
BOARD INVESTMENT COMMITTEE CHARTER

1. Purpose

A Board Investment Committee (“**Committee**”) of the Board of Directors (“**Board**”) of the Business Development Bank of Canada (“**BDC**”) is established to assist the Board in overseeing all investment activities at BDC. The Committee also has responsibility to oversee the activities of BDC Capital to ensure that BDC’s investment decisions are aligned with and support BDC’s fulfillment of its mandate, that BDC is taking prudent risks with respect to its investment activities and that the investment portfolio is performing as intended.

2. Composition and Operation

2.1 Composition of Committee

The Committee shall be composed of a minimum of three directors (“**Members**”), appointed by the Board to hold office until such time as a successor is appointed or the Member resigns, is removed, or otherwise ceases to be a Director of the Board.

The Board shall appoint one Member as the Chairperson of the Committee (“**Chairperson**”). If the Chairperson is absent or unable to act, the Committee may elect an Acting Chairperson for the meeting.

All Members of the Committee shall be financially literate as defined in the Audit and Conduct Committee Charter. All Committee Members are independent from management.

2.2 Operation of the Committee

The Committee may engage legal counsels or other consultants on terms and conditions that the Committee deems reasonably appropriate (including reasonable fees) to carry out its duties and responsibilities.

2.3 Meetings

The Committee shall meet at the call of its Chairperson at least quarterly and may be called by any Member of the Committee or the Chairperson of the Board.

Quorum

For the transaction of its business, a majority of the members of the Committee shall constitute the quorum (“**Quorum**”). A Director who fulfills the requirements to serve as a Committee Member may be requested by the Committee Chairperson to attend a meeting as a temporary Member if Quorum cannot be reached with the appointed Committee Members.

Decisions

Matters presented at a meeting of the Committee for decision shall be decided by a majority of votes.

Secretary

BDC's Corporate Secretary or one of the Assistant Corporate Secretaries, shall act as Secretary to the Committee ("**Secretary**"). The Committee may appoint a Secretary for the meeting if the Corporate Secretary and Assistant Corporate Secretary are unavailable to attend.

Notice

The Secretary shall give notice of Committee meetings by telephone, email or other electronic communications to Committee Members, the President and CEO, and the Chairperson of the Board who are entitled to attend and participate in each meeting.

Minutes

Minutes of the Committee meetings shall be prepared by the Secretary, who shall, subsequent to Committee's approval, keep them in a book of minutes.

Attendance at Meetings

The President and CEO and the Executive Vice President, BDC Capital may attend Committee meetings and, upon the Committee's request, any other officer or employee of BDC or any special advisor may attend Committee meetings to assist and advise the Committee as required.

In Camera Meetings

The Committee shall hold at each meeting *in camera* sessions with Members, the President and CEO, and, as needed, with members of management or special advisors.

Reporting

The Committee shall report to the Board on its activities, findings and recommendations at the first meeting of the Board following each Committee meeting.

2.4 Governance of the Committee

The Committee shall:

- 2.4.1 review annually the annual work plan for its meetings. Any matters that arise from time to time will be added to the agenda on an *ad hoc* basis;
- 2.4.2 review at least every two years this Charter and evaluate its mandate to ensure that it reflects best practices and is relevant to BDC's business and associated risks and make recommendations to the Governance and Nominating Committee with respect to any proposed modification for approval by the Board; and
- 2.4.3 contribution and effectiveness in fulfilling its mandate and provide the results and make recommendations to the Governance and Nominating Committee.

3. Responsibilities and Duties

3.1 Strategy

The Committee's responsibilities and duties are to:

- 3.1.1. review and recommend to the Board for approval strategies and their risk profiles, guardrails and capital allocations for all material investment activities, including Venture Capital ("VC") and private equity, whether direct or indirect through funds, including those which may contain a lending component ("Investments");
- 3.1.2. review strategic initiatives aimed at improving the VC ecosystem, including sustainability initiatives, with particular regards to diversity, equity and inclusion;
- 3.1.3. review ways of working as a catalyst to leverage external capital for the benefit of Canadian businesses;
- 3.1.4. review the execution of programs that may be assigned by the Designated Minister in relation to the administration of any program supporting Canadian entrepreneurship, pursuant to a Section 21 Letter; and
- 3.1.5. approve, if appropriate, all direct and indirect investments transactions to support the Canadian Venture Capital ecosystem and for capital appreciation investments ("Investments") that exceed the delegation of authority of senior management or of a specific internal fund, and recommend to the Board those that exceed its own delegation of authority. The Committee may approve Investments in which a Board Member, an Interested Person (as defined in the BDC Act) or an Officer has declared an interest and report such Investment transactions to the Board.

3.2 Compensation

The Committee shall collaborate with the Human Resources Committee regarding BDC Capital's long term compensation programs.

3.3 Policies

The Committee shall review and recommend for approval to the Board from time to time any policies incidental to the Committee's mandate.

3.4 Monitoring Controls and Reporting Requirements

The Committee shall review quarterly reports on Investments and Investment activities, portfolio performance and holdings, capital requirements and usage. These reports provide quarterly operations review which provides an overview of VC authorizations, exits and Fair Value.

3.5 Delegation of Authority

The Committee shall review and recommend to the Board Risk Committee for approval by the Board, on an annual basis, the delegation of authority to the Committee and senior management for Investments (as described in the Policy on Delegation of Authority), including appropriate parameters.

In contributing to the Committee's discharging of its duties for the above Charter, each Member of the Committee shall be obliged only to exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended, or may be construed, to impose on any Member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board Members are subject. The essence of the Committee's duties is monitoring and reviewing to gain reasonable assurance (but not to ensure) that the financial accounting functions are being conducted effectively and BDC's financial reporting and disclosure objectives are being met to enable the Committee to report thereon to the Board.