

2023 DEI and ESG metrics for BDC Capital's portfolio

November 2023

Foreword from our President & CEO, Isabelle Hudon



In February 2022, BDC Capital underscored its commitment to promoting diversity, equity and inclusion (DEI) in the Canadian venture capital (VC) community by launching the **diversity, equity, and inclusion (DEI) reporting template for Canadian GPs**. We have followed up this year with another first, launching an **environmental, social and governance (ESG) reporting template for Canadian GPs**, which we released to the market in January 2023. The template draws together metrics from various key initiatives such as the ILPA ESG Assessment Framework, ESG Data Convergence Initiative (EDCI), IFRS Foundation, and UN PRI.

These templates were created, following extensive industry consultations, with the objective of not only preparing GPs and VC-backed companies to meet more rigorous reporting requirements as they scale, but also to start a data-informed conversation within the industry, leading to better managed ESG-related risks, and more sustainable long-term value creation.

Our promise to the ecosystem as it undertook this data collection effort was to create a benchmark from which we could take stock of the state of DEI and ESG in the Canadian VC and PE ecosystem and share our findings with the industry. BDC Capital's portfolio data covers 72 managers and 1,192 portfolio companies, which amounts to roughly 63% of all active VC funds in Canada. As a result, it can serve as a market proxy for both general partners (GPs) and portfolio companies looking to benchmark themselves against their peers.

Last year, we published our inaugural report on metrics gathered from our portfolio of external and internal funds via the DEI reporting template for Canadian GPs. We have followed up this year with another first, publishing our Environmental, Social and Governance (ESG) data for Canadian GPs. Although these are two separate templates, the reporting exercises happen at the same time, so key data for both are shared in this summary deck and in our [blog](#).

As this document highlights, the Canadian venture ecosystem exhibited measured progress with respect to DEI practices both at GP firms and within portfolio companies. However, the industry remains early on in its journey towards embracing a sustainability mindset and understanding its GHG emissions footprint.

By collecting and publishing annually both quantitative and qualitative data of this type, we aim to foster greater sharing of best practices that will enable all industry participants to raise the bar with respect to DEI and ESG performance. For those participating in the exercise, collecting ESG and DEI data can help attract international investors to Canada seeking ESG compliant funds and facilitate company expansion by addressing evolving requirements in global supply chains. We would like to thank all our partners for their participation in this exercise and hope this report is both informative and inspiring to those founders and investors looking to do their part to ensure Canada remains a world-class innovation ecosystem capable of building diverse and sustainable companies that will drive the country's future prosperity.

BDC Capital's engagement with the community



We recognize that people, transparency, and collaboration are at the heart of DEI and ESG integration.

In recognition of this, we have been working with industry partners to build out the capacity in the Canadian VC and PE ecosystem. Some of these efforts include:

- ➔ Establishing a Canadian LP ESG committee to harmonize investor requests for key ESG metrics from GPs and portfolio companies via an annual reporting exercise
- ➔ Maintaining a regular outreach to the venture ecosystem to encourage feedback from GPs and portfolio companies who have concerns or ideas for improvement of our reporting templates
- ➔ Collaborating with like-minded organizations (e.g., CFA Society, CVCA, ILPA, Reseau Capital, etc.) to develop and share ESG and DEI resources across different sectors of the economy
- ➔ Providing advice to GPs (and by extension their companies) looking for peer best practices and external advisory support to help institute stronger ESG processes across their operations

We've also crafted resources, tools and templates to facilitate DEI and ESG best practices

- ➔ [The ESG and DEI reporting templates](#) and the publication of [annual reports](#) allowing GPs and businesses to benchmark themselves
- ➔ List of various ESG and DEI organizations, standards, and third-party service providers (refer to the [ESG Reporting Template](#) that can support both GPs and companies in undertaking ESG and DEI initiatives; we continue to build on this list to capture emerging regulations, best practices and third-party service providers
- ➔ Information for portfolio companies on data collection and best practices
- ➔ DEI and ESG webinars in collaboration with CVCA
- ➔ Policy templates and articles now available on the BDC website via the entrepreneur's [DEI toolkit](#); this includes a code of conduct as well as zero tolerance, parental leave, flexible work ([New!](#)) and bereavement policies ([New!](#))

Key findings on DEI and ESG



DEI

This year's DEI survey participation rates increased at both the GP and portfolio company level

- GP participation was five percentage points higher than last year (85% vs. 80%), while portfolio company participation edged up slightly (52% vs. 49%)

Diversity continues to fall short in the senior ranks of the private asset industry (especially GP ownership)

- Almost half (48%) of GPs are entirely male owned, while 8% are entirely visibility minority-owned and 2% are entirely woman- or Indigenous-owned
- 27% of investment committees (ICs) are composed entirely of males while 68% have at least one woman and 11% have at least one Indigenous member

GPs continue to take steps to improve diversity on their teams, which mirrors last year's findings

- At least half of the hires were women at 63% of GPs and visible minorities at 56% of GP

At the portfolio company level, board and management level diversity remains an issue

- 20% of companies have gender parity on their management teams, whereas almost half (44%) have a board of directors composed entirely of males

ESG

Overall GP participation rates promising for first year of ESG data collection

- 79% of GPs responded to the ESG template, in line with the first year of DEI data collection response rate (80%)

Data indicates that most firms are just beginning to develop an ESG mindset

- While 64% of GPs say they have a requirement to report on ESG to their investors, only 40% produce an annual report on the fund's portfolio that includes ESG key performance metrics (KPI) and/or case studies
- At the company level, 22% have an ESG policy in place, and 31% track some form of ESG metrics and report on them, whereas only 5% have a carbon neutral pledge in place

Portfolio companies are embracing more of the "social" and "governance" parts of ESG

- 88% of companies have procedures in place to protect against cybersecurity risks and data privacy, and 57% conduct employee engagement surveys
- 55% of companies report having an independent board member, but only 13% of company boards have an individual or board committee responsible for ESG oversight



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1

DEI results

Building support for the DEI reporting exercise with the Canadian venture community



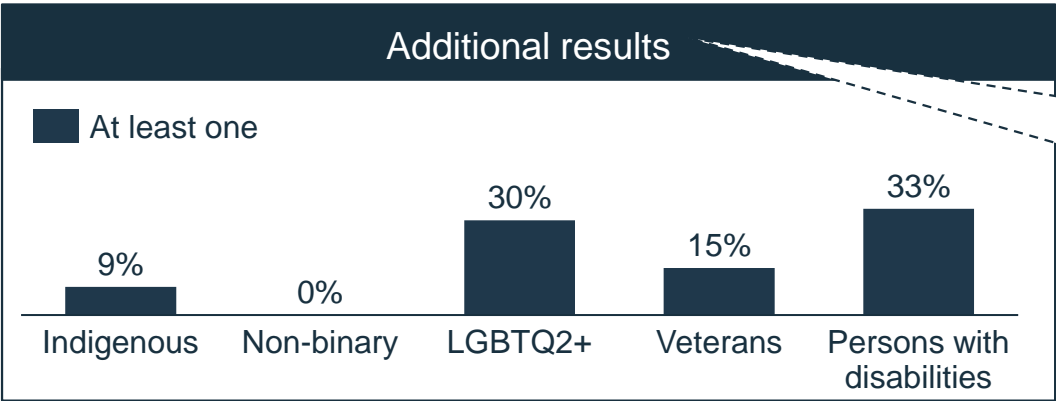
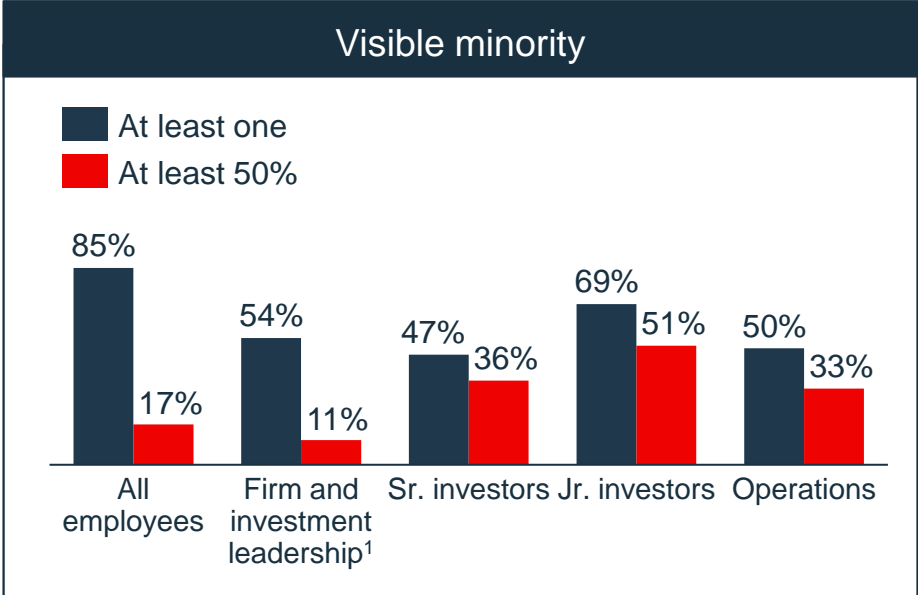
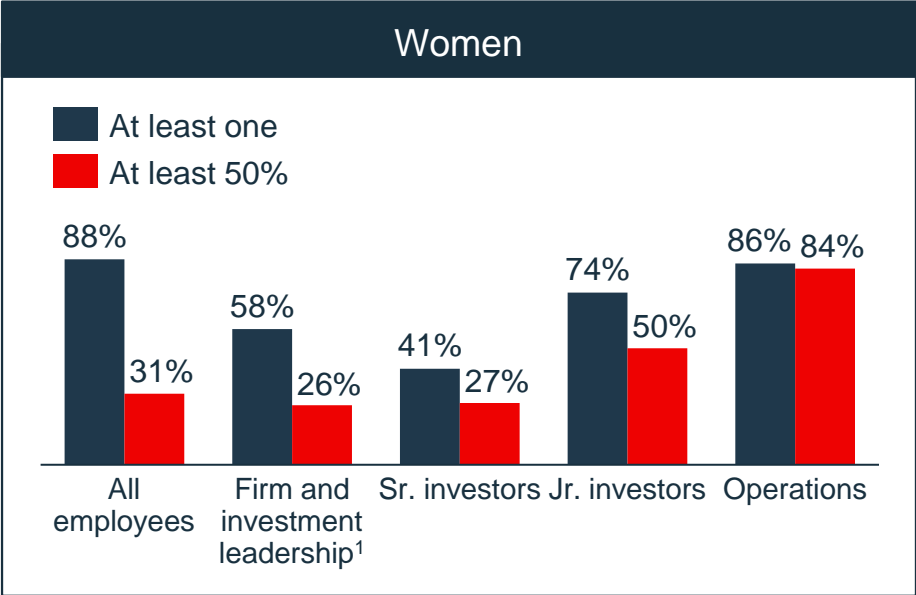
Reporting summary	Response rate	% Self-reported ¹	Commentary
GP level	85% Across 72 ² GPs	77%	Slight increase in response rate given additional reporting requirements for new funds
Company level	52% Across 1,192 ³ companies	78%	Companies are still having difficulty filling out all info requested (28% of submissions fully complete)
<i>Most answered fields</i>	Gender and racial identification continue to be most answered questions		<i>Least answered fields</i>
			Sexual orientation and disability Veteran status also frequently left blank

