

INTRODUCTION

The Alberta-Zhejiang Global Partnership Program (the “**Program**”), has been developed between the Government of Alberta’s Department of Economic Development & Trade (“**EDT**”) and the Science & Technology Department of Zhejiang Provincial People’s Government (“**ZSTD**”), as part of the Global Partnerships Initiative. The Global Partnerships Initiative (the “**Initiative**”), is a part of The Global Access Fund, a non-dilutive commercialization investment opportunity to support technology-oriented companies in Alberta, and throughout the world, to advance their innovative technologies towards eventual market uptake.

The Program is jointly managed by Alberta Innovates, on behalf of the Government of Alberta, Canada, and Zhejiang Provincial Science and Technology Exchange Center with Foreign Countries (“**ZSTEC**”), on behalf of the Government of Zhejiang Province, the People’s Republic of China.

The aim of the Program is to provide for-profit Small and Medium Enterprises (“**SMEs**”) from the two partner jurisdictions with assistance in establishing global partnerships, as well as accessing funding to support strategic, industry-driven commercialization projects that involves novel and innovative products and materials. Alberta Innovates will also work with Multinational Enterprises (“**MNEs**”) in matchmaking initiatives and engaging the Zhejiang market. Both Alberta Innovates and ZSTEC are seeking to generate economic and social benefits for both Alberta and Zhejiang.

Whenever possible, Alberta Innovates and ZSTEC will assist companies interested in engaging the Program by providing matchmaking services to support Project development, leveraging the networks of both agencies and their partners. Details regarding matchmaking services, including travel between the two provinces, will be provided on the Alberta Innovates website.

This Alberta-Zhejiang Global Partnership Program Guide (the “**Guide**”) is written to provide the general framework of the Program, including an overview of the funding structures, minimum requirements to apply, application processes, review process and administrative matters. The Guide sets out the material terms and conditions of the Program, which govern approved Projects and provide the rights and obligations of all parties involved. Accordingly, Applicants should thoroughly review and understand the terms and conditions set out by ZSTEC and this Guide and are encouraged to contact Alberta Innovates and/or ZSTEC with any questions prior to submitting an Application.

Key definitions are set out in Appendix 1 at the end of this Guide. Other defined terms may be used throughout this Guide.

Unless otherwise specified, all references to monetary amounts in this Guide, and all funds paid pursuant to the Initiative, are in Canadian currency (CAD).

1 DESIRED OUTCOMES

The Program is designed to deliver a sustainable, positive and meaningful return on investment to the Provinces of Alberta and Zhejiang, including:

- (a) Promoting the entry and growth of competitive technology-oriented SMEs into the global market;
- (b) Providing feasible technological solutions to defined industry challenges;
- (c) Generating measurable, timely and material economic, social and/or environmental benefits, by leveraging external sources of capital, talent, technologies and other resources;
- (d) Serving as a catalyst for the development and implementation of innovative technology products that generate increased revenues for SMEs;
- (e) Promoting and enhance the Provinces’ global social license through strategic jurisdictional partnerships that create sector-wide commercial impact;

- (f) Encouraging the employment and retention of highly qualified personnel in the Province of Alberta; and
- (g) Increasing investment into technology industries.

2 FUNDING STRUCTURE

2.1 Purpose of Funding

The Program is designed to provide opportunities for Projects between an Alberta Applicant and a Zhejiang Applicant, to collaborate in research and technology development, leading to commercialization opportunities that will enhance relations and trade between and provide mutual benefit to both regions.

The funding structure of the Program promotes the Investment having a maximum effect on advancing the technology or innovation solution. Alberta Innovates is responsible for providing the Investment to the Alberta Applicant towards the Alberta portion of the Project Costs, and ZSTEC is responsible for providing funding for the Zhejiang Applicant towards the Zhejiang portion of the Project.

The Program is designed to support technologies or innovation solutions in the mid-to-late developmental stages. Some early developmental stages may be considered on a case by case basis. For more information on the development stages, the Applicant is encouraged to review Appendix 3, “**Technology Readiness Levels (TRLs)**”.

2.2 Use of Sub-Contractors

The Alberta Applicant may require the services and/or products of another SME, MNE, a government department or agency, and/ or an academic institution (collectively, “**Sub-Contractor(s)**”). Where Sub-Contractor(s) are utilized, a collaboration letter, contract or agreement between the Alberta Applicant and the Sub-Contractor(s) must be in place prior to executing an Agreement with Alberta Innovates. The Alberta Applicant shall be responsible for all work, acts, defaults and liabilities of any of the Sub-Contractor(s).

2.3 Investment and Contributions

The Investment must be used efficiently and only for costs essential to the success of the Project. Available funding for an Alberta Applicant is up to \$250,000 CAD per Project. The Investment is provided to cover eligible expenses only, as incurred by the Alberta Applicant for the Alberta Project Costs, as further outlined in Appendix 1 (“**Eligible Expenses**”). The Alberta Applicant is required to contribute 50% of the Alberta Project Costs (the “**Contribution**”), keeping in mind that at least 50% of such Contribution must be in cash (as oppose to In-Kind), and Alberta Applicants with significant cash contributions to the Project are strongly preferred.

For information purposes, the Zhejiang Applicant can be eligible for between 1,000,000 RMB and 5,000,000 RMB and ZSTD funding to a Zhejiang Applicant will not exceed 25% of the Zhejiang portion of the total Project Costs.

2.4 Eligible Expenses

Guidance regarding what constitutes an “**Eligible Expense**” as well as an “**Ineligible Expense**” is provided under the definitions of those terms in Appendix 1. Applicants should review those terms carefully and understand the scope of Eligible Expenses before preparing an Application. Applicants are encouraged to contact Alberta Innovates with any questions.

If the Alberta Applicant wishes Alberta Innovates to pay a portion of the Investment for an Ineligible Expense, such requests must be pre-approved in writing by Alberta Innovates. Any costs incurred after

the Project has been formally approved for funding by Alberta Innovates, but before the Agreement has been signed by all required parties, are only considered Eligible Expenses upon written approval from Alberta Innovates, which approval is in its sole and absolute discretion.

The monetary value placed on the In-Kind resources will only be recognized as an Eligible Expense where the costs incurred by the Alberta Applicant fall within the scope of the Alberta Applicant's ordinary course of business, directly attributable to the Project and easily auditable.

It is a condition of the Investment that Alberta Innovates has the right, in addition to any other rights under this Guide or the Agreement, to require the Alberta Applicant to repay all amounts of the Investment which were used to cover Ineligible Expenses, and such amount is an immediate debt owed and repayable by the Alberta Applicant to Alberta Innovates.

2.5 Stacking Limit

Alberta Innovates encourages co-funding of the Alberta portion of the Projects with other funding agencies. The maximum level of total government assistance (whether from federal, provincial/territorial, and/or municipal departments, Crown agencies or Crown corporations) in respect of the same Eligible Expenses cannot exceed 75% of the Alberta portion of the Project Costs (the “**Stacking Limit**”). For example, the Alberta portion of a Project having \$100,000 in Project Costs would have a Stacking Limit of \$75,000. If, in this example, the SME received \$50,000 financial support from Alberta Innovates under the Program, the SME could seek additional funding from other government sources up to a maximum amount of \$25,000.

