from the Fund to Ultimate Recipients for Eligible Project Costs, which are, in the Minister's opinion, properly and reasonably incurred by the Foundation and Ultimate Recipients."

- b) Three (3) projects [REDACTED] and [REDACTED] have been found to have sales targets (i.e., Variable Payment Condition) in addition to eligibility of project costs (i.e., Fixed Amount) as a condition for achieving milestones and receive the associated payments during the project period. For more details on the fixed amount and variable payment condition please see the Table 2 below.

Table 2 – Projects funded with sales targets

Company (Project number)	Fixed amount (i.e., amount associated to Eligible Project Costs)	Variable Payment Condition (i.e., amount associated to target sales)	Total Funding Approved
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

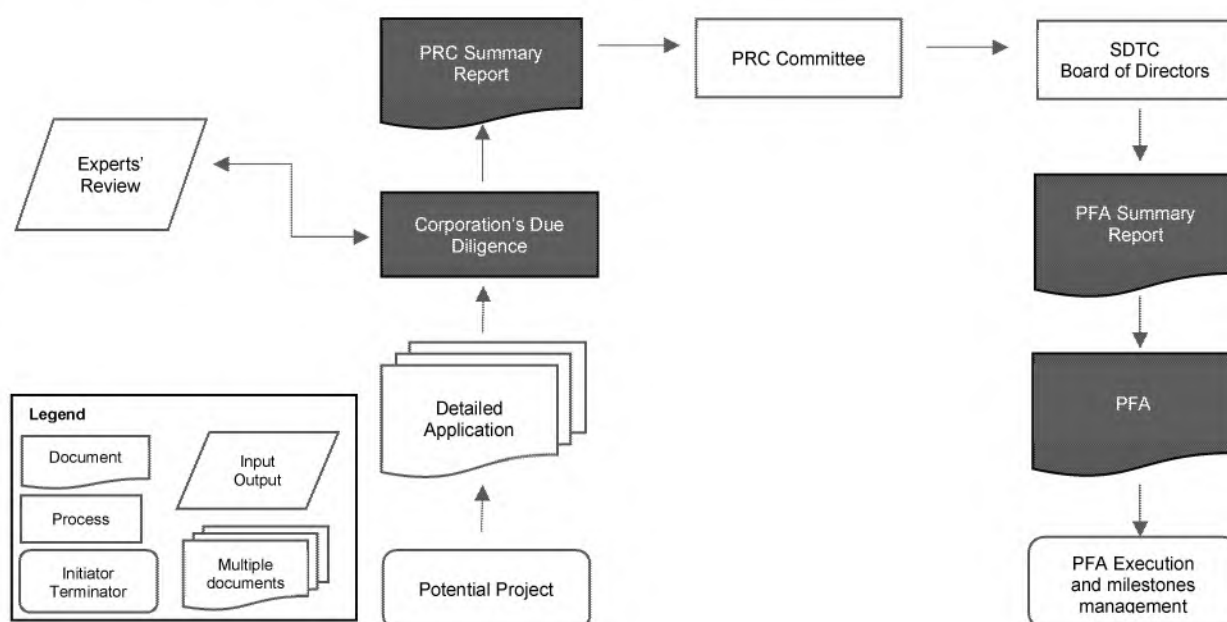
2.2.4. Key Observations: Project Approval Process, Eligibility and Payments

1. Opportunities for improvement as it pertains to the process of screening and approval of projects and in their record keeping were noted. Currently, it appears that all decisions made at PRC and at the Board of Directors meetings are unanimously approved. Documentation

reviewed does not demonstrate disagreement with projects under review, and no evidence has been found in the minutes to suggest a ratio of votes.