Major concerns	BDC's focus and best practice integration
Why do this?	<ul style="list-style-type: none"> Focus on building awareness of DEI as a competitive strength, highlighting the importance of this exercise and an inclusive culture, which contributes to hiring and retaining the best talent, driving overall company performance.
Time & attention <i>Small teams with limited resources</i>	<ul style="list-style-type: none"> Provide ecosystem support in the form of templates, instructions, etc. Propose 3rd party service provider options for those that want to ensure best practice and/or outsource given lack of time.
Privacy & legal <i>Small teams bring concerns about being "outed"</i>	<ul style="list-style-type: none"> Use anonymized surveys Allow respondents to opt out of each question Respondents given chance to self-identify (surveys not filled out by staff) Include BDC-provided privacy disclaimers in surveys Check local privacy laws and request permission to share existing DEI data (i.e. stored in an HRIS data) <div style="border: 1px dashed red; padding: 5px; margin-top: 10px;"> <p>To address privacy internally we have:</p> <ul style="list-style-type: none"> Developed a data privacy notice, which outlines how DEI data is handled internally at BDC (limited access to data on need-to-know basis) Set-up a dedicated DEI email (restricted access) to accept submissions </div>

1: Self-reported data indicates employees willingly disclosed their diversity identify to the GP.
 2: Indirect fund managers (excl. VCCI/VCAP) as of December 31, 2022 + BDC Internal GPs. Includes U.S.-based GPs in the indirect portfolio.
 3: Unique count of unrealized and partially realized assets in underlying portfolio (including U.S. assets) as of Dec 31, 2022

We continue to see greater gender and racial diversity at the junior and operational levels of a GP

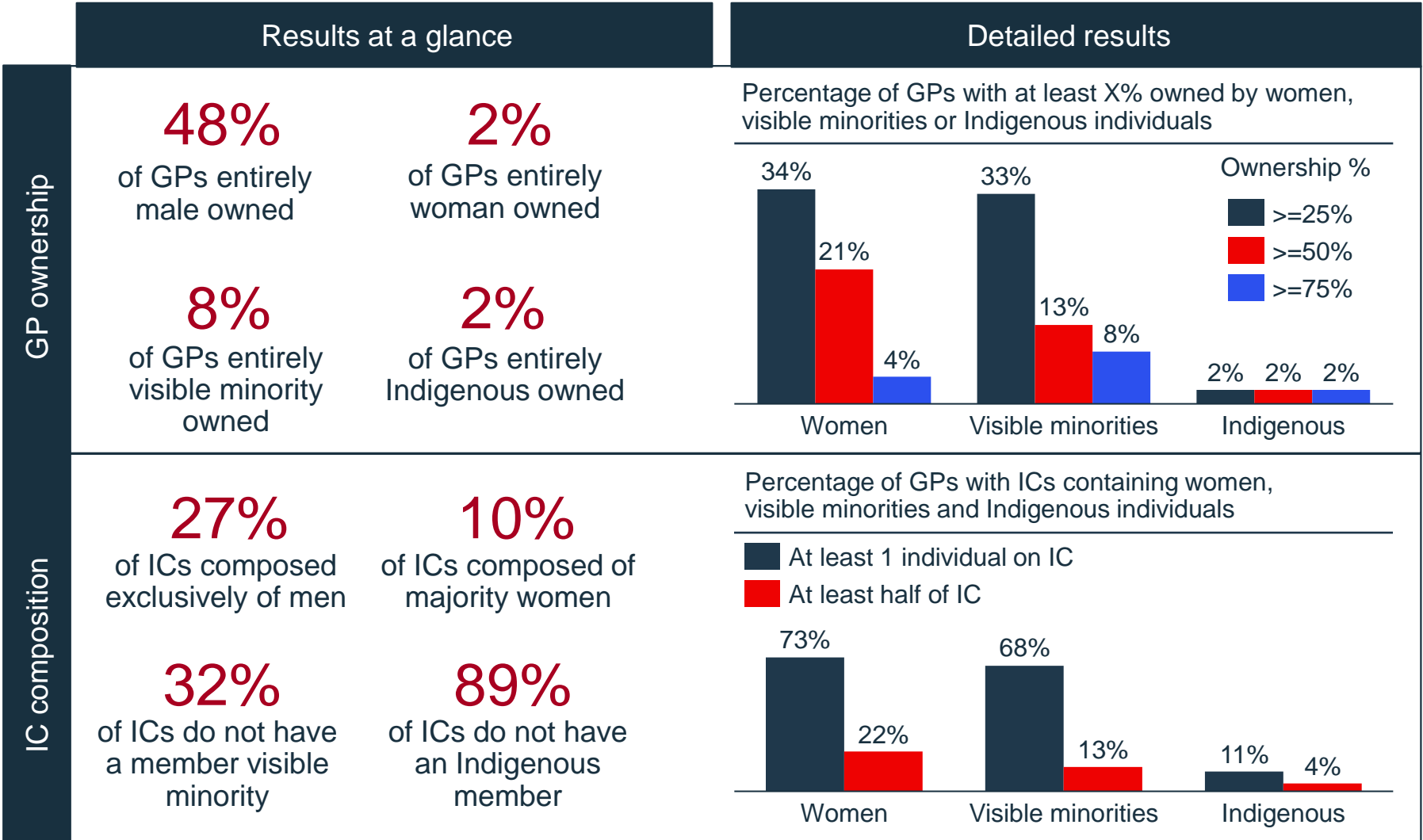
Make-up of GP employees as a percentage of GPs



Highly personal questions—such as sexual orientation and disabilities—as well as veteran status, were once again the fields most consistently left blank in templates received.

¹: Definitions for all employment categories found in Appendix, on slides 30 and 31.
 Note: Percentages are based on the sample size that responded to each particular question. As such, the total sample size varies.

Modest diversity in GP ownership and in investment committees indicates a need for more inclusive cultures

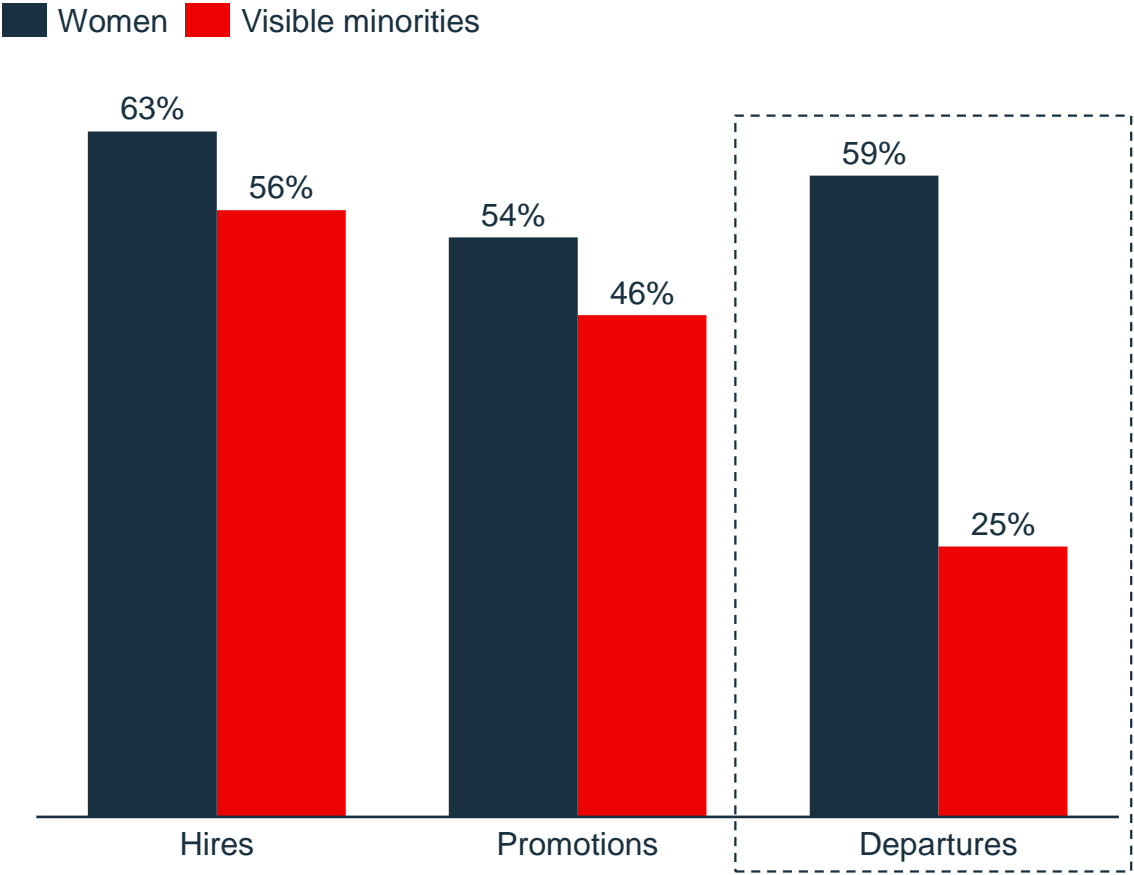


Note: Percentages are based on the sample size that responded to each particular question. As such, the total sample size varies.