At times where the total government assistance to the Alberta Applicant exceeds the Stacking Limit, Alberta Innovates reserves the right to unilaterally and without notice reduce its Investment so that the applicable Stacking Limit is not exceeded.

3 MINIMUM REQUIREMENTS TO APPLY

3.1 The Alberta Applicant

The Alberta Applicant must meet the following minimum requirements:

- (a) Be a for-profit SME;
- (b) Be Arm's Length from the Zhejiang Applicant (cannot have any legal relationship with the Zhejiang Applicant);
- (c) Demonstrate why support from Alberta Innovates for the Project is necessary for success;
- (d) Have a physical presence in Alberta;
- (e) Be a legal entity:
 - (i) incorporated in Alberta; or
 - (ii) incorporated Federally or in another jurisdiction AND extra-provincially registered in Alberta; or
 - (iii) a General Partnership, Limited Partnership or Limited Liability Partnership AND registered in Alberta;
- (f) Show evidence of adequate operational capital and sound financial resources to develop and commercialize the technology or innovation solution;
- (g) Be able to provide evidence of the viability of the technology or innovation solution and its market value;
- (h) Be an advanced technology-oriented business developing innovative new products for growing markets;
- (i) Have a plan for applying the research results, and marketing or exploiting products or processes in the best interest of the Alberta Applicant and the Alberta economy;

- (j) Does not have an outstanding balance or otherwise owe money to any Alberta Innovates organization, subsidiary, affiliate or partner;
- (k) Provide bank account statements, tax returns or other business records if requested by Alberta Innovates;
- (l) Provide evidence of satisfactory insurance in accordance with Section 7.16; and
- (m) The Alberta Applicant must be prepared to meet with the Zhejiang Applicant on a regular basis, physically or virtually.

3.2 The Zhejiang Applicant

Alberta Innovates intends to be flexible and will work with ZSTEC to partner Alberta Applicants and Zhejiang Applicants. A Zhejiang Applicant must meet the following minimum requirements:

- (a) Must be Arm's Length from the Alberta Applicant (cannot have any legal relationship with the Alberta Applicant);
- (b) Does not have an outstanding balance or otherwise owe money to any Alberta Innovates Corporation organization, or any of their organization subsidiaries, affiliates or partners;
- (c) Must be prepared to meet the terms and conditions set out by ZSTEC; and
- (d) The Zhejiang Applicant must be prepared to meet with the Alberta Applicant on a regular basis, physically or virtually.

3.3 The Project

The Project must meet the following criteria:

- (a) Each Project must include only one Alberta Applicant and one Zhejiang Applicant;
- (b) If Sub-Contractors are used by the Alberta Applicant, in accordance with Section 2.2, this must be indicated in the Applications and the sub-contract agreement as contemplated by Section 2.2 shall be provided to Alberta Innovates upon request;
- (c) The Project activities must be stepped with critical "go/no go" Milestones;
- (d) The Project must be a logical fit within the Alberta Applicant's business strategy;
- (e) The Project must have a Project Start Date, as further described in Section 4.1, and the Project cannot commence prior to fully executing an Agreement in each jurisdiction, as outlined in Section 7.2;
- (f) The Project must be completed within two (2) years from the Project Start Date, unless an extension is specifically approved in writing by Alberta Innovates as outlined in Section 6.3; and
- (g) Projects that align with at least one of the following technology sectors will be prioritized:
 - i Biotechnology (oncology and diabetic research and technology development);
 - ii Information and communication technologies (multimedia, telecom & network, geomatics and electronics);
 - iii Nano Sciences;
 - iv Life Sciences;
 - v Medical product development;
 - vi Agriculture and forestry technologies;
 - vii Energy saving and renewable energy technologies; and
 - viii Environmental technologies.

4 APPLICATION PROCESS

Applications for the Program are accepted on a call basis and calls are published on the ZSTEC website at http://www.zjkit.gov.cn/news/node01/detail0101/2016/0101_70072.htm and on the Alberta Innovates website at <http://fund.albertainnovates.ca/Fund/CommercializationServices/Alberta-ZhejiangGlobalPartnershipProgram.aspx>. To ensure the effective delivery of the Program and reinforce the principles of bilateral partnership, ZSTEC and Alberta Innovates employ a joint, two-step process.

Step One – Expression of Interest

Applicants from both jurisdictions who have agreed to collaborate on a Project are each invited to submit an EOI to their respective jurisdiction. Alberta Applicants must submit their EOI to Alberta Innovates using the standard application form provided on Alberta Innovates' website. Zhejiang Applicants should consult ZSTEC's website for instructions on submitting an EOI.

Deadlines for the receipt of EOIs will be published on both websites, and late submissions will not be accepted unless approved in writing by both Alberta Innovates and ZSTEC. The review process will begin only after all required information is received by Alberta Innovates and ZSTEC. Please note that incomplete EOIs will not be considered or reviewed.

All Applicants will be notified by the agency in their jurisdiction of the decision regarding their EOIs and Applicants whose EOIs are accepted will be invited to submit a Proposal and the standard application form for Proposals will be made available to them.

Step Two – Proposal

Proposals must be submitted using the standard application form provided, must be completed in English, and identical copies are to be submitted by email to ZSTEC and Alberta Innovates at the addresses provided on the Proposal application form. The Step Two schedule will be announced prior to the announcement of Stage One EOI decisions.

Please note that Alberta Innovates provides funding on a Milestone basis with Eligible Expenses reimbursed upon successful completion of each Milestone. ZSTD provides funding on a lump-sum basis at the beginning of a Project. Project terms should not exceed two (2) years from the Project Start Date.

4.1 Project Start Date

As part of the application process, the Applicants will identify a reasonable Project Start Date. The Applicants should consider the anticipated time required for the review of a Proposal and if approved, the time required to execute an Agreement, and must not set a Project Start Date sooner than the expected execution date of the Agreement. Should a Project Start Date be set prior to the actual execution date of the Agreement, then the Proposal shall be amended *nunc pro tunc* to have a Project Start Date that coincides with the execution date of the Agreement.

If the proposed Project Start Date needs to be changed, the Applicants will need to amend the Milestone, Reporting and Payment Schedules to reflect the revised dates.

A request to delay the Project Start Date by the Alberta Applicant must be made to Alberta Innovates in writing, and with internal consensus between Alberta Innovates and ZSTEC, Alberta Innovates has the right, as determined in its sole and absolute discretion, to extend the Project Start Date as requested or rescind the Investment.

4.2 Mandatory Disclosure

The Alberta Applicant must meet the following disclosure obligations:

- (a) For purposes of monitoring the Stacking Limit (see Section 2.5), the Alberta Applicant has an obligation to disclose in the Proposal all sources of government financial assistance (whether from federal, provincial/territorial, and/or municipal departments, Crown agencies or Crown corporations) which has been received or requested to be applied to the Alberta Project Costs;
- (b) For purposes of continued monitoring of the Stacking Limit, the Alberta Applicant has a continuing obligation (for the duration of the term under the Agreement) to disclose any

- further government assistance received subsequent to making its last disclosure in the Proposal; and
- (c) If the Alberta Applicant has received assistance with assessing potential funding by an authorized Alberta Innovates representative (for example, a TDA), the Alberta Applicant must identify that representative in the Applications.