2. The PRC relies on material prepared by the due diligence team for their screening, discussion, and voting. The following was noted:
 - a) In seven (7) out of the 15 sampled Start-up, Scale-up and Ecosystem projects [REDACTED] at least one (1) of the experts' reviews (i.e., business, or technical) opinions were either not recommended or weakly recommended. As part of the Due Diligence process, the SDTC team prepares and presents to the PRC a report called PRC Summary Report. This report includes all the relevant information, feedback of a given project. The Due Diligence team also includes in the report a summary of the expert reviewer's evaluation as the expert reviewer report is not shared with the PRC. Since the Expert Reviewer Rationale Reports are not shared with the PRC, the PRC summary does not always capture the full context for why expert reviewers do not recommend or weakly recommend a project. There may be a potential risk that board members may not be making informed decisions, and that some concerns raised by the expert reviewers may be overlooked during the monitoring of the project.
 - i. Per section 8.06, Composition of the PRC, the Foundation, may invite expert reviewers to advise the PRC. Evidence was not found expert reviewers were invited to the PRC based on documentation reviewed.
 - b) The PRC does not appear to invite the expert reviewers for discussion or have access to the report produced by the expert reviewers. As a result, the material accessed by board members is potentially limited to what the Due Diligence Team produces and share with the PRC. The diagram below illustrates an overview of the approval and eligibility process (i.e., from a potential project until the PFA execution and milestones management). The symbols in purple represent the ones prepared and presented by the Due Diligence team.

Figure 1: Overview of Process Approval and Eligibility



3. Per section 7.08, Recovery, the Foundation agrees to pursue in good faith the recovery of funding for Funded Projects in such cases:
- (a) default by the Ultimate Recipient of its contractual agreement with the Foundation;
 - (b) revenue occurs from the sale of Funded Project assets, or there is a commercial use of the Funded Project's assets unrelated to the Funded Project that results in income during the Period of Funding. The funds to be returned to the Foundation will be in proportion to the funding provided by the Foundation for the Funded Project; or
 - (c) violation of the provisions of Section 7.05

The following three (3) examples did not have documentation demonstrating recovery actions were taken by the Corporation when deemed applicable:

- a) In one (1) project [REDACTED] as part of the expenses report provided, it was noted that prior to 2021, field equipment was procured, paid for, and recorded in [REDACTED] financial records; however, since [REDACTED] while field equipment was still procured and paid by [REDACTED] the note indicated that equipment was then sold to [REDACTED] which recorded the equipment in its financial records.
 - i. There is a potential risk that the field equipment might have either generated revenue or commercially used in unrelated activities to the Funded Project, which would potentially be in violation of section 7.08(b).
 - ii. To date, no evidence of additional information being requested to [REDACTED] or discussions around the sale of assets was found, and additional procedures would be needed to validate the information.
- b) In one (1) project [REDACTED] as part of the holdback final report, the SDTC team indicated that for Milestone 3, a review of the detailed expense report resulted in an SDTC adjustment of \$ [REDACTED] to the eligible cost. It was mainly due to the inclusion of in-kind costs from an ineligible consortium member (i.e., there was no consortium agreement).
 - i. Although the SDTC team noted this was a material adjustment, a final audit was not required as the SDTC team concluded that the funding ratios were well in line with SDTC requirements, and no other major issues or concerns were found.
 - ii. If the total amount funded by SDTC was to be adjusted based on the reduction of the total eligible costs and the initial SDTC funding ratio of [REDACTED] approximately \$ [REDACTED] could have been recovered according to the recalculation. However, records indicate that the final payment was released, without consideration for any amounts to be retained or recovered by SDTC.
- c) In the case of Seed Fund projects¹², in circumstances of overpayment by SDTC, the recovery of the money may potentially be postponed or not collected.

¹² Please refer to section 2.2.2 Key Observations: Fund Stream Compliance of this report, subsections 1 (d) and (e) for more details.

2.3. COVID-19 RELIEF PAYMENTS INITIATIVE

The Covid-19 Relief Payment initiative was implemented by the Corporation in 2020 and 2021 to provide emergency support of 5% of approved funding to each active project in their portfolio that met a set of conditions at that time. A limited number of companies were approved to receive 10% if they met further conditions in 2021.

On March 23, 2020, the initiative approved \$20 million for distribution, of which only \$17.9 million was disbursed to 118 portfolio companies by 2019-20 fiscal year end. On March 9, 2021, \$25 million was approved for distribution under the one-time payment initiative, and only \$20.5 million was disbursed to 102 portfolio companies by 2020-21 fiscal year-end.