GPs are taking steps to increase diversity in their teams, but retention appears difficult in a competitive labour market



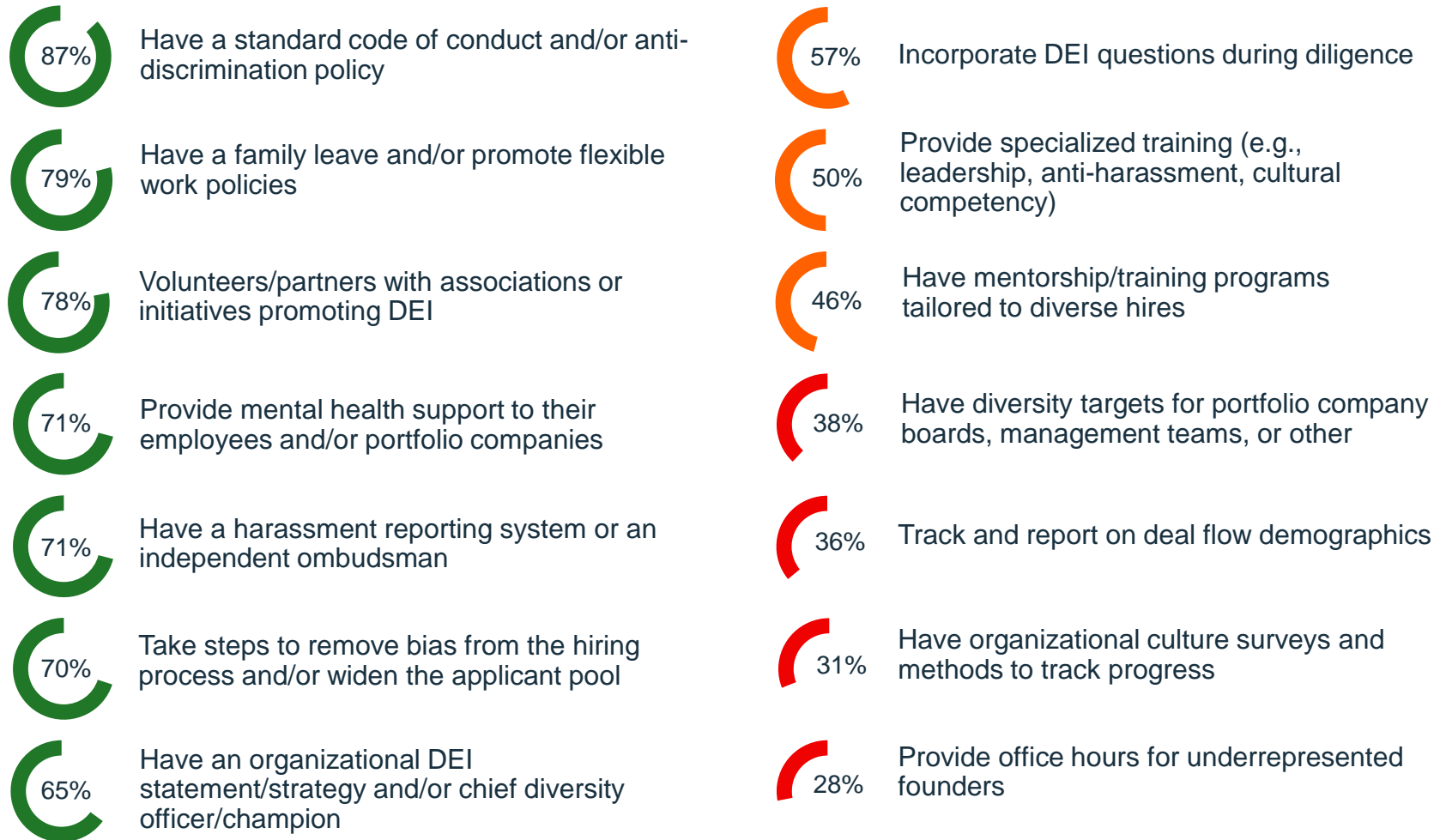
Percentage of GPs whose hires and promotions were composed of at least 50% women or visible minorities



Mirroring last year's findings, GPs continue to take steps to improve diversity on their teams. However, retention, especially among women, remains a consistent issue: data shows that **at least half** of departures were female at **59%** of GPs, whereas gender parity is only found at 31% of GPs*.

*Refer to slide 8
Note: Percentages are based on the sample size that responded to each particular question. As such, the total sample size varies.

GPs are still in the early stages of integrating DEI into their investment strategies

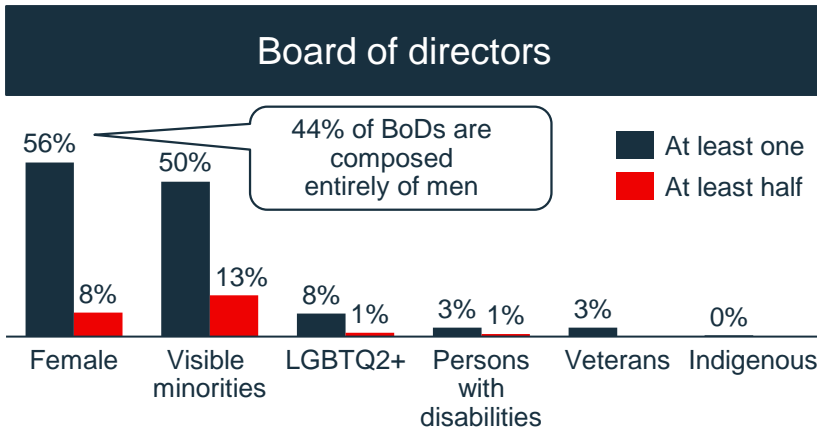
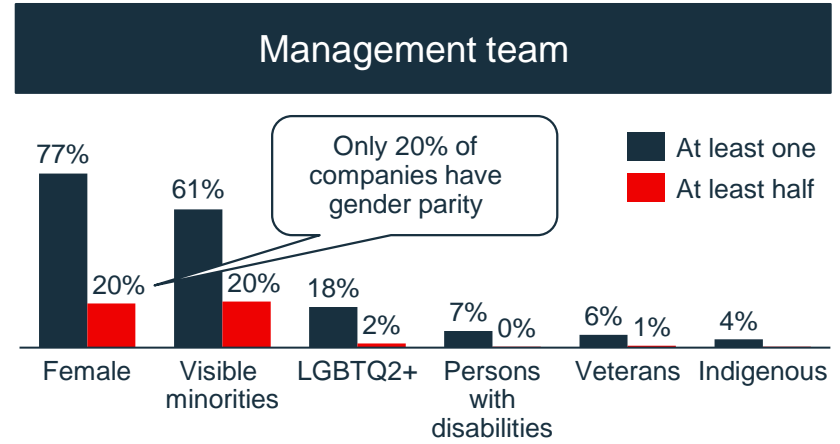
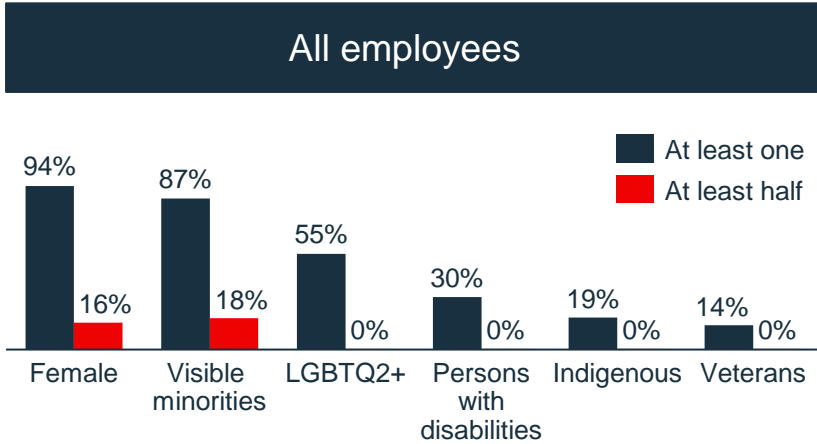


BDC has made available several resources, such as templates, that GPs and portfolio companies can download and use to improve in some of the metrics above.

Portfolio companies lack diversity at the leadership level, especially on the board of directors



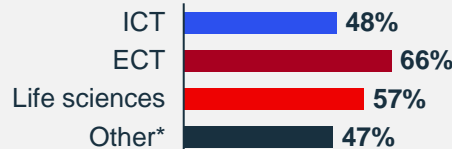
Portfolio company results, by percentage of respondents



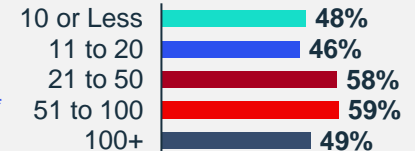
- ### DEI policies and code of conduct
- 84% of companies have a code of conduct or anti-discrimination policy in place
 - 64% of companies have DEI policies, practices and initiatives

The next few slides will breakdown the portfolio company data found above by sector and stage

*Response rate by company sector**



*Response rate by company employee count**



*Portfolio company data flows through our GPs. As a result, the portfolio company response rate is influenced by the GP response rate. Note: Percentages are based on the sample size that responded to each particular question. As such, the total sample size varies.