The Alberta Applicant shall acknowledge that all information contained in the Applications, including all particulars of the Project and Project Costs, together with any other documentation provided to Alberta Innovates in relation to the Program, is accurate. Failure to properly disclose such funding, whether at the application stage or during the term, may result in the Application being rejected or Alberta Innovates terminating the Agreement and/or rescinding the Investment.

5 REVIEW PROCESS

The Applications will be reviewed by experts from Alberta Innovates, ZSTEC, and/or experts who are Arm's Length from those organizations. The review process will begin only after the complete EOI or Proposal and all required supplemental information is received by Alberta Innovates. Incomplete Applications will not be considered or reviewed by Alberta Innovates.

These experts will provide their recommendations to the Investment Committee, and may also voluntarily provide constructive feedback meant for the Applicants. In the case of the EOIs, the recommendation will be to either invite the Applicants to submit a Proposal, or to decline the EOI. In the case of the Proposal, the recommendation of the Investment Committee will be whether or not to make the Investment.

The Investment Committee may also, in its sole and absolute discretion, forward to the Applicants the constructive feedback, but will not provide any information regarding an expert's personal information. Applicants are not entitled to access any information regarding the experts, including personal information, nor are they entitled to access or review the expert's recommendation.

The decision to invest in the Project is based on the evaluation of:

- (a) The capabilities of the Applicants;
- (b) The Project;
- (c) The technology or innovation solution;
- (d) The market;
- (e) The economic, social and/or environmental impact of the Project to the Provinces of Alberta and Zhejiang;
- (f) The Project's clarity, structure, and compliance with Program requirements;
- (g) Alignment with the desired outcomes set out on page 1 of this Program Guide
- (h) The funding history between Alberta Innovates and the Alberta Applicant;
- (i) the Applicant demonstrating how the technology or innovation addresses a current market need; and
- (j) Other factors as determined by the Investment Committee in its sole and absolute discretion.

5.1 Due Diligence Searches

In assessing the eligibility of the Alberta Applicant, the review process shall include due diligence searches of various public registries including bankruptcy and insolvency records, corporate and litigation searches. Alberta Innovates may also request a copy of a business license, if applicable, at any time during the review process, and may request and contact business references without further notice to the Alberta Applicant.

Alberta Innovates may also complete such due diligence at any time after approval of an Investment or during the Project. Results of such searches may result in a determination of ineligibility of the Alberta Applicant at any time during the Project.

5.2 Investment Determinations

Notwithstanding the Applicants and the Project meeting the minimum requirements or eligibility criteria, or the results of any expert's evaluation or recommendation or the involvement of an agent of Alberta Innovates, including but not limited to a TDA, the Investment Committee retains sole and absolute discretion regarding Investment determinations. Such determinations include whether to invest, the amount of the Investment (if any), and the terms and conditions of such Investment. Further, the Investment Committee, in its sole and absolute discretion, has the right to decline any EOI or Proposal at any stage of the review process for any reason and does not owe a duty of reasonableness to the Applicants in making its Investment determination. The Applicants acknowledge that Alberta Innovates has no obligation to the Applicants during the course of receiving and reviewing the Application(s) or in making its Investment determination.

Alberta Innovates will use its reasonable commercial efforts to inform the Applicants of the Investment determination made in respect of a Proposal in a timely fashion. Any failure to inform the Applicants of the Investment determination regarding a Proposal will not result in any obligation or liability of Alberta Innovates to the Applicants or any other interested party.

All Investment determinations made by the Investment Committee (including declining an Investment) are final, non-appealable and binding on the Applicants.

6 OTHER

6.1 Timing of Payment

Alberta Innovates will only pay a Milestone Payment after the applicable progress report or final report has been approved. Such approval is determined by the Investment Committee in its sole and absolute discretion, and if approved, the Investment is paid directly to the Alberta Applicant. A declined progress report may result in the cancellation of the Project.

The Milestone Payments will be structured in accordance with the Project Milestones identified in the Milestone, Reporting and Payment Schedule. Alberta Innovates will pay the Investment within forty-five (45) days after the applicable progress report or final report is approved. Reports received and approved by Alberta Innovates earlier than the Milestone End Date will be paid within forty-five (45) days of the approval.

Goods and services tax (GST) for the Alberta portion of the Project is an Ineligible Expense. For auditing purposes, any GST forming part of the Alberta portion of the Project Costs will be considered paid with the Contribution made by the Alberta Applicant.

6.2 Milestone, Reporting and Payment Schedule

Applicants are expected to set reasonable Milestone Start and Completion dates, anticipating times in the Project where setbacks or unavoidable delays may be encountered, and achieving the milestones as set out in the Agreement.

The Applicants must complete a Milestone, Reporting and Payment Schedule as part of the Proposal. Milestones may overlap, but Alberta Innovates will not review more than one Progress Report or issue more than one payment per month. Any gaps in the timelines between Milestones must be explained, and a Milestone, Reporting and Payment Schedule form that has been altered will not be considered.

If the Proposal is approved by the Investment Committee, the Milestone, Reporting and Payment Schedule becomes part of the Agreement governing the Investment. Alberta Applicants are encouraged to carefully complete the Milestone, Reporting and Payment Schedule as it contains fundamental terms governing the Project and Alberta Innovates corresponding funding.

Alberta Innovates has the right to unilaterally change the terms and information set out in the Milestone, Reporting and Payments, upon written notice from Alberta Innovates to the Alberta Applicant.

6.3 Changes to the Alberta Portion of the Project

Applicants are expected to set reasonable Milestone Start and Completion Dates, anticipating times in the Project where setbacks or unavoidable delays may be encountered, and achieve the milestones as set out in the Agreement. With this in mind, when unanticipated delays or changes to the Project are unavoidable, and it becomes clear that it will not be possible to meet the deliverables set out in a particular Milestone, the Alberta Applicant may request an amendment to the Agreement by contacting the Alberta Innovates representative named in the Notices section of the Agreement no later than two (2) weeks prior to the next Milestone Completion Date.

Changes to the Project may include:

- (a) An increase or decrease in the Investment of a particular Milestone or the Project as a whole;
- (b) A change in the scope of the Project;
- (c) A delay of a Milestone Completion Date which may or may not impact the Project Completion Date;
- (d) A change of Zhejiang Applicant;
- (e) A Change of Control or name change of the Alberta Applicant; or
- (f) Any other change as determined by Alberta Innovates.

Upon review of the request, the Investment Committee may approve, decline, or require further information. If a request for an amendment is approved in the form required by Alberta Innovates, the parties acknowledge and agree that all other terms and conditions of the Agreement shall remain in full force and effect. If the request is declined, the Alberta Applicant may choose to proceed with the Alberta portion of the Project as previously approved by Alberta Innovates, or may elect to terminate the Agreement with no further payments of the Investment being provided.

Cumulative changes over the term of the Project that result in more than twelve (12) months extension from the Project Completion Date may not be considered. Should such changes delay the Project Completion Date for more than 12 months from the original Project Completion Date, all funding shall cease the day after the one year anniversary of the original Project Completion Date, unless otherwise approved by Alberta Innovates, such approval to be in its sole and absolute discretion.