The following table provides additional information on the Covid-19 Relief Payment criteria.

Table 3 – Covid-19 Relief Payment Criteria

Payment %	2020 Criteria	2021 Criteria
5%	<p>The one-time payment to fund Eligible Project Costs will be provided to portfolio companies with active projects where:</p> <ul style="list-style-type: none"> An active contract is in place on March 31, 2020 (including Seed Fund Projects); and Project activities are still on-going (i.e., not completed). <p>The projects identified for the one-time payment as per the criteria above will have their SDTC contribution modified to provide an increase of SDTC funding as follows:</p> <ul style="list-style-type: none"> Five percent (5%) active portfolio; and \$15,000 for Seed Fund firms. 	<p>An increased funding in the SDTC Contribution of 5% will be provided to active projects that meet the following criteria:</p> <ul style="list-style-type: none"> An active contract is in place (or where the contract will be in place by March 31, 2021). Project activities are still on-going (i.e., project not completed). Progress is being made towards completion, and the project is not experiencing significant delays that may result in not meeting project objectives. Board Conditions related to a key aspect to proceed over the course of the project has been satisfied (e.g., funding raise, etc.). Company is not a subsidiary of a foreign multi-national company. The additional funding provided does not exceed 50% of the total SDTC disbursements to date for the project. Likely that the company will be able to participate in a meaningful way in domestic market initiative
10%	<p>Not applicable, 10% was not offered in 2020.</p>	<p>Scale-up projects that are revenue positive (with revenues >\$1 million) and have an established customer base would receive an increase to their SDTC contribution of up to 10% since they are closer to market and have the greatest needs.</p> <p>For a scale-up project to be eligible they must meet all of the criteria to be eligible for the 5% top-up funding. In addition, they must meet all of the following criteria to be eligible for additional funding up to 10%.</p> <ul style="list-style-type: none"> Established and sustained operational revenues of at least \$1M/year (excludes grants booked as revenues, non-recurring engineering) Recent year-over-year operational revenue growth, notwithstanding any drop in revenue due to the pandemic.

Payment %	2020 Criteria	2021 Criteria
		<ul style="list-style-type: none"> • Revenues related primarily to a product/service that delivers an environmental benefit. • Revenues related primarily to a product/service that is associated with the technology and/or IP platform that SDTC funded. • A returning company, or if not, a returning company completed at least one milestone in their active project.

2.3.1. Key Observations: Covid-19 Relief Payments

1. When brought to the Board of Directors for approval, the Covid-19 relief payments to active companies were found not have followed the Corporation’s conflict of interest procedures. That is, for any projects with conflict declarations by individuals in the past, these declarations were not reperformed, and the individuals in conflict did not recuse themselves from the discussion and vote of the Covid-19 Relief Payment Initiative’s approval.
 - a) Concerning the application of conflict-of-interest policies and procedures during the approval of the Covid-19 Relief Payment initiative, 21 project samples were assessed to determine whether the Conflict-of-Interest Policy was followed. Six (6) out of 21 samples that received relief payments were found to not have followed the Conflict-of-Interest Policy at the Board of Directors meeting for their payment approval.
 - i. In two (2) companies [redacted] and [redacted], representing \$ [redacted] of total relief payments, there were conflict of interest declarations associated with the [redacted] and [redacted]
 - ii. In four (4) companies [redacted] and [redacted] representing \$ [redacted] of total relief payments, had conflict of interest declarations associated with a [redacted] and a [redacted]
 - b) The [redacted] a [redacted] and a [redacted] were found to have participated in the Board discussion and in the voting on the Covid-19 Relief Payments for these companies with which they had declared conflicts in the past.
 - c) During an interview with the [redacted] the [redacted] acknowledged that the lack of consideration of conflict of interest during Covid-19 Relief Payment initiative approval was inappropriate. However, the [redacted] also highlighted that Covid-19 was a stressful time for all companies in their portfolio and reiterated that the discussion and approval was collective in nature which might have contributed to the conflict-of-interest procedure not being considered part of the process at that time.
2. One (1) of the Covid-19 Relief Payment 2021 Corporation’s criteria for the active projects to receive the payment was that *“progress is being made towards completion, and the project is not experiencing significant delays that may result in not meeting project objectives.”*

However, during the fact-finding exercise, one (1) instance of potential non-compliance with the Covid-19 Relief Payments 2021 requirements was found.