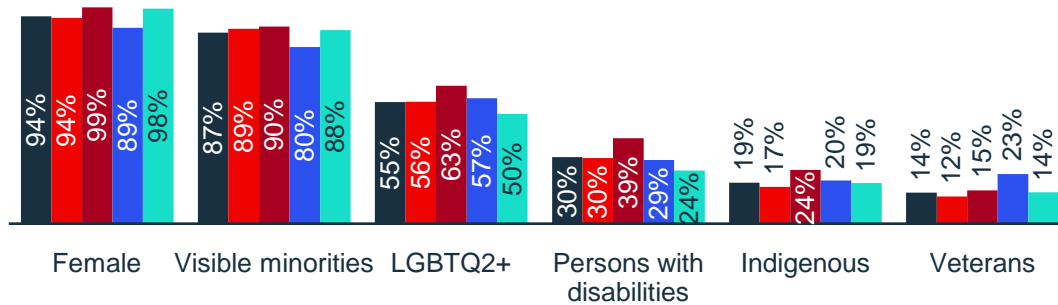
Life Science companies stand out for having greater gender balance in their management and employee base



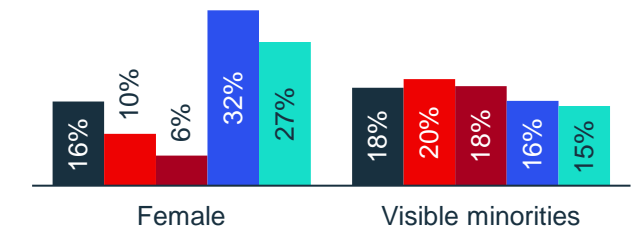
■ All ■ ICT ■ ECT ■ Life sciences ■ Other*

All employees

Percentage of respondents with at least one of the following team members

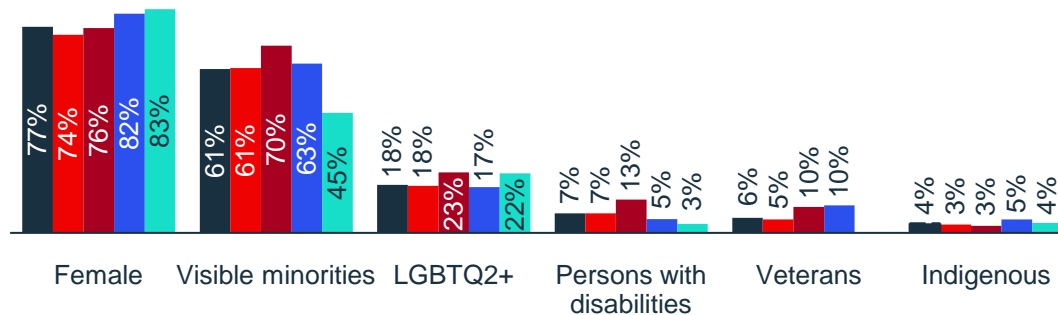


Percentage of respondents with at least 50% of the following team members

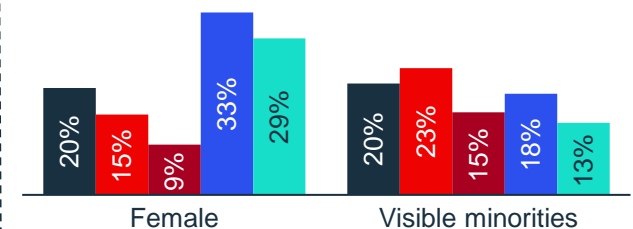


Management team

% of Respondents with at least one of the following team members



% of Respondents with at least 50% of the following team members



*Other includes niche, general industry companies.

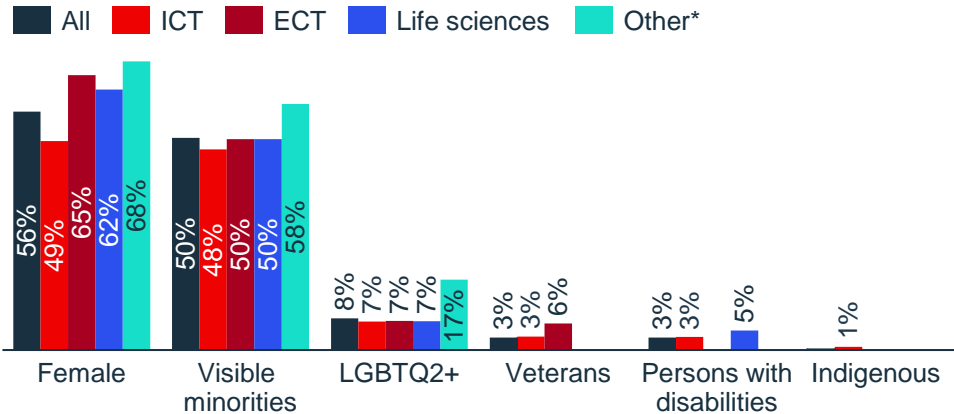
Note: Percentages are based on the sample size that responded to each particular question. As such, the total sample size varies. Categories and sectors removed where result is 0%.

Portfolio company boards continue to lack diversity across sectors

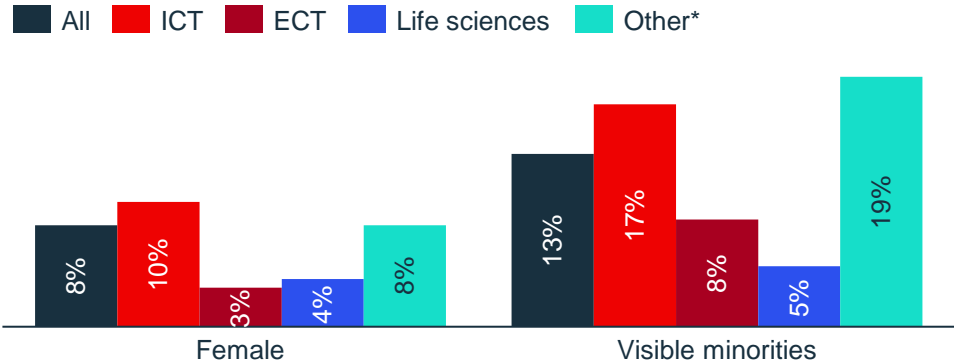


Board of directors

Percentage of respondents with at least one of the following team members

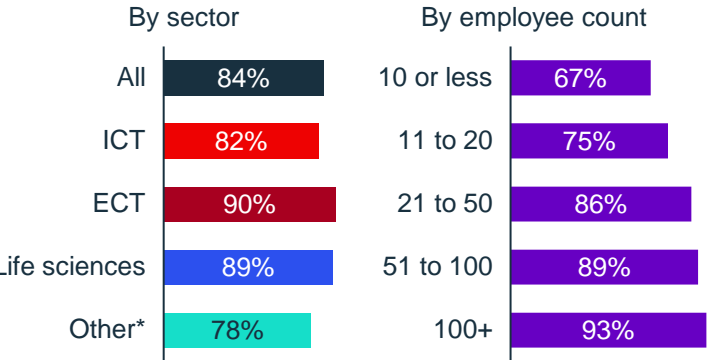


Percentage of respondents with at least 50% of the following team members

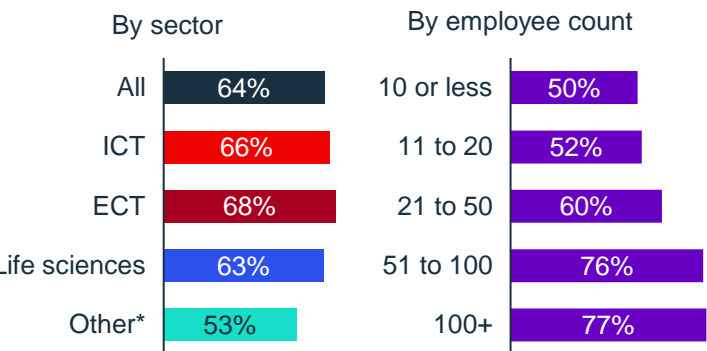


DEI policies and code of conduct

Percentage of respondents with a code of conduct and/or anti-discrimination policy



Percentage of respondents with DEI policies, practices or initiatives



*Other includes niche, general industry companies.

Note: Percentages are based on the sample size that responded to each particular question. As such, the total sample size varies. Categories and sectors removed where result is 0%.

2

ESG results

Promising participation in inaugural year of ESG despite being a new endeavor for the venture community



Reporting summary	Response rate	% Quantitative	Commentary
GP level	79% Across 72 ¹ GPs	33%	Strong qualitative response rate from GPs but quantitative data insufficient to provide detailed breakdown
Company level	44% Across 1,192 ² companies	17%	Venture stage companies have been slow to integrate ESG practices in North America
<i>Most answered fields</i>	As expected, the vast majority of data received was qualitative with a focus on policies/practices		<i>Least answered fields</i>
			Quantitative data related to energy consumption and emissions was often left blank

Major concerns	BDC's focus and best practice integration
Why do this?	<ul style="list-style-type: none"> – Prompt GPs to think proactively about how they can progress on their ESG journey from a position of not only using metrics to “mitigate risk” but also “incorporating ESG as a competitive advantage.” – Thinking through ESG integration at early stages will better prepare companies for more rigorous reporting requirements as they scale. – Improve diligence and portfolio management by considering material ESG risks and opportunities.
Data collection <i>Limited data and resources</i>	<ul style="list-style-type: none"> – Build on list of 3rd party service provider options to help address three key areas: ESG data collection, corporate compliance (TCFD) and GHG calculation. – GHG tracking is still in early adoption. We'll look to support its integration in the coming years as methods mature.
Relevance for non-energy firms <i>Misconception that ESG only affects certain sectors</i>	<ul style="list-style-type: none"> – Growing public scrutiny of issues such as data privacy and ethical supply chain management that should be mitigated. – Some segments of the tech industry have become meaningful emitters of GHG emissions. – Lack of ESG considerations in governance structures can result in significant financial and reputational costs if left unmanaged.