6.4 Reporting Obligations

The Alberta Applicant has the following reporting obligations, which may be amended by Alberta Innovates in its sole and absolute discretion:

- (a) Under the Program, the Alberta Applicant must:
 - (i) in respect of a Milestone Payment in the Project (except for the last Milestone):
 - i. complete the particular Milestone as set out in the Milestone, Reporting and Payment Schedule attached to the Agreement and in accordance

- with the terms of this Guide, the approved Proposal and the Agreement; and
 - ii. deliver to Alberta Innovates within fourteen (14) days of completing the particular Milestone a completed progress report signed by the Alberta Applicant, together with all supporting documentation;
- (ii) in respect of a Milestone Payment for the last Milestone in the Project:
- i. complete the particular Milestone as set out in the Milestone, Reporting and Payment Schedule and in accordance with the terms of this Guide, the approved Proposal and the Agreement; and
 - ii. deliver to Alberta Innovates within fourteen (14) days of completing the Alberta portion of the Project a completed final report, together with all supporting documentation.

Failure to provide a progress report or a final report within the times stated above may result in the cancellation of the Investment by the Investment Committee.

- (b) Under the Program, a Post-Investment Metrics Report (using Alberta Innovates standard form), must be submitted to Alberta Innovates by the Alberta Applicant within fourteen (14) days of receiving the request by Alberta Innovates, for each of the seven (7) following years (the “**Post-Investment Period**”).

The information or the aggregate data contained in the progress report, final report and Post-Investment Metrics Report may be published in the public domain, without further notice to the Alberta Applicant.

During the Post-Investment Period, Alberta Innovates may collect information on impacts and outcomes resulting from its Investment in the Project, including, but not limited to new or enhanced products and processes, intellectual property generated, new customers, new employees or new hires, new or increased sales, market capture, any other economic growth of the Alberta Applicant and other significant outcomes arising directly or indirectly from the Project or the Investment. All such information is deemed to be non-confidential for all of Alberta Innovates’ purposes. The Alberta Applicant agrees to comply with such request of disclosure.

6.5 Site Inspection

Alberta Innovates and/or its authorized agents are entitled, at reasonable times and upon reasonable notice to the Alberta Applicant, to attend, or have its authorized agents attend at the premises of the Alberta Applicant, or at the place where the Alberta portion of the Project is being carried out, for the purpose of examining premises and files, documents and records, and any other assets relevant to the Alberta portion of the Project in order to assess whether the Alberta Applicant is in compliance with the terms of the Investment. The Alberta Applicant must provide Alberta Innovates and its authorized agents with such assistance as may be reasonably required during such an inspection. This right of inspection is limited to the purpose of ascertaining whether the terms of the Investment have been complied with, and Alberta Innovates does not have any general right to obtain custody or copies of records in the custody of the Alberta Applicant.

6.6 Program Evaluations

By signing the Agreement, the Alberta Applicant agrees to participate in Program evaluations that may be undertaken by Alberta Innovates from time to time at the Alberta Applicant’s cost, both during the Project and after the Project Completion Date.

6.7 Frustration of the Project for Suspension or Delay

If the Alberta Applicant suspends or delays the Project for any reason whatsoever for a period greater than one (1) year or for periods which in aggregate exceed twelve (12) months, then Alberta Innovates in

its sole and absolute discretion may terminate the Agreement effective immediately upon notice to the Alberta Applicant. Alberta Innovates shall also provide notice of termination to ZSTEC. Upon such notice, Alberta Innovates will have no further payment obligations to the Alberta Applicant.

6.8 Termination of the Project

If the Alberta Applicant terminates their part of the Project for any reason after execution of the Agreement and prior to the Project Completion Date, Alberta Innovates must be notified immediately. Failure to notify Alberta Innovates may result in Alberta Innovates terminating the Project and rescinding the Investment. Alberta Innovates shall provide notice of termination to ZSTEC.

In the event of termination of the Project for whatever reason or by whomever, the Alberta Applicant must submit a final report within three (3) weeks of effective date of termination.

6.9 Rescission of Investment caused by Default and Effect

Alberta Applicants are cautioned that Alberta Innovates has the right to unilaterally terminate and rescind its Investment for any Project that incurs a Default. All Alberta Applicants are strongly encouraged to review and understand the definition of “Default” in Appendix 1 and to contact Alberta Innovates with any questions. The Alberta Applicant is to be aware of its post-rescission obligations. Alberta Innovates shall provide notice of termination and rescission to ZSTEC.

6.10 Rescission of Investment caused by Change of Control of Alberta Applicant and Effect

Alberta Applicants are cautioned that Alberta Innovates has the right to unilaterally terminate and rescind its Investment for any Alberta Applicant that incurs a Change of Control. Alberta Innovates shall provide notice of termination and rescission to ZSTEC. Alberta Applicants are strongly encouraged to review and understand the definition of “Change of Control” in Appendix 1 and to contact Alberta Innovates with any questions.

Alberta Innovates will not rescind the Investment as a result of Change of Control where:

- (a) The Alberta Applicant continues to satisfy the minimum requirements to apply under the Program;
- (b) The Alberta Applicant, Alberta Innovates and the new entity execute an assignment and novation agreement whereby the Alberta Applicant assigns its rights to the new entity, the new entity assumes all obligations under the Agreement, and Alberta Innovates consents to the assignment and assumption; and
- (c) Alberta Applicant Representative and entity information requirement listed in the Alberta Application is provided to and approved by Alberta Innovates.

6.11 Repayment of Investment

It is a condition of the Investment that Alberta Innovates has the right to require the Alberta Applicant to repay to Alberta Innovates any amounts of the Investment paid to the Alberta Applicant. This is the case where (i) the Alberta Applicant fails to comply with all required reporting obligations under the Agreement including, but not limited to, Section 6.4; (ii) a change request is not approved under Section 6.3; (iii) the Project is terminated by the Alberta Applicant Section 6.8; or (iv) the Investment is rescinded by Alberta Innovates due to a Default or Change of Control under Section 6.9 and 6.10.

In any of these causes, any amount of the Investment previously advanced by Alberta Innovates to the Alberta Applicant constitutes a debt owed by the Alberta Applicant to Alberta Innovates. The debt owed is on a dollar for dollar basis together with interest, which accrues from and after the date of notice of rescission from Alberta Innovates at the prime rate for commercial loans fixed by the Alberta Treasury Branches as at such date, plus 3%. Such debt plus accrued interest is due and re-payable upon notice of

rescission delivered by Alberta Innovates to the Alberta Applicant. The Alberta Applicant has forty-five (45) days from the date of the notice of rescission to repay the debt and accrued interest.

7 LEGAL DETAILS

7.1 Discretion of Alberta Innovates

Any decision to be made at the discretion of Alberta Innovates may be made by any Alberta Innovates authorized representative for and on behalf of Alberta Innovates.

7.2 Agreement

Each Alberta Applicant approved for an Investment, is required to enter into an Agreement with Alberta Innovates in the form provided by Alberta Innovates, prior to commencing the Alberta portion of the Project. The Agreement will contain terms and conditions which govern the relationship of the parties involved in the Alberta portion of the Project.

Alberta Innovates must receive the fully executed Agreement within thirty (30) days of notice of approval by the Investment Committee.

