

## INTRODUCTION

The Industry r&D Associates Program and the Industry Commercialization Associates Program (collectively, the “**Programs**”) have been designed to support innovation and creative problem solving in Alberta Small and Medium Enterprises (“**SME**”s). The purpose of the Programs is to stimulate the development and commercialization of novel technological and/or business solutions, while generating material risk-weighted returns on investment to the Province of Alberta based on economic, social and/or environmental metrics. The Programs are funded by the Government of Alberta, Ministry of Economic Development and Trade, and is administered by Alberta Innovates.

This Program Guide (the “**Guide**”) is written to provide the general framework of the Programs, including an overview of the funding structure, minimum requirements to apply, application process, review process, and administrative matters. The Guide sets out the material terms and conditions of the Programs which govern approved Projects and provide the rights and obligations of all parties involved. Accordingly, Applicants, and potential r&D Associates and Commercialization Associates (collectively, the “**Associates**”) should thoroughly review and understand this Guide 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.

All references to monetary amounts in this Guide and all funds paid pursuant to the Programs are in Canadian currency (CAD).

## 1 DESIRED OUTCOMES

The Programs are designed to deliver a sustainable, positive and meaningful return on investment to the Province of Alberta, including:

- (a) Promote the entry and growth of competitive Alberta technology-oriented SMEs into the global market;
- (b) Provide feasible technological solutions to industry challenges in Alberta;
- (c) Generate measurable, timely and material economic, social and/or environmental benefits for Alberta; and
- (d) Serve as a catalyst for the development and implementation of innovative technology products that generate increased revenues for Alberta SMEs.

Additional desired outcomes for the Industry r&D Associates Program include:

- (a) Provide research expertise in order to accelerate business ideas impacting defined industry challenges in Alberta; and
- (b) Support the expansion of highly trained personnel in research and industry settings in Alberta.

Additional desired outcomes for the Industry Commercialization Associates Program include:

- (a) Increase business management and marketing expertise in technology-based SMEs by enabling them to recruit skilled business professionals; and
- (b) Couple technical and business knowledge to advance new commercial products for SMEs.

## 2 FUNDING STRUCTURE

Applicants may apply for a one year term, or a two year term (the “**Project Term**”), based on the activities of the Project. The funding structure of the Program promotes the Investment having a maximum effect on advancing the technology or innovation by providing a monthly stipend to a qualified Associate.

## (Industry r&amp;D Associates and Industry Commercialization Program)

## 2.1 Purpose of Funding

The Investment is provided to engage the Associate in activities directed toward commercializing the Applicant's innovation or technology for the Project Term, which may include but are not limited to:

### Industry r&D Associates Program

- (a) Pre-competitive research focusing on a targeted or applied research question leading to the Proof-of-Concept of an inventive idea;
- (b) Prototype development leading to a demonstration product for technology validation, market capture and new investment opportunities; and/or
- (c) Demonstration and feasibility investigation of innovative technologies leading to new or enhanced products and processes to meet market needs or demands.
- (d) Other technology development activities (to be considered on a case by case basis).

### Industry Commercialization Associates Program

- (e) Manufacturing analysis and planning;
- (f) Product validation;
- (g) Exploring new product market opportunities;
- (h) Marketing and sales strategies;
- (i) Partnership activities including engaging clients, licensees, distributors, etc.;
- (j) Financial strategy; and/or
- (k) Other business development activities (to be considered on a case by case basis).

The Programs are 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, the Applicant is encouraged to review Appendix 2, "**Technology Readiness Levels (TRLs)**".

## 2.2 Investment and Contributions

Funding for the Programs includes a monthly Stipend, and an annual Expense Allowance of \$7,000. The Investment must be used efficiently and only for costs essential to the success of the Project as outlined in the Guide. The monthly Stipend paid as part of the Investment to the Applicant must only be used to pay the Associate's Eligible Salary during the term of the approved Project. The Expense Allowance must only be used to pay Eligible Expenses of the approved Project. Any portion of the Expense Allowance that has not been spent by Project Completion Date must be returned to Alberta Innovates.

Applicants interested in employing a skilled technology or business professional for less than one year, or who wish to engage one on a contractual basis, should apply through the Voucher Program.

Before Alberta Innovates advances funding, the Applicant must:

- (a) Enter an Agreement governing the Investment; and
- (b) Agree to provide a Top-Up to the Associate of a minimum of no less than 25% of the Associate's Eligible Salary.

The Industry r&D Associates Program is designed to fund an Applicant to employ a Level 1 or Level 2 r&D Associate, on a Full Time basis for the Project Term; as outlined below. (See Appendix 1 for definitions of Levels).