1: Indirect fund managers (excl. VCCI/VCAP) as of December 31, 2022 + BDC Internal GPs. Includes U.S.-based GPs in the indirect portfolio.

2: Unique count of unrealized and partially realized assets in underlying portfolio (inc. U.S. assets) as of Dec 31, 2022

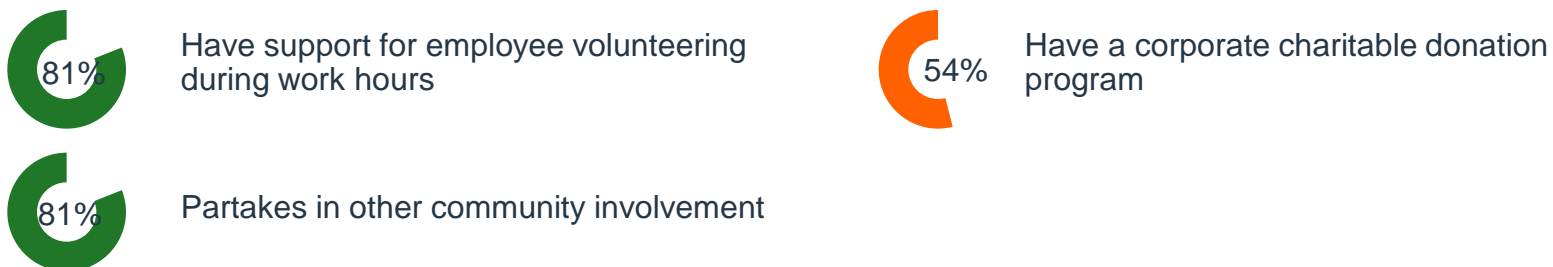
Room to improve in ESG processes within GP firms



Internal policies



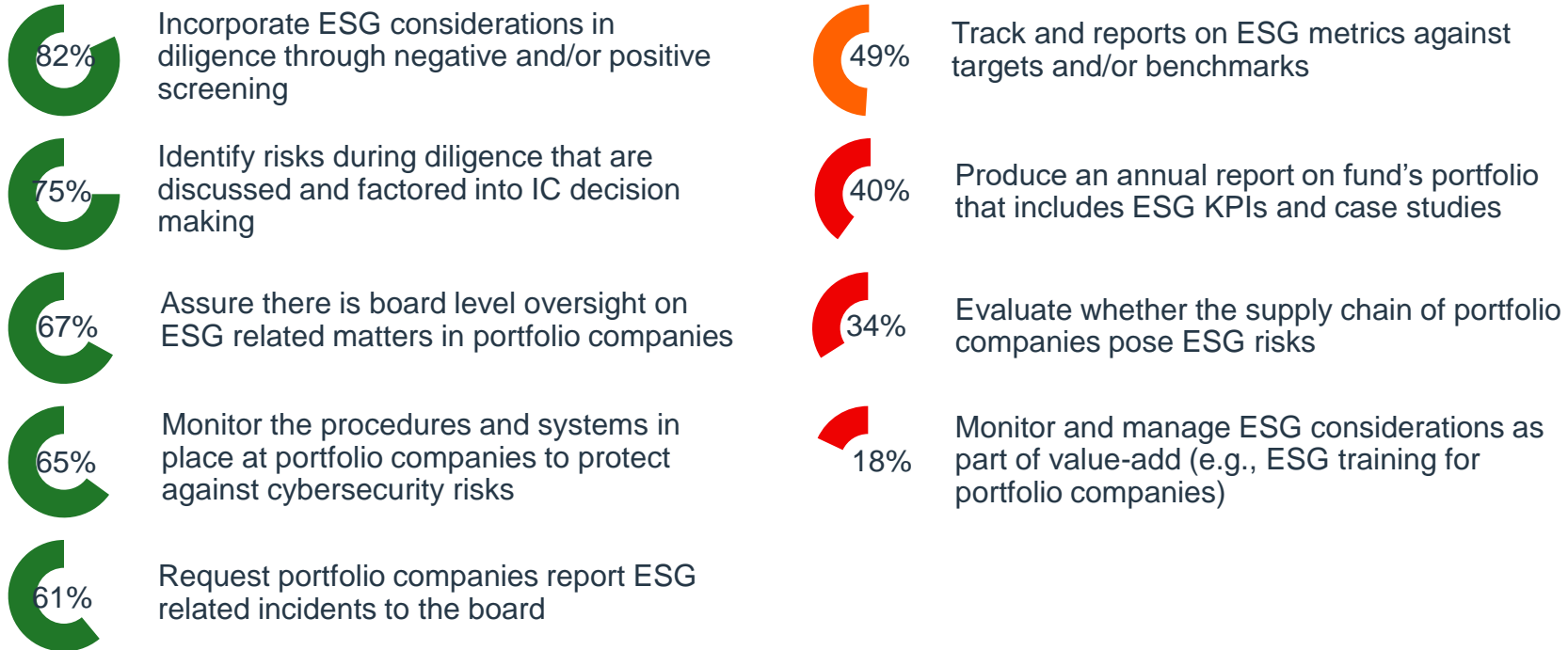
Ecosystem support



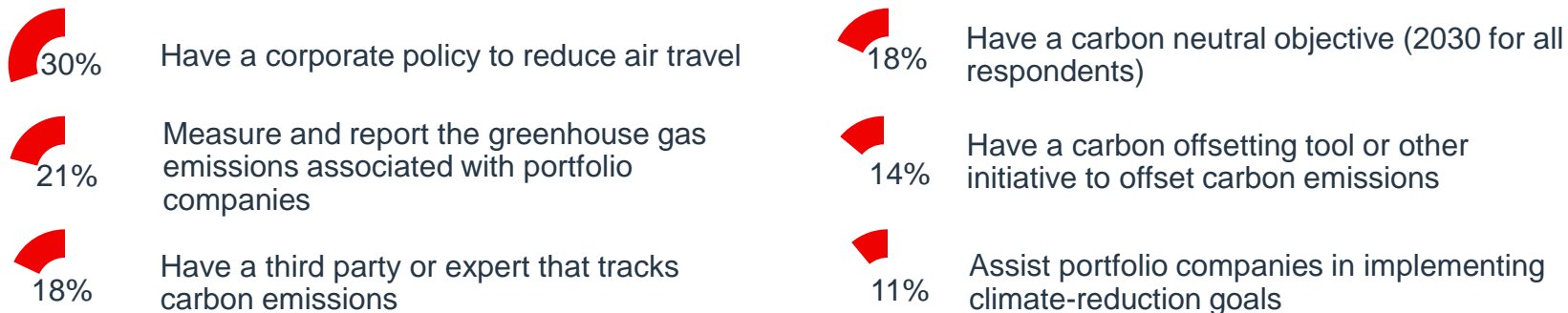
Particularly in the tracking of GP ESG metrics and risks



Portfolio policies



Climate policies



Companies prioritize cybersecurity, but ESG policies and supply chain diligence not adopted as widely



Qualitative results from portfolio companies

General

- 22% have an ESG policy in place
- 31% track ESG metrics and report them
- 5% have a carbon neutral pledge in place

Board policies

- 55% have an independent board member
- 13% have an ESG oversight committee or ESG responsibility at the board level

Supply chain

- 28% conduct due diligence on supply chain against risks and human rights violations

Vendors

- 26% conduct KYC screening on vendors to ensure they are sanctions compliant

Cybersecurity

- 88% have procedures in place to protect against cybersecurity risks and data privacy
- 57% reported data/cybersecurity incidents to the board*

Employee engagement and protection

- 57% conduct employee engagement surveys
- 50% have a whistleblowing policy and/or protections in place

Water

- 14% manage water risks that could disrupt operations

Biodiversity

- 49% avoid conducting operations on ecologically sensitive sites

*This question may have been misunderstood by respondents. We will clarify the wording in next year's data collection.

Note: Percentages are based on the sample size that responded to each particular question. As such, the total sample size varies.