7.3 Terms and Conditions

In order to properly manage its operations, Alberta Innovates has the right to amend the terms and conditions or any other aspect of the Program at any time as determined in its sole and absolute discretion.

The Investment is governed by this Guide, the approved Proposal, and the terms and conditions in the Agreement. In the event of a conflict between a term of the Agreement, the approved Proposal and/or a term of this Guide, the term in the Agreement prevails to govern the parties and the term in conflict is not binding on the parties to the extent of such conflict.

For clarity, this Guide may be amended by Alberta Innovates in its sole and absolute discretion from time to time, with notice of the amendment together with the amended Guide provided on Alberta Innovates' website at:

<http://fund.albertainnovates.ca/Fund/CommercializationServices/IndustryFundingFormsandGuidelines.aspx>. No additional notice is required to any party regarding any amendment to the Guide. The Alberta Applicant understands its obligation to review Alberta Innovates' website periodically and ensure that it understands the current terms governing Alberta Innovates' Investment. The Guide as amended governs the Investment from the date the amended Guide is published on Alberta Innovates' website regardless of the stage of any particular Investment or the Alberta portion of the Project. Notwithstanding the foregoing, Alberta Innovates may determine in its sole and absolute discretion that the Guide in effect at the time the Applicants submit a Proposal to Alberta Innovates will govern the Investment.

7.4 Representations and Warranties

Where a Proposal is approved and an Agreement is entered into, the Alberta Applicant Representative (referred to as "you" below) represents and warrants to Alberta Innovates that as set out in this section:

- (a) You have read and understand this Guide and the Agreement prior to executing it;
- (b) The Alberta Applicant has the power to own, lease, use and operate its assets and carry out the Alberta portion of the Project;
- (c) You have the authority to enter into the Agreement;
- (d) The Alberta Applicant is not insolvent and no proceedings have been taken or authorized by you or by any other Person with respect to the Alberta Applicant's bankruptcy, insolvency, liquidation, dissolution or winding up and the Alberta Applicant has not taken

- the benefit of any legislation dealing with creditors' rights generally. No creditor has taken possession of any of the Alberta Applicant's assets and no execution or distress has become enforceable upon any of the Alberta Applicant's assets;
- (e) All corporate and other proceedings necessary to authorize the Agreement will have taken place (such as the execution of directors' resolutions, shareholders' resolutions or any other proceedings required by the Alberta Applicant's bylaws or unanimous shareholders agreement, as the case may be) and copies of such supporting documentation will be provided to Alberta Innovates upon request; and
 - (f) The Agreement including each of the Schedules, when signed by you, will be validly executed and delivered by you. The Agreement will be legal and valid, with binding legal obligations enforceable against the Alberta Applicant in accordance with their respective terms. Such terms are subject only to bankruptcy, insolvency and other laws affecting the rights of creditors generally, and equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

You acknowledge that Alberta Innovates is relying on the above representations and warranties in entering into the Agreement and completing the transactions contemplated by it.

You have disclosed all information in the Proposal which is required under this Guide and that information remains true and accurate and you will promptly notify Alberta Innovates of any change to the information provided in the Proposal;

7.5 Forms

The Alberta Applicant agrees to use Alberta Innovates' standard form documents during the course of completing and reporting on the Alberta portion of the Project. All forms can be found on Alberta Innovates' website at:

<http://fund.albertainnovates.ca/Fund/CommercializationServices/IndustryFundingFormsandGuidelines.aspx>.

Alberta Innovates may amend its standard forms from time to time without notice to the Alberta Applicant. Accordingly, the Alberta Applicant is encouraged to access the particular form from Alberta Innovates' website (at the web address set out above) at the time it is required in order to ensure the most current version of the form is used.

7.6 FOIP and Collection and Retention of Information

During the duration of the Project, and thereafter, Alberta Innovates must keep accurate and complete records of the Application, the Project, the Agreement, and all forms and supporting documentation, in accordance with the Alberta Records Management Committee approved retention schedule, as amended from time to time. Such records may be subject to the Freedom of Information and Protection of Privacy Act (Alberta) ("FOIP"), as outlined in greater detail in the Application(s). A copy of FOIP can be found on the Alberta Innovates website. For clarity, should Alberta Innovates be required to disclose information provided by or concerning the Alberta Applicant pursuant to FOIP, such disclosure shall not constitute a breach of the terms of this Program Guide, the approved Proposal or the terms and conditions in the Agreement and the Applicant shall have no legal recourse against Alberta Innovates arising from such disclosure.

7.7 Contact Information

In order to ensure compliance with FOIP, Alberta Innovates will only disclose information or documentation to the Alberta Applicant Representative(s). Alberta Innovates relies on the contact information provided in the Proposal, unless changed in the Agreement.

If the Proposal is approved, the Alberta Applicant will have the opportunity to identify different or additional contact person(s) to receive documentation related to the Investment. In the case where the Alberta Applicant indicates a different Alberta Applicant Representative(s) than in the Proposal, the person(s) named in the Agreement supersedes that of the person named in the Proposal. In this case, please note that the provision of documentation will only be directed to those person(s) identified in the Agreement as the Alberta Applicant Representative(s).

At any time, if the Alberta Applicant Representative wishes to authorize another person to receive information or documentation from Alberta Innovates, they must provide written notice of such authorization to Alberta Innovates. Alberta Innovates must be notified immediately of any change to the contact information of any party within the Agreement.

7.8 Program Audit and Requirement to Maintain Auditable Records

As part of an ongoing effort to improve and enhance the Program, Alberta Innovates reserves the right to audit any account of the Alberta Applicant pertaining to the Program, from time to time and at any time during the Project and the Post-Investment Period. This right to audit includes due diligence searches of various public registries as outlined at Section 5.1.

The cost of any audit, examination or report is payable by Alberta Innovates, unless the audit, examination or report reveals a material breach of any term governing the Investment or indicates that the records and books of account were inadequate to permit a determination of how the Investment was used by the Alberta Applicant, or what results were achieved through the conduct of the Alberta portion of the Project, in which case the cost will be borne by the Alberta Applicant.

During the Project and the Post-Investment Period, the Alberta Applicant must maintain and have available for audit or review by Alberta Innovates full, accurate and complete records of the Alberta portion of the Project activities, the results achieved, and financial accounting evidencing proper expense of the Investment together with all supporting receipts. Such records may be subject to FOIP, as outlined in greater detail in the Application.

7.9 Purchased Material

The Alberta Applicant retains ownership of all purchased material directly related to the Alberta portion of the Project.

7.10 Intellectual Property

Alberta Innovates makes no claim to Intellectual Property Rights arising from any Investment in a Project. Ownership of Intellectual Property developed during the course of the Alberta portion of the Project is not governed by this Guide or the Agreement.

A written Intellectual Property ownership agreement between the Applicants governing all Intellectual Property Rights must be in place prior to execution of the Agreement. A copy of such agreement must be provided to Alberta Innovates as proof of compliance with this requirement.