The Industry Commercialization Associates Program is designed to fund an Applicant to employ a Level 1 or Level 2 Commercialization Associate, on a Full Time basis for the Project Term; or a Level 3 Commercialization Associate on a Full Time or Part-Time basis as outlined below. (See Appendix 1 for definitions of Levels).

## (Industry r&amp;D Associates and Industry Commercialization Program)

During that time the Applicant's existing research results and products should transform into new commercial products, while simultaneously retaining a skilled professional with industrial or science experience in Alberta.

The Investment can be any one of the following options with the associated additional conditions, as set out below, and the Expense Allowance of \$7,000 is in addition to these amounts.

<b>Alberta Innovates <i>Maximum</i> Annual Stipend per Level (Paid in monthly installments)</b>		
<b>Level</b>	<b>Industry r&amp;D Associate</b>	<b>Industry Commercialization Associate</b>
Level 1 Full-Time up to	\$ 52,500	\$ 52,500
Level 2 Full-Time up to	\$ 67,500	\$ 75,000
Level 3 Full-Time up to	N/A*	\$ 105,000
Level 3 Part-Time up to	N/A	Prorated up to a maximum of \$105,000

\*A technology professional with more seniority than a Level 2 will also have a high level of business acumen and in this case, the Applicant should apply under the Industry Commercialization Associate Program.

Level 1 or Level 2 r&D Associate, and Level 1, Level 2, or Level 3 Full Time Commercialization Associate

- (a) The Applicant must be prepared to provide a Top-Up of the Stipend paid by Alberta Innovates by a minimum of 25%. As an example, if the Applicant wishes to receive \$75,000 from Alberta Innovates for a Level 2 Commercialization Associate, the Applicant must contribute *at minimum* \$25,000 cash, making the Eligible Salary \$100,000/year;
- (b) The amounts above are maximums and may be reduced if the Applicant and the Associate agree on a lower Eligible Salary;
- (c) The Applicant may choose to provide additional cash and/or In-Kind to the Associate. Alberta Innovates encourages this additional support, but will not provide more than the maximum amount specified in the above table;
- (d) The Applicant must apply the monthly Stipend to directly pay the Associate's salary;
- (e) The Applicant is expected to pay applicable payroll deductions, including but not limited to the employer's portion of CPP and EI, and any benefits normally provided to employees performing a similar work function within the marketplace during the Associate's employment with the Applicant; and
- (f) Upon receiving the Investment, the Associate must commence employment as a Full Time employee with the Applicant within two months of the date of notice of the Investment.

Level 3 Part-Time Commercialization Associate

- (a) Where an Applicant wishes to hire a Level 3 Commercialization Associate on a part-time basis, the Applicant and Commercialization Associate may negotiate a part-time arrangement. In this event, the Applicant will provide the Commercialization Associate's full-time equivalent salary based on market rates, and the percentage of time the Commercialization Associate is expected to work. Salary should be prorated and upon verification and approval by Alberta Innovates, Alberta Innovates will contribute 75% of that prorated salary up to a maximum of \$105,000 per year. For example, if the Commercialization Associate's full-time equivalent salary is \$500,000 per year, and the Commercialization Associate is expected to work 1 day per week (20% of the work week)

## (Industry r&amp;D Associates and Industry Commercialization Program)

for the Applicant, the part-time salary per year would be prorated to \$100,000 per year. Alberta Innovates' contribution of 75% would be \$75,000, and the Applicant's Top-Up of 25% would be \$25,000;

- (b) The Applicant must apply the monthly Stipend to directly pay the Commercialization Associate's salary;
- (c) The Applicant is expected to pay applicable payroll deductions, including but not limited to the employer's portion of CPP and EI, and any benefits normally provided to employees performing a similar work function within the marketplace during the Commercialization Associate's employment with the Applicant;
- (d) Upon receiving the Investment, the Commercialization Associate must commence employment as a Part Time employee with the Applicant within two months of the date of notice of the Investment; and
- (e) The Applicant may choose to provide additional cash and/or In-Kind to the Associate. Alberta Innovates encourages this additional support, but will not provide more than the maximum amount specified in the above table.

### 2.3 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 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. 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.

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 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 Applicant to Alberta Innovates.