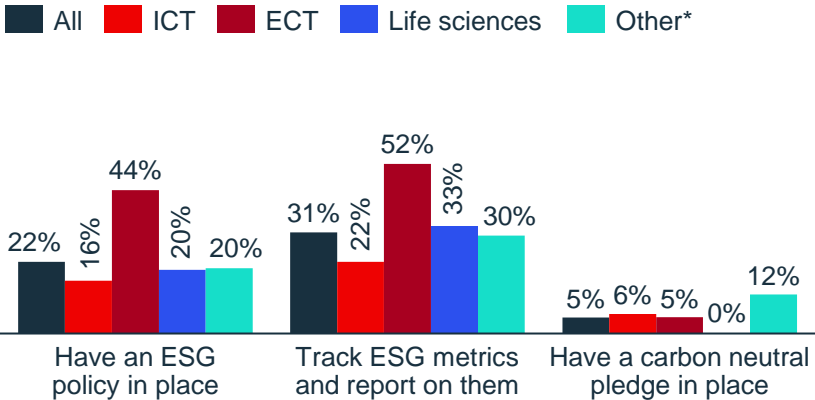
ECT companies at forefront of ESG tracking, but all sectors and stages lag in ESG oversight at the board



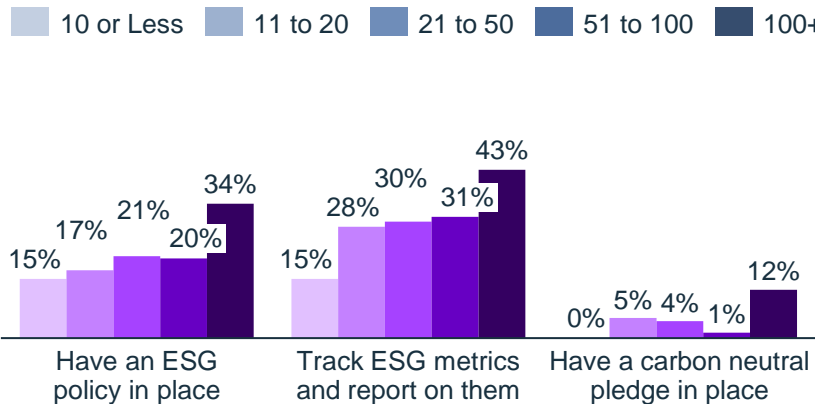
Qualitative results from portfolio companies by sector and employee count

General

By sector

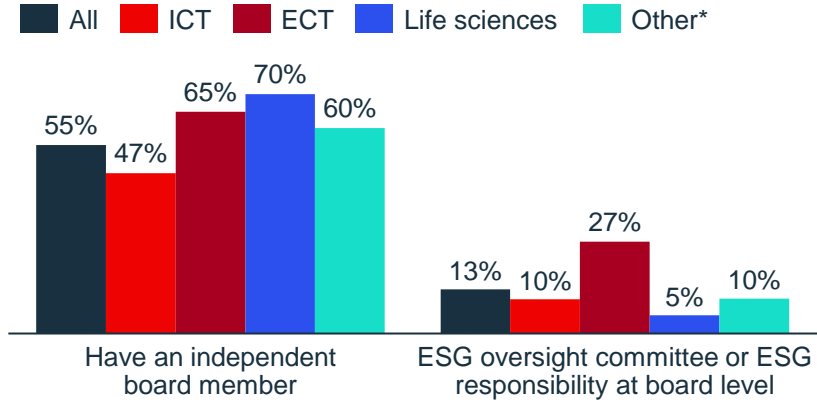


By number of employees**

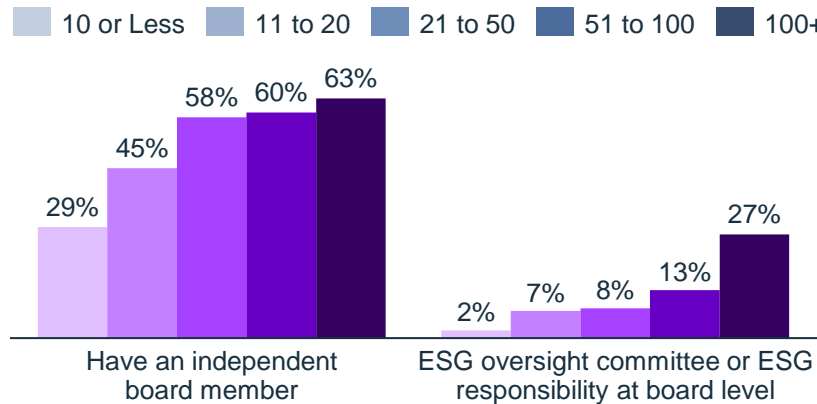


Board policies

By sector



By number of employees**



*Other includes niche, general industry companies

**Employee count based on Pitchbook Data

Note: Percentages are based on the sample size that responded to each particular question. As such, the total sample size varies.

Cybersecurity is widespread while employee engagement practices are reflective of company size

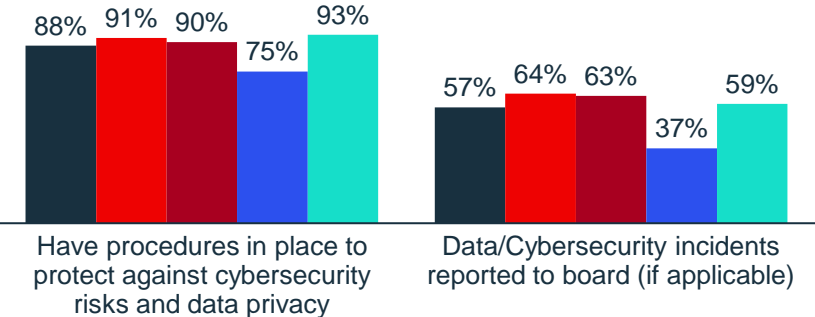


Qualitative results from portfolio companies by sector and employee count

Cybersecurity

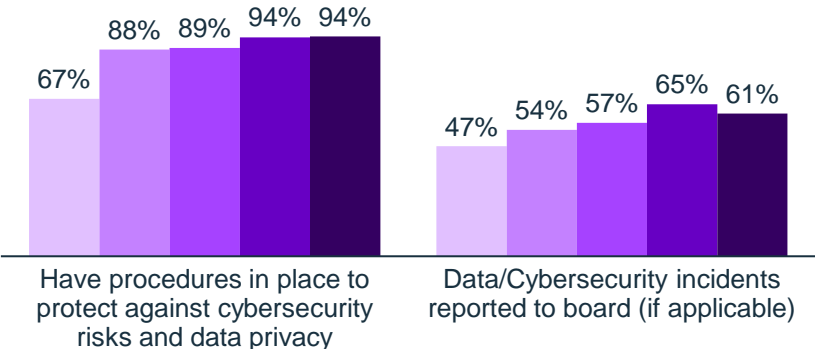
By sector

■ All ■ ICT ■ ECT ■ Life Sciences ■ Other*



By number of employees**

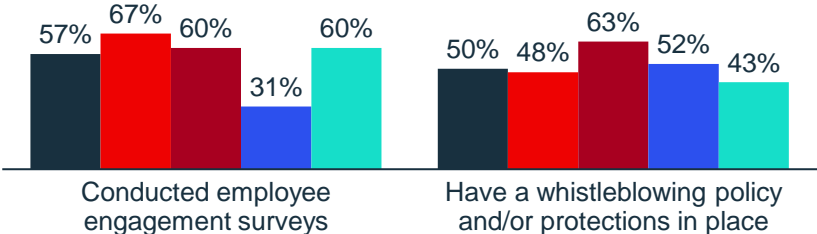
■ 10 or Less ■ 11 to 20 ■ 21 to 50 ■ 51 to 100 ■ 100+



Employee engagement and protection

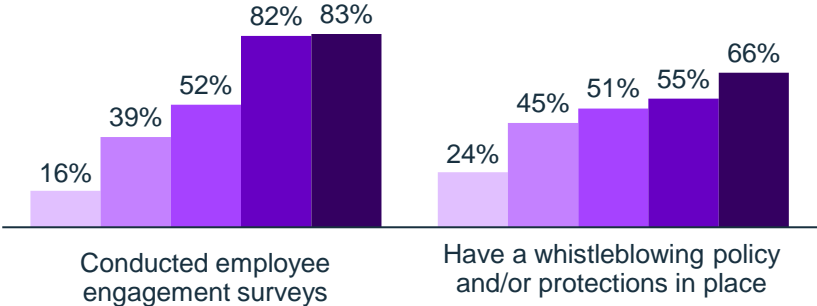
By sector

■ All ■ ICT ■ ECT ■ Life Sciences ■ Other*



By number of employees**

■ 10 or Less ■ 11 to 20 ■ 21 to 50 ■ 51 to 100 ■ 100+



*Other includes niche, general industry companies.

**Employee count based on Pitchbook data.

Note: Percentages are based on the sample size that responded to each particular question. As such, the total sample size varies.

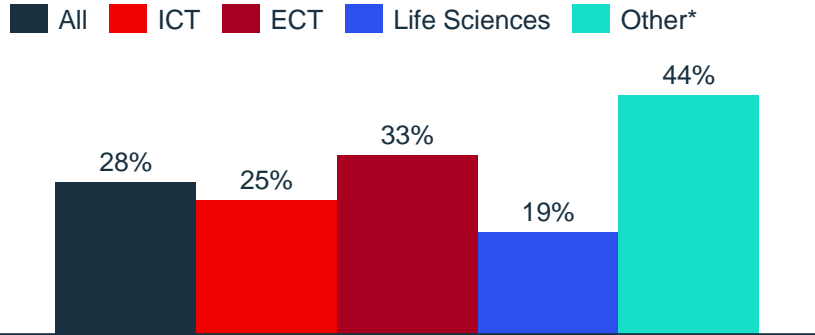
Supply chain diligence and vendor screening is low across all sectors and stages



Qualitative results from portfolio companies by sector and employee count

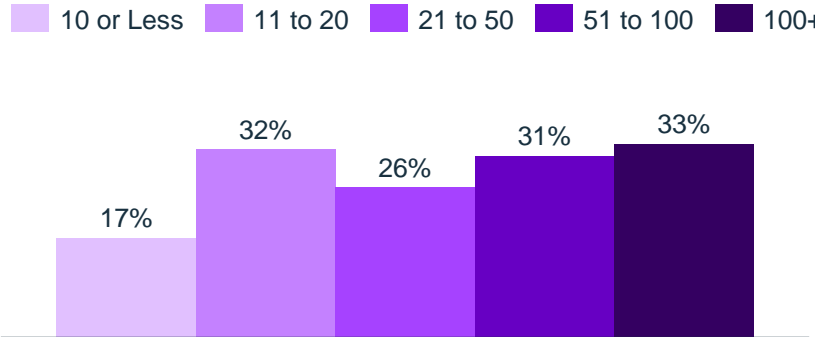
Supply chain

By sector



Due diligence on supply chain conducted to guard against risks and human rights violations