7.11 Acknowledging the Funding Agencies

All publications, presentations and public messages arising from the Investment must acknowledge the support of Alberta Innovates and be provided to Alberta Innovates in draft form for approval. Please use the full corporate name, Alberta Innovates, rather than any acronym. Alberta Innovates' financial support of a Project in no way constitutes an endorsement of the Project, or the Applicants. Any suggestion or statement that Alberta Innovates endorses a Project or any party involved in the Project is strictly prohibited as a term of the Investment and can result in the repayment of the Investment to Alberta Innovates.

7.12 Non-Confidential Information and Publication of Non-Confidential Information by Alberta Innovates

The Alberta Applicant agrees that Alberta Innovates may (1) publish and/or disseminate in the public domain certain information contained within the Application(s), progress report(s), final report, and/or Post-Investment Metrics Report(s) as a way to promote success stories about and report on innovation in the Province of Alberta and/or (2) may use certain information within the Application(s) to verify information in the Application(s). On that basis, the parties acknowledge the information expressly set out as non-confidential information in Part 3 of the Application(s) and the final results with respect to those components as described in any progress report, final report and Post-Investment Report is non-confidential and subject to disclosure, as indicated in Part 3 of the Application(s), by Alberta Innovates in its sole and absolute discretion at any time without notice to the Alberta Applicant.

Wherever the Zhejiang Applicant agrees, Alberta Innovates may (1) publish and/or disseminate in the public domain certain information contained within the Application(s), progress report(s), final report, and/or Post-Investment Metrics Report(s) as a way to promote success stories about and report on innovation in the Province of Alberta and/or (2) may use certain information within the Application(s) to verify other information provided by the Alberta Applicant.

7.13 Extent of Liability

Alberta Innovates, its employees, officers, directors and agents shall not be liable in any way whatsoever to the Alberta Applicant or any of their respective directors, officers, employees, agents or any other person they may be responsible for at law, personal legal representatives and/or heirs for any direct damages, or any indirect, incidental, consequential, or special damages or any loss of profits, loss of business opportunity, loss of revenue, or any other loss or injury suffered or arising in any way, whether arising before or after submitting an Application or entering the Agreement with Alberta Innovates.

7.14 Indemnity

The Alberta Applicant indemnifies and holds harmless Alberta Innovates, its directors, officers, employees and agents against and from any and all third party claims, demands, actions, and costs whatsoever (including legal costs on a solicitor and its own client full-indemnity basis) that may arise directly or indirectly out of any act or omission of the Applicants or any of their respective directors, officers, employees, contractors, agents or legal representatives or the negligence or tortious act or willful misconduct of Applicants or any of their respective directors, officers, employees, contractors, agents or legal representatives in relation to their obligations under the Program.

7.15 Dispute Settlement

In the case of a dispute between the Applicants or any other party involved in the Project, it is the responsibility of the disputing parties to reach a resolution. Alberta Innovates will not act as a mediator or adjudicator. In the event of a dispute, in all instances Alberta Innovates is not liable to pay any arbitration, court or any other dispute resolution related costs.

7.16 General Liability Insurance

The Alberta Applicant shall, at its own expense and without limiting their liabilities herein, insure their operations under a contract of General Liability Insurance, in accordance with the *Insurance Act* (Alberta), in an amount not less than \$2,000,000 inclusive per occurrence, insuring against bodily injury, personal injury and property damage including loss of use thereof. Such insurance must be in place before the Alberta portion of the Project is commenced and continue through until the Alberta portion of the Project is completed. The Alberta Applicant acknowledges that no protection from Alberta Innovates is available for any third party claims pursuant to the Program. Alberta Innovates can request a certificate of

insurance as evidence of insurance coverage from the Alberta Applicant at any time as determined in the sole and absolute discretion of Alberta Innovates.

7.17 Funding to Alberta Innovates

Notwithstanding anything in this Guide or the Agreement, if the Government of Alberta suspends, revokes, reduces or terminates funding to Alberta Innovates at any time, Alberta Innovates may immediately and unilaterally alter or terminate its obligations under the Program, including all obligations under an Agreement. In such an instance, Alberta Innovates will notify the Applicants and ZSTEC of such alteration or termination of Alberta Innovates' obligations as soon as practicably possible, and such parties will be entitled to reimbursement for the direct costs of winding down the Project, including incurred Eligible Expenses and non-cancellable legal commitments made by other parties seeking reimbursement, supported by applicable receipts or invoices and as confirmed and approved by Alberta Innovates and up to a maximum amount of the approved Investment in each case, and the Applicants shall have no further claim against Alberta Innovates or the Government of Alberta.

7.18 Assignment or Encumbrance

The Alberta Applicant may not assign or transfer any of its rights or obligations under the Program without Alberta Innovates' written consent, which consent may not be unreasonably withheld. Alberta Innovates may transfer its rights under the Program upon providing notice to the Alberta Applicant.

7.19 No Partnership, Joint Venture, or Agency

The rights, duties, obligations and liabilities of Alberta Innovates and any other party are individual and not joint or collective. There is no intention of Alberta Innovates to create a partnership, a joint venture, unincorporated association or a trust in its dealings together under the Program with any Applicants. Nothing under this Guide, or any subsequent Application, Agreement or other document pertaining to the Program authorizes any party to act as an agent or an employee of the other party for any purpose whatsoever, except as expressly set out in this Guide, Agreement or other document.

7.20 Governing Law

All matters contemplated in this Guide are governed by the laws of Alberta and the federal laws of Canada applicable therein. The parties hereby submit to the exclusive jurisdiction of the Courts in the Province of Alberta for all disputes arising under this Agreement.

7.21 Compliance with Applicable Laws

The parties must comply with all applicable laws, ordinances, codes and regulations of government agencies having jurisdiction over the matters contemplated in this Guide, the approved Application, the Agreement and/or any required reporting.

7.22 Time

Time is of the essence, and no extension or variation of this Guide, the approved Application, the Agreement, any required reporting or any other matter relating to the Project will operate as a waiver of this provision.

APPENDIX 1

Definitions

For the purposes of this Guide, the following terms are defined to have the corresponding meaning:

- (a) **“Agreement”** means an Alberta-Zhejiang Global Partnership Agreement between Alberta Innovates and the Alberta Applicant;
- (b) **“Alberta Applicant”** means the Alberta SME who completes and submits the Application to Alberta Innovates, and may in future include the new entity assigned with a “Change of Control” in accordance with section 6.10;
- (c) **“Alberta Applicant Representative”** means the individual who is authorized to act on behalf of the Alberta Applicant;
- (d) **“Alberta Project Costs”** means the portion of the Project Costs incurred by the Alberta Applicant;
- (e) **“Applicants”** means the Alberta Applicant and the Zhejiang Applicant collectively;
- (f) **“Application(s)”** means singularly or collectively the EOI and/or the Proposal;
- (g) **“Arm’s Length”** means any Person other than: (i) a present or former officer, director, shareholder or employee of a party or its subsidiary, or; (ii) any Person with whom the party does not deal at arm’s length within the meaning of the Income Tax Act (Canada);
- (h) **“Change of Control”** means any change in Control of a Person, directly or indirectly, by any means whatsoever (whether by merger, plan of arrangement, sale of shares or other equity interest through a single transaction or a series of related transactions), but all provided that the appointment of one additional co-trustee of any trust (for a total of two co-trustees in respect of such trust) is not a change in Control for purposes of this Agreement;
- (i) **“Contribution”** has the meaning as set out in Section 2.3;
- (j) **“Control”** means one or more of the following:
 - i a body corporate is controlled by a Person if: (A) securities of the body corporate to which are attached more than 50% of the votes that may be cast to elect directors of the body corporate are beneficially owned by the Person; and (B) the votes attached to those securities are sufficient to elect a majority of the directors of the body corporate;
 - ii a trust is controlled by a Person if that Person is a trustee of such trust;
 - iii an association, partnership, or other organization is controlled by a Person if: (A) more than 50% of the ownership interests, however designated, into which the association, partnership or other organization is divided are beneficially owned by the Person; and (B) the Person is able to direct the business and affairs of the association, partnership, or other organization; and
 - iv a Person that controls another Person is deemed to control any Person that is controlled or deemed to be controlled by the other Person;
- (k) **“Default”** means any one (1) or more of the following:
 - i the bankruptcy or insolvency of the Alberta Applicant, (including becoming the subject matter of any proceeding relating to its bankruptcy, insolvency, receivership, liquidation,