- a) In one (1) instance [redacted] the ultimate recipient received the Covid-19 Relief Payment (\$ [redacted] on [redacted], despite their progress in the Milestone [redacted] being delayed since [redacted]

3. The Covid-19 relief memos from 2020 and 2021 required that projects selected must be active and that project activities must be on-going. The letters representing modifications to each Project Funding Agreement identified these payments as “increasing the contribution amount”, and that except for Schedule C (Project Financials), all other sections of the PFA remained unchanged and in effect. These payments were delivered as lump sums that did not appear to be tied to any specific milestone.

Per section 3.04, the purpose of the Contribution:

“The Foundation shall use the Contribution solely and exclusively for eligible expenditures, namely payments to Ultimate Recipients for Funded Projects and the Fund’s Operating Expenditures”.

In the Definitions section 1.01:

“Eligible Expenditures mean eligible Operating Expenditures related to the Fund and payments from the Fund to Ultimate Recipients for Eligible Project Costs, which are, in the Minister’s opinion, properly and reasonably incurred by the Foundation and Ultimate Recipients.”

As such, it was found that no reporting requirements on the usage of the payment were included in the letters representing a modification to PFAs.

- a) It was noted in an interview with the SDTC team, that *“the Covid-19 relief payments initiative did not include monitoring or reporting requirements. It was intended as a top-up to provide relief to companies during the pandemic with no specifications on how the fundings would be spent.”*
 - b) It was noted in an interview with the [REDACTED] that the funding was for the purpose of *“keeping the lights on during Covid-19”.*
4. In addition, surveys of portfolio companies, correspondence with ultimate recipients, and board reporting on the financial health of portfolio organizations provided by SDTC demonstrate the need for support during the pandemic. Additional observations included:
- a) Out of a sample of nine (9) companies that received Covid-19 relief payments in 2020, all nine (9) were found to have had their funds committed (letters signed) before the Contribution Amendment period.
 - b) Six (6) out of the nine (9) samples were found to have received the payment outside the period of the amendment (April 1, 2020, to March 31, 2021), amounting to \$1,714,936.
 - c) It was noted that for a sample of nine (9) companies that received Covid-19 relief payments in 2021, it was found that they were committed and paid within the period of the amendment.

2.4 HUMAN RESOURCES PRACTICES

2.4.1 Context

Hiring and Termination

Human resources (HR) at SDTC are one (1) of six (6) areas covered under the portfolio of the VP of People and Technology. HR is supported by four (4) roles, which include the Director of People & Culture, Manager of People & Culture, an external consultant, and a student. The [REDACTED] of [REDACTED] [REDACTED] has undergone high turnover in the [REDACTED] which has required the

representation of HR to be made through the [REDACTED] for the duration of this fact-finding exercise.

SDTC has recently made a commitment and effort to understand the organization's culture issues. This includes engaging third-party consultants to conduct a survey that would support the improvement in trust, internal collaboration, building relationships and develop key benchmarks on SDTC's perceptions as an employer. SDTC provided the results of the recently conducted survey for the 2022-2023 period.

Complaints / Whistleblower

SDTC has policies, programs, and controls in place for employees to make complaints with anonymity. Specifically, there are three (3) main ways to communicate complaints to SDTC; to report to an immediate supervisor, write a written complaint to the CEO / Director of Human Resources, or to use the anonymous Confidence Line.

2.4.2 Key Observations: Human Resourcing Practices

1. It was found that SDTC does not have a formal recruitment and termination policy. Instead, they follow an informal process of documenting significant events in an employee's tenure, and key discussions that may lead to their termination/resignation. When documents pertaining to performance improvement plans and other relevant documents were requested, the fact-finding team was provided with documentation in the form of editable Microsoft Word memos and e-mail threads.