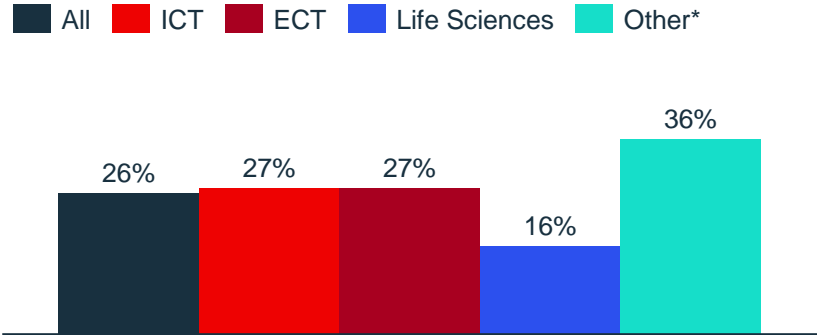
By number of employees**



Due diligence on supply chain conducted to guard against risks and human rights violations

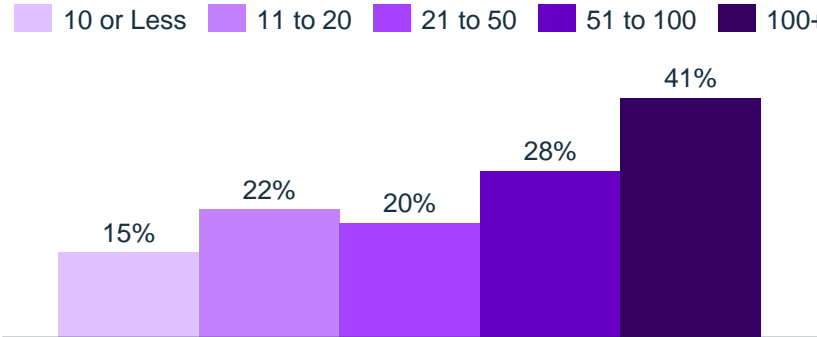
Vendors

By sector



Conduct KYC screening on vendors to ensure sanctions compliance

By number of employees**



Conduct KYC screening on vendors to ensure sanctions compliance

*Other includes niche, general industry companies.
 **Employee count based on Pitchbook data.
 Note: Percentages are based on the sample size that responded to each particular question. As such, the total sample size varies.

Increasingly important environmental themes such as water and biodiversity are often overlooked

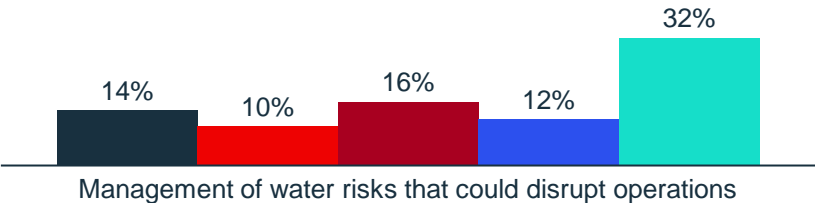


Qualitative results from portfolio companies by sector and employee count

Water

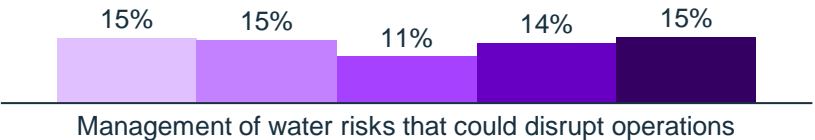
By sector

All ICT ECT Life sciences Other*



By number of employees

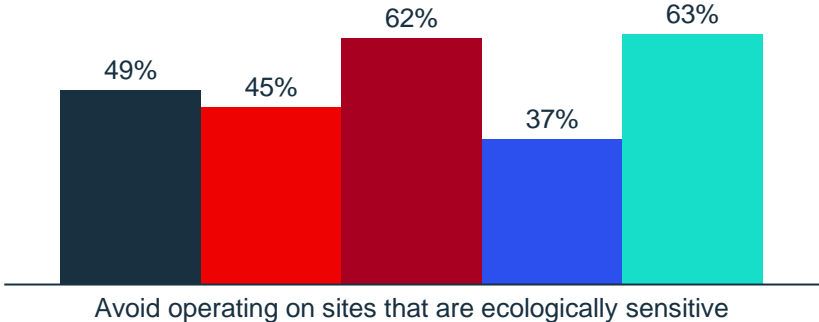
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Biodiversity

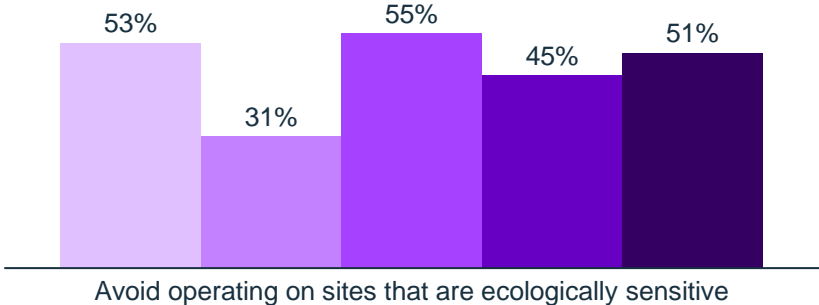
By sector

All ICT ECT Life sciences Other*



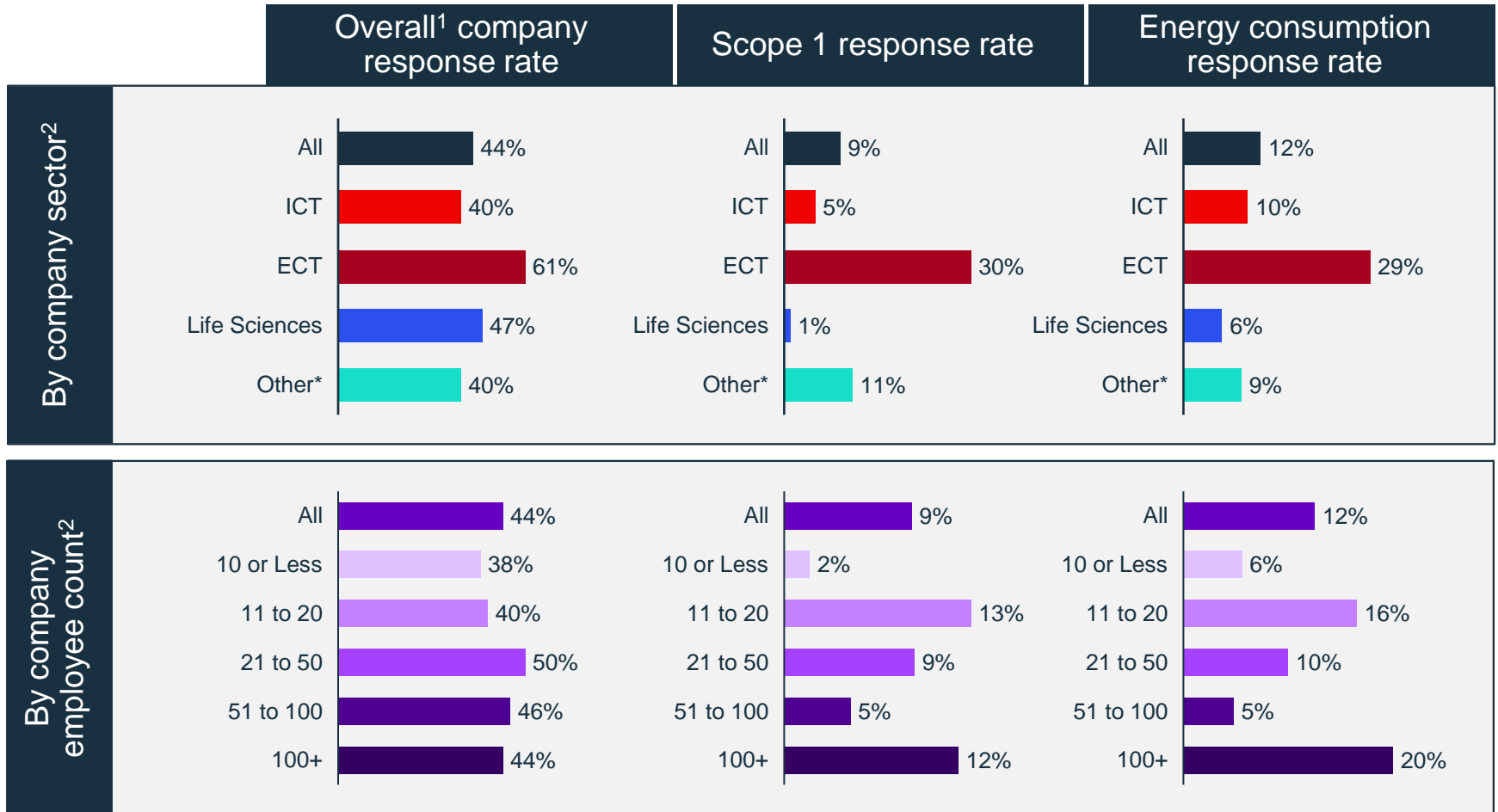
By number of employees

10 or Less 11 to 20 21 to 50 51 to 100 100+



*Other includes niche, general industry companies.
 Note: Sample size varies and are small in some cases, employee count based on Pitchbook data.

Calculation of GHG emissions and energy consumption continues to be the most challenging aspect for companies



Organizations such as the Greenhouse Gas Protocol provide guidance on how to calculate Scope 1, 2 and 3 emissions, but translating this into tangible numbers involves expertise of the various methodologies. The majority of companies that provided the above data used the guidance of consultants or third-party service providers.

