
CHARTER OF THE BOARD INVESTMENT COMMITTEE

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, including the Clean Technology Practice.

2. Composition and Operation

2.1 Composition of Committee

The Committee shall be composed of a minimum of three directors as the Board may appoint, one of whom shall be appointed by the Board as Chairperson of the Committee ("**Chairperson**"). If the position of Chairperson is vacant or if the Chairperson is absent or unable to act, the Chairperson of the Board may designate, or the Committee may elect an Acting Chairperson for the meeting. Each member of the Committee shall be appointed by the Board (having taken into consideration the recommendation of the Governance/Nominating Committee) to hold office on the Committee until such time as a successor is appointed, unless the member resigns, is removed, or ceases to be a director.

Each member of the Committee shall be financially literate as defined in the Charter of the Audit and Conduct Committee and at least two members shall, to the extent possible, have the most relevant experience to the mandate of the Committee. 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.

For the transaction of its business, three members of the Committee shall constitute the quorum ("**Quorum**"). If a Quorum cannot be obtained, Members who qualify as Committee Members may, at the request of the Committee Chairperson, serve as Committee Members for that meeting.

Matters presented to the Committee for decision at any meeting shall be decided by a majority of votes. In the case of an equality of votes at a meeting of the Committee, the Chairperson shall, in addition to the Chairperson's original vote, have the deciding vote.

BDC's Corporate Secretary or, in his or her absence, one of the Assistant Corporate Secretaries shall be Secretary to the Committee ("**Secretary**").

The Secretary shall give notice of Committee meetings to Committee members and the Chairperson of the Board.

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.

The CEO 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.

The Committee will from time to time meet in camera, with Committee Members only, with the CEO, and, as needed, with members of management or special advisors.

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 annually:

- 2.4.1 outline a schedule of activities and the annual agenda for its meetings. The Committee shall confirm that all responsibilities outlined in this Charter and the annual agenda have been carried out. Any other matters that arise from time to time will be added to the agenda on an *ad hoc* basis;
- 2.4.2 assess its performance against this Charter and provide the results and make recommendations to the Governance/Nominating Committee;
- 2.4.3 assess this Charter and evaluate its mandate to ensure that the Charter reflects best practices and is relevant to BDC's business and associated risks and make recommendations to the Governance/ Nominating Committee with respect to any proposed modification.

3. **Responsibilities and Duties of the Board Investment Committee**

3.1 Strategy

The Committee's responsibilities and duties are to:

- 3.1.1 review and recommend to the Board for approval strategies, guardrails and capital allocations for all material investment activities, including venture capital and private equity, whether direct or indirect through funds, and Clean Technology transactions ("Investments"). Investment transactions which include a lending component will also be considered by the Board Investment Committee;
- 3.1.2 review strategic initiatives aimed at improving the VC ecosystem as well as review ways of working as a catalyst to leverage external capital for the benefit of Canadian businesses;



3.1.3 review the execution of the Clean Technology Practice in accordance with the Section 21 Letter.

3.2 Risk

The Committee shall review and assess all risks associated with Investments and the management thereof.

3.3 Policies

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

3.4 Monitoring and Reports

The Committee shall review quarterly reports on Investments and Investment activities, portfolio performance and capital requirements and usage.

3.5 Delegation of Authority

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

3.6 Transaction Approval

The Committee shall approve, if appropriate, all Investment transactions that exceed management's, or a specific internal fund's, delegation of authority 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.



Appendix 1

Policy Approved by the Board Investment Committee

Venture Capital Policy