- dissolution or winding up or taking the benefit of any legislation dealing with creditors' rights generally); or
 - ii any breach of an obligation or failure to perform or observe any provision on its part under the Agreement or this Guide, made by the Alberta Applicant and any such breach or default continues for a period of five (5) days after receipt of written notice from Alberta Innovates specifying such breach; or
 - iii but provided that where Alberta Innovates gives notice of the occurrence of a Default and the Default is cured within five (5) days, notice that the Default is no longer continuing will be given to Alberta Innovates by the Alberta Applicant immediately after the Alberta Applicant becomes aware that the Default has been cured, and Alberta Innovates will not rescind its Investment on the basis of that Default;
- (l) **“EDT”** means Ministry of Economic Development and Trade;
- (m) **“Eligible Expense”** means:
 - i labour costs (gross wages or salaries incurred at reasonable market rates) for those individuals who are specifically identified as performing the service which is directly attributable to the Project and thereby quantifiable or measurable. Accordingly, general overhead is not considered an Eligible Expense;
 - ii costs of materials, made at the lower of cost or fair market value, which can be specifically identified and quantified as having been incurred in the performance of the Project activities, and which are so identified and quantified consistently in the cost accounting practices of either the Alberta Applicant, as the case may be;
 - iii acquisitions of property including capital improvements to facility premises and capital equipment (but excluding land and buildings), made at the lower of cost or fair market value, that are critical to the performance of the Project will be considered on a case by case basis upon submission to the Investment Committee by the Alberta Applicant. The contribution will be pro-rated to the Project time frame based on asset's expected economic life, if purchased, at industry standard depreciation rates with any residual undepreciated value attributed to the economic life of the asset remaining after Project completion being an Ineligible Expense;
 - iv acquisitions of software or information databases, made at the lower of cost or fair market value, that are critical to the performance of the Project will be considered. The cost of such technology will be pro-rated over the duration of the Project;
 - v additional direct operating costs (incurred at reasonable market rates), not falling within the categories of labour and materials, but which can be specifically identified and quantified as having been incurred, or to be incurred, in the performance of the Project activities and which are so identified and quantified consistently by the Alberta Applicant's cost accounting practices;
 - vi technology transfer to the Alberta Applicant from an Alberta public sector research organization;
 - vii costs related to travel (including airfare (lowest economy class / excursion or other promotional type of air fares must be sought at the time of booking) and accommodation) by the Alberta Applicant to the Zhejiang Applicant's location, upon prior written approval by Alberta Innovates as requested in the Proposal or by way of a request for a Change of Project; and
 - viii any other cost which Alberta Innovates pre-approves in writing as an Eligible Expense;
- (n) **“Expected Milestone Completion Date”** means the date on which each Milestone is expected to end, as outlined in the Milestone, Reporting and Payment Schedule;
- (o) **“Expected Milestone Start Date”** means the date on which each Milestone is expected to begin, as outlined in the Milestone, Reporting and Payment Schedule;

- (p) **“EOI”** means the initial Expression of Interest submitted by the Alberta Applicant for consideration by Alberta Innovates under the Program, prior to being invited to submit a Proposal;
- (q) **“FOIP”** has the meaning set out in Section 7.6;
- (r) **“Full Time”** means a condition existing when, for a calendar month, a person permanently employed by an SME averages at least thirty (30) hours of service per week, or one-hundred-thirty (130) hours of service per month;
- (s) **“Ineligible Expense”** means any one (1) of the following:
- i. any cost that does not qualify as an Eligible Expense;
 - ii. any cost incurred prior to formal approval of an Investment by Alberta Innovates, except where Alberta Innovates has provided written approval to include the cost as an Eligible Expense;
 - iii. transactions between related parties;
 - iv. provisions for contingencies;
 - v. allowance for interest on debt;
 - vi. losses on investments, bad debts and expenses for collection charges;
 - vii. losses on other projects or activities outside the approved Project;
 - viii. fines and penalties;
 - ix. unreasonable compensation for Project labour;
 - x. costs for professional training & development;
 - xi. Federal and Provincial income taxes, goods and services taxes;
 - xii. costs related to land and buildings (for example, acquisitions, leases and/or leasehold improvements);
 - xiii. advertising costs, except reasonable advertising of an industrial or institutional character placed in trade, technical or professional journals for the dissemination of information for the industry or institution;
 - xiv. costs associated with applying for government grants and programs;
 - xv. costs of internships or support for students of knowledge institutions;
 - xvi. basic professional services, fees and disbursements, such as ongoing routine accounting, tax and legal business requirements and financing fees unless directly related to the Project;
 - xvii. routine testing and maintenance;
 - xviii. costs relating to meals, entertainment, hospitality and gifts; and
 - xix. any other costs deemed ineligible by the Investment Committee;
- (t) **“In-Kind”** means a contribution in goods or services to the Project, as opposed to cash;
- (u) **“Intellectual Property”** means tangible or intangible property in which Intellectual Property Rights subsist and/or that is subject to Intellectual Property Rights including, without limitation, ideas, formulae, algorithms, concepts, techniques, processes, procedures, approaches, methodologies, plans, systems, research, information, documentation, data, data compilations, specifications, requirements, designs, diagrams, inventions, technology, computer programs (including all related code), tools, products, knowledge, know-how and trade secrets;
- (v) **“Intellectual Property Rights”** means:
- i. any and all proprietary rights anywhere in the world provided under: patent law, copyright law, trademark law, design patent or industrial design law, semiconductor chip or mask work law, trade secret law, or any other statutory provision or common law principle that provides a right in either intellectual property or the expression or use of intellectual property; and