*Other includes niche, general industry companies

1: Includes responses to both quantitative and qualitative metrics

2: Portfolio company data flows through our GPs. As a result, the portfolio company response rate is influenced by the GP response rate.

3

Conclusion

A time for leadership in the Canadian private asset industry



We greatly value the feedback from the industry and strive to improve the process each year. This would not be possible without the cooperation and patience of the industry. We would like to express our deepest appreciation to:

- ➔ Participants who contributed their time and effort to complete this reporting exercise. We understand that this enhanced level of reporting is challenging but an important step in the right direction as we all collectively improve our DEI and ESG practices.
- ➔ Peers in the venture and private equity community for their support in the consultation process and buy in towards harmonized reporting.
- ➔ Our portfolio of GPs and portfolio companies that shared feedback with us to better understand their perspective and challenges.

Our belief is that DEI and ESG results can become foundational learnings to guide ecosystem initiatives. Over the next few years, we will look to grow the capacity of both GPs and portfolio companies to meet their customers', stakeholders' and investors' requirements by developing and reporting on DEI and ESG practices.

We will look for ways to collaborate with the industry to build resources. This includes better DEI training programs, continuing to furnish lists of ESG third-party service providers who can assist with GHG calculation and ESG data collection, and demystifying various ESG guidelines to help the industry align with relevant best practices and emerging regulations (e.g., ISSB Standards).

Canadian firms from all industries and of all sizes will need to prepare for greater accountability in their climate and overall ESG reporting. The June 2023 release of the IFRS S1 and S2 standards by the ISSB ushered in a new era of sustainability disclosures in capital markets. Global clients, institutional investors and regulators are pushing for greater transparency, and ESG-related mitigated risks are becoming an ever-greater factor in investment decision-making.

4

Appendix

DEI Spotlight

Inovia Capital is a Canadian-based venture capital firm that invests in B2B and B2C SaaS companies and marketplaces, partnering with founders to build global sustainable tech companies.

Being deeply committed to DEI, Inovia's leadership team is heavily involved in decision-making with regards to hiring and promotion decisions, as well as in reviewing quarterly DEI data. The firm opted to establish a cross-functional DEI committee rather than hire a single dedicated resource. This, coupled with quarterly pulse surveys, helps ensure the organizational culture reflects Inovia's vision, and that diverse perspectives shape its DEI strategy. In the first half of 2023, Inovia also furthered its commitment by conducting a comprehensive DEI audit to identify areas for improvement, with actions set for the end of 2023 and early 2024.

Inovia's commitment to DEI extends to its portfolio companies, who often need help and guidance on instituting DEI practices. In 2021, the firm introduced the notion of self-reported diversity (49% of portfolio DEI data was self-reported in 2022). Consequently, they developed a playbook on self-reported diversity for their founders and hosted roundtable discussions to emphasize the importance of the practice.

Additionally, Inovia encourages and facilitates collaboration between its leading portfolio companies in DEI and those seeking to enhance their strategies. Inovia believes that diverse teams and points of view inform stronger business decisions and drive better outcomes.

Companies with inclusive cultures attract and retain superior talent, and Inovia is committed to creating and providing inclusive and equitable access to high-quality career opportunities. The firm's dedication to inclusion serves both Inovia and the communities it interacts with.



The Inovia Team (Photo provided by Inovia)

ESG Spotlight

As the owners and operator of one of North America's largest electric vehicle charging networks, FLO recognizes the importance of advancing its ESG practices.

FLO operates in a highly competitive market where top customers are very motivated to have a positive impact. As such, the company learned early on in responding to request for proposals that having a crisp ESG story and a solid reporting framework can directly support sales objectives.

The development of FLO's ESG policy was a collaborative effort involving various stakeholders. The company leveraged the expertise of sustainability consultants to draft an ESG policy and then had key employees from different departments constitute an ESG steering committee to refine it. The policy gained approval from FLO's legal team, leadership and quality team with the ultimate responsibility for overseeing the ESG policy residing with the board of directors.

The company views its ESG reporting system as a journey and didn't aim for perfection in the first year. It was as much about working with its business partners internally to understand what could and should be measured, and helping teams understand the data needed on a yearly basis, so they could update their record collection systems and get used to the reporting framework.

FLO also has sophisticated investors who are very interested in its ESG approach. Having a well-developed and centralized source of truth for its ESG activities and data helps to efficiently respond to investor information requests.

FLO understands that engaging in responsible business management practices is necessary to ensure FLO's long-term sustainability and growth. The company's vision as it scales is to continue to be a leader in this space, recognizing that its dedication to ESG principles not only benefits the planet, but also strengthens their competitive advantage in the market.



FLO's EV Charging Station (Photo provided by FLO)

Definitions



Race and ethnicity

Visible minorities

Persons, other than Indigenous peoples, who are non-Caucasian in race or non-white in colour. The visible minority population mainly consists of the following groups: Arab, Black, Chinese, Filipino, Japanese, Korean, Latin American, South Asian, Southeast Asian, West Asian.

Indigenous peoples

First Nations Peoples, Metis Nation, Inuit, and other Indigenous Communities.

Gender

Woman

An individual self-identifying as a woman, not exclusively cisgender individuals.

Male

An individual self-identifying as a man, not exclusively cisgender individuals.

Nonbinary

Relating to or being a person who identifies with or expresses a gender identify that is neither entirely male nor entirely female.

Additional diversity information

LGBTQ2+

A person who identifies as a member of the LGBTQ2+ community.

Veteran status

A person who has been honorably discharged following service in any branch of the military.

Persons with disabilities

A person with long-term physical, mental, intellectual or sensory impairment(s) which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others.

Definitions



(GP) Investment professionals

Senior investment team	Firm and investment leadership (Partners and C-level executives)	For example, CEO, President, Managing Partners, Partners and Managing Directors with primary responsibility for overall leadership of the management company and oversight of the investment team, sometimes defined as the executive committee. May or may not be directly involved in sourcing, evaluating, executing, and managing deals. Typically responsible for final deal decisions, including exits. Typically participates in any carried interest earned from exited deals and/or profits of the management company. Does not include operations leadership.
	Senior investment professionals	Investment professionals who serve in a decision-making capacity but are not part of firm leadership, e.g., may include Managing Directors, Senior Directors, Directors with a meaningful role in sourcing, recommending and leading investments and contributing to firm investment decision-making. May include dedicated portfolio company operating partners that work closely alongside deal professionals in managing investments.
Junior investment team	Other investment professionals	For example, Principals, Vice Presidents, Associates, Analysts. Primarily responsible for sourcing, evaluating, executing, managing and supporting deals. May or may not participate in carried interest earned from exited deals and/or profits of the management company.
<h2>(GP) Non-investment professionals</h2>		
Operations team	Operations and administration leadership (Partners and C-level executives)	For example, CFO, COO, CAO, CCO, General Counsel, CHRO, IR Partner, Managing Directors or partners on a non-investment team. Primarily responsible for leadership of the finance, marketing, investor relations, legal, and administrative teams (and any other unit detailed below). May or may not have input on final investment decisions (typically operational improvements). Typically participates in any carried interest earned from exited deals. May or may not participate in any profits of the management company.
	Other operations and administrative professionals	Operation professionals/entrepreneurs in residence, marketing/investor, relations/communications, financial/accounting, legal/compliance, administrative, other operations/administration team members.

Definitions



Environmental considerations

Carbon neutral

Carbon neutrality can be achieved by eliminating carbon dioxide emissions or by counterbalancing them with appropriate measures.

Ecologically sensitive sites

Areas or sites that currently or could, at some point in the future, contribute significantly to the conservation of Canada's biodiversity and environmental heritage. Consult Government of Canada's website on the criteria of an ecologically sensitive site.

Greenhouse gas emissions (GHG)

A gas emitted that contributes to the greenhouse effect by absorbing infrared radiation. Some examples include water vapor, carbon dioxide, methane and chlorofluorocarbons.

Renewable energy consumption

Geothermal, solar, wind, sustainably sourced biomass (including biogas), hydropower and ocean resources. Accounting should follow best practices outlined in RE100 and GHG Protocol Scope 2 Guidance.

Scope 1 emissions

Direct emissions due to owned, controlled sources accounted for using GHG Protocol.

Scope 2 emissions

Indirect emissions due to purchase of electricity, heat, steam, etc. accounted for using GHG Protocol.

Scope 3 emissions

Emissions from sources not owned or directly controlled by a company but related to its upstream and downstream activities accounted for using GHG Protocol.

Total energy consumption

The scope of energy consumption includes energy from all sources, including energy purchased from sources external to the entity and energy produced by the entity itself (self-generated). For example, direct fuel usage, purchased electricity, and heating, cooling, and steam energy are all included within the scope of energy consumption.

Water stewardship

Using water in a way that is socially equitable, environmentally sustainable and economically beneficial.



Social and governance factors

Cybersecurity

Cybersecurity is the practice of protecting systems, networks, and programs from digital attacks.

Employee engagement survey

An employee feedback survey can include, but is not limited to, questions related to company culture, company values, employee job satisfaction, employee engagement, and training.

ESG related incident

An occurrence, condition, or situation arising in the course of work that resulted in exposure to environmental, social or governance risks or issues. Examples include supply chains that violate human rights, use of sanctioned vendors, unethical management behaviour, discrimination at the workplace, etc.

Know your client (KYC)

The Know Your Client guidelines in financial services require that professionals make an effort to verify the identity, suitability, and risks involved with maintaining a business relationship. The procedures fit within the broader scope of an anti-money laundering policy.

Sanctions compliance

Canada has sanctions and related measures in place against a number of countries, as well as sanctions against specific individuals and entities. Refer to the Government of Canada website for the list of sanctioned countries.

Learn more about [BDC Capital](#) and our work with some of the country's most innovative firms.

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