## 3 MINIMUM REQUIREMENTS TO APPLY

### 3.1 The Applicant:

The Applicant must meet the following minimum requirements:

- (a) Be a for-profit SME;
- (b) Demonstrate why support from Alberta Innovates for the Project is necessary for success;
- (c) Have a physical presence in Alberta;
- (d) 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;
- (e) Show evidence of adequate operational capital and sound financial resources to develop and commercialize the technology or innovation solution;
- (f) Be able to provide evidence of the viability of the technology or innovation and its market value;
- (g) Be an advanced technology-oriented business developing innovative new products for growing markets;

## (Industry r&amp;D Associates and Industry Commercialization Program)

- (h) Have a plan for applying the research results, and marketing or exploiting products or processes in the best interest of the Applicant and the Alberta economy;
- (i) Does not have an outstanding balance or otherwise owe money to any Alberta Innovates organization, subsidiary, or partner;
- (j) Is prepared to employ the Associate as a Full Time employee, or Part-time in the case of the Level 3 Part-Time Commercialization Associate. This provision expressly excludes hiring a contractor or consultant. If the Applicant requires either of these, it is suggested they consider a Voucher application;
- (k) Does not currently have three (3) active Alberta Innovates-funded Associates;
- (l) Provide evidence of satisfactory insurance in accordance with Section 7.15; and
- (m) Provide bank account statements, tax returns or other business records if requested by Alberta Innovates.

### 3.2 The Associate

The Associate must meet the following minimum requirements:

- (a) Does not currently own, has no right, option or entitlement to purchase more than 15% of the issued and outstanding shares of the Applicant;
- (b) Cannot have been an Associate for the Applicant other than in the case of a re-application as outlined Section 5.3;
- (c) The Associate may be a current employee with less than twelve (12) months employment with the Applicant;
- (d) Does not have an outstanding balance or otherwise owe money to an Alberta Innovates organization, subsidiary, or partner;
- (e) Be prepared to be a Full Time employee of the Applicant; , unless approval is expressly given for a Level 3 Part-Time Commercialization Associate as outlined in Section 2.2;
- (f) Is legally entitled to work in Canada;
- (g) Is prepared to live in the Province of Alberta for the duration of the Investment in the Project , unless the Applicant can provide evidence that having the Commercialization Associate living elsewhere will support global market entry; and
- (h) The Associate must be qualified for the role as evidenced by but not limited to, a post-secondary certification, diploma, or degree, and/or advanced technology experience. In the case of the Commercialization Associate, preference will be given to individuals with formal business education (including, but not limited to a Bachelor of Commerce or Masters of Business Administration)

### 3.3 The Project

The Project must meet the following requirements:

- (a) The Application must clearly identify why Program support is necessary for the Project's success;
- (b) The Project must be a logical fit within the Applicant's business strategy;
- (c) The Project must have a Project Start Date, as further described in Section 4.2, and the Project cannot commence prior to fully executed Agreement as outlined in Section 7.2;
- (d) Project activities must be stepped with no more than four (4) critical "go/no go" Milestones per year;
- (e) The Project must be completed within the Project Term; and
- (f) Demonstrate how the technology or innovation addresses a technology gap or current market requirement.

## 4 APPLICATION PROCESS

Alberta Innovates uses an open call process. Applications may be submitted at any time and must be submitted online through the Alberta Innovates web portal at <https://proposals.albertainnovates.ca> . The

review process will begin only after the complete Application and all required supplemental information is received by Alberta Innovates. Incomplete Applications will not be considered or reviewed by Alberta Innovates.

#### 4.1 Application for the Program

The Application for an Associate may be submitted in one or two stages. The Applicant may submit an Application with or without the selection of a specific Associate (“**Stage One**”). If the Application is submitted without the selection of a specific Associate it will be evaluated for the Applicant and Opportunity sections of the Application. If approved, the Applicant will have up a maximum of nine (9) months to submit the Associate and Project sections of the Application (“**Stage Two**”) for evaluation. This allows for a faster turnaround once a potential Associate has been found by the Applicant. If the nine (9) month timeframe is exceeded, the original Application will be deemed withdrawn and a new Application must be submitted for full evaluation. The Application is not considered submitted in full until the Associate and Project sections of the Application have been submitted.

All information must be written within the form provided, except that information expressly indicated as an acceptable or required attachment. Any question answered with “See Attached” will result in the Application being considered incomplete and may not be processed.

The following documents must be submitted with the Application, either together or in two stages as defined above:

##### Stage One – Applicant and Opportunity

- (a) **Current business plan**, with Pro forma financial statements;
- (b) **Current financial statements** that must include income statement, balance sheet, cash flow statement, and statement of retained earnings;
- (c) **Source of Support** (template supplied on Application Form)

##### Stage Two – Associate and Project

- (d) **The Associate’s resume/CV**. The resume must be no longer than two pages, plus publications if required, and an optional one-page cover letter;
- (e) **Letters of Reference**. Two letters of reference in respect of the Associate’s professional skillset are required with the Application. The referees must be independent and acting at Arm’s Length from the Associate and the Applicant