- ii. any and all applications, registrations, licenses, sub-licenses, franchises, agreements or any other evidence of a right in any of the foregoing;
- (w) **“Investment”** means the amount of funding granted by Alberta Innovates to an Alberta Applicant under the Program and governed by the Agreement;
- (x) **“Investment Committee”** means a committee comprising representatives from each of Alberta Innovates, EDT, and the ZSTEC;
- (y) **“Milestone”** means a major segment of the Project activities for the purpose of monitoring and measuring the progress of the Alberta portion of the Project, concluding in every case, with a critical “go/no go” decision and **“Milestones”** mean all major segments of the Project activities which comprise the entire Project;
- (z) **“Milestone Payment(s)”** means the portion of the Investment allocated to a Milestone as described in the Milestone, Reporting and Payment Schedule;
- (aa) **“Milestone, Reporting and Payment Schedule”** sets out the scope of each Milestone, the time in which to complete each Milestone and the corresponding Milestone Payment from Alberta Innovates for each Milestone that has been completed and satisfactorily reported on;
- (bb) **“MNE”** means a multi-national enterprise;
- (cc) **“Person”** means any individual, body corporate, partnership, sole proprietorship, joint venture, trust, unincorporated association, unincorporated organization, and any other entity or organization of any nature whatsoever. Unless the context otherwise requires, any reference to a Person includes its heirs, administrators, executors and other legal representatives, successors and permitted assigns;
- (dd) **“Post-Investment Metrics Report”** means a report completed by the Alberta Applicant upon request by Alberta Innovates for the Post-Investment Period;
- (ee) **“Program”** means the Alberta-Zhejiang Global Partnership Program;
- (ff) **“Project”** means the scope of work to be performed by the Alberta Applicant and the Zhejiang Applicant, and the work product arising from the collaboration between the Applicants, and, if applicable, Sub-Contractors;
- (gg) **“Project Completion Date”** means the date on which the last Milestone is completed, as set out in the Milestone, Reporting and Payment Schedule;
- (hh) **“Project Costs”** means all Eligible Expenses incurred during the course of the Project;
- (ii) **“Project Start Date”** means the date on which the first Milestone starts, as set out in the Milestone, Reporting and Payment Schedule;
- (jj) **“Proposal”** means the written plan put forward by the Applicants for consideration by Alberta Innovates under the Program. It follows an approved EOI for a two-stage application process;
- (kk) **“SME”** means, for the purposes of Program, a company that satisfies the eligibility criteria set out in Section 3.1(e), with fewer than 500 Full Time employees, and less than \$50,000,000 annual gross revenue;
- (ll) **“Stacking Limit”** has the meaning set out in Section 2.5;

- (mm) **“Sub-Contractor”** means an SME, MNE, government department or agency, and/ or an academic institution which provides services and/or products to the Alberta Applicant that are required to perform the Project;
- (nn) **“TDA”** means Technical Development Advisor from Alberta Innovates;
- (oo) **“Zhejiang Applicant”** which means the entity operating in Zhejiang, China who is collaborating with the Alberta Applicant on a Project;
- (pp) **“Zhejiang Applicant Representative”** means the individual who is authorized to act on behalf of the Zhejiang Applicant;
- (qq) **“ZSTD”** means Science & Technology Department of Zhejiang Provincial People’s Government; and
- (rr) **“ZSTEC”** means Zhejiang Provincial Science and Technology Exchange Center with Foreign Countries.

The preceding definitions are not exclusive and other defined terms may be used throughout this Guide.

APPENDIX 2

Process Map

Process Map for Alberta Zhejiang Global Partnership Program – Step 1

Results Letter & Fully Executed Agreement & Project Start

Result letter is sent to Applicants. For approved Proposals, an Agreement will also be sent. Once the Agreement has been signed by all parties and deemed acceptable by Alberta Innovates and ZSTEC, a confirmation email is sent to the Applicant to inform the parties that the Project may begin.

Results Letter & invite for Stage II Application (Proposal)

Expression of Interest results letter and invitation to submit Proposal is sent to successful Applicants. Proposals must be completed in English and identical copies are to be submitted by email to both Alberta Innovates and ZSTEC.

Solicitation

An Expression of Interest (EOI) can be submitted after the intention to collaborate between an Alberta Applicant and a Zhejiang Applicant is finalized. Each party will be responsible for submitting an EOI to their respective jurisdiction.

Technology Development Advisor (optional)

Technology Development Advisors (TDA) are senior business specialists working in the Alberta Regional Innovations Networks. Alberta Applicants are encouraged to speak with one of our TDAs before submitting Applications.

Due Diligence Review

Proposal is reviewed by Alberta Innovates and ZSTEC, and may include others where applicable. An Investment Committee will determine approval or decline of Proposal.

(EOI) Eligibility & Due Diligence Review

Review of the Expression of Interest for eligibility and due diligence is performed internally and may include external review. Time is allotted for communicating between Alberta Innovates and Applicants as well as submitting additional documentation if necessary. An Investment Committee will determine approval or decline of EOI.

Project Partner Selection and Optional Matchmaking Session

Each Alberta Applicant is responsible for identifying a Zhejiang Applicant (Project Partner) with intention to cooperate on a Project. Wherever possible, Alberta Innovates and ZSTEC will assist companies interested in engaging the Program by providing matchmaking* services to support Project development.

PROJECT LENGTH:

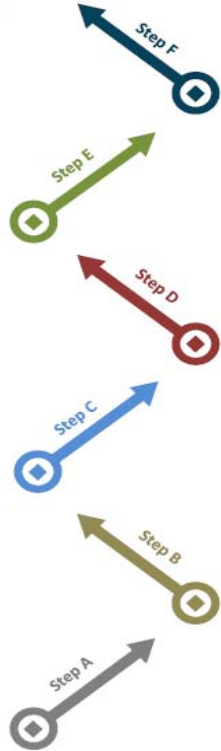
Maximum 2 years from the Step 2 Project Start Date under Program

APPLICATION TIMELINE:

- July 4: submission deadline of Expression of Interest
- July 18: decision regarding EOIs is announced

Schedule for submitting Proposal will be announced prior to the announcement of decision regarding EOIs.

* Matchmaking session will be held via the Zhejiang International Technology Transfer Conference. Interested Applicants are required to travel to China with appropriate documentation in place.



APPENDIX 3
Technology Readiness Levels (TRL)

Level 1	Basic principles of concept are observed and reported. At this level scientific research begins to translated into applied research and development. Activities might include paper studies of a technology's basic properties.
Level 2	Technology concept and/or application formulated. At this level invention begins. Once the basic principles are observed, practical applications can be invented. Activities are limited to analytical studies.
Level 3	Analytical and experimental critical function and/or proof of concept. At this level active research and development is initiated. Activities might include components that are not yet integrated or representative.
Level 4	Component and/or validation in a laboratory environment. At this level basic technological components are integrated to establish that they will work together. Activities include integration of "ad hoc" hardware in the laboratory.
Level 5	Component and/or validation in a simulated environment. At this level the basic technological components are integrated for testing in a simulated environment. Activities include laboratory integration of components.
Level 6	System/subsystem model or prototype demonstration in a simulated environment. At this level a model or prototype is developed that represents a near desired configuration. Activities include testing in a simulated operational environment or laboratory.
Level 7	Prototype ready for demonstration in an appropriate operational environment. At this level the prototype should be at planned operational level and is ready for demonstration of an actual prototype in an operational environment. Activities include prototype field testing.
Level 8	Actual technology completed and qualified through tests and demonstrations. At this level the technology has been proven to work in its final form and under expected conditions. Activities include developmental testing and evaluation of whether it will meet operational requirements.
Level 9	Actual technology proven through successful deployment in an operational setting. At this level there is actual application of the technology in its final form and under real-life conditions, such as those encountered in operational test and evaluations. Activities include using the innovation under operational conditions.