SDTC has recently made a commitment and effort to understand the organization's culture issues. This includes engaging third-party consultants to conduct a survey that would support the improvement in trust, internal collaboration, building relationships and develop key benchmarks on SDTC's perceptions as an employer. SDTC provided the results of the recently conducted survey for the 2022-2023 period. While results were mostly positive, the following key areas of improvement were noted:

- a) While employee trust is positive, there is potential to strengthen, particularly among those in Ottawa, individual contributors, and those with longer tenure at SDTC.
 - b) To build employee trust further, reinforce Dependability by demonstrating understanding of employee needs, inspiring new ways of working, and addressing retention challenges.
 - c) Employees indicate resourcing is a key area of opportunity with some perceived impacts on work-life balance.
2. It was noted through an interview with the [REDACTED] of [REDACTED] that SDTC has no record of complaints (i.e., written or verbal) or whistleblowing. In addition, the [REDACTED] of [REDACTED] does not recall the existence of any documented evidence of complaints from prior years.
 3. Board member interviews indicated the following regarding turnover and complaints:
 - a) Turnover is recognized and noted as a common issue.
 - b) In 2023, third party consultants were retained to develop turnover reports and analysis to best address issues with turnover.
 - c) Board members are aware of internal culture issues brought up by former employees. While they believe that the issues are unfounded, the Board created a committee and are working on mechanisms to address these problems.

Although limited procedures were performed on the human resources practices risk theme, the Corporation and ISED would benefit from a more in-depth analysis of the human resources practices and organizational culture to foster continued improvement.

3. APPENDIX

a. APPENDIX A – Interviews

The following table outlines the interviews conducted during this fact-finding exercise:

List of Individuals Interviewed		
#	Title	Date
1	[REDACTED], SDTC, [REDACTED] SDTC	April 13, 2023
2	[REDACTED] SDTC	April 14, 2023
3	[REDACTED] SDTC	April 14, 2023
4	[REDACTED] SDTC, [REDACTED] SDTC	April 17, 2023
5	[REDACTED] SDTC	April 17, 2023
6	[REDACTED] SDTC, [REDACTED] SDTC	April 17, 2023
7	[REDACTED] SDTC [REDACTED] SDTC	April 21, 2023
8	[REDACTED] SDTC	April 24, 2023
9	[REDACTED] SDTC	April 24, 2023
10	[REDACTED] SDTC [REDACTED]	April 25, 2023
11	[REDACTED], SDTC	April 25, 2023
12	[REDACTED] SDTC	April 27, 2023
13	[REDACTED] SDTC	May 1, 2023
14	[REDACTED] ISED	May 3, 2023
15	[REDACTED] SDTC	May 9-10, 2023
16	[REDACTED] SDTC, [REDACTED], SDTC	June 26, 2023
17	[REDACTED] SDTC	July 4, 2023
18	[REDACTED] ISED, [REDACTED] ISED, [REDACTED] ISED, [REDACTED] ISED	July 17, 2023
19	[REDACTED] SDTC	August 10, 2023
20	[REDACTED] SDTC	August 11, 2023
21	[REDACTED] SDTC	August 14, 2023
22	[REDACTED] SDTC [REDACTED]	August 15, 2023
23	[REDACTED] SDTC, [REDACTED] SDTC	August 15, 2023
24	[REDACTED] SDTC	August 17, 2023
25	[REDACTED], SDTC	August 18, 2023
26	[REDACTED] SDTC	August 29, 2023
27	[REDACTED] SDTC	September 5, 2023

b. APPENDIX B – Lists of samples tested

Table 4: Testing Areas Identified for Funded Company Samples

Reference	Project/SOI Number	Funded Company Sample
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
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16		
17		
18		
19		

Table 5: Testing Area Identified for Non-Funded Partnership and Companies of Interest Sample

Company Reference	Company Name	Testing Area
20		Assessment of relationship compliance with conflict-of-interest policy and procedures, and contribution agreement
21		Conflict of Interest
22		Conflict of Interest

was found to be an organization not funded by SDTC. Therefore, it will be subjected to different follow up procedures than the other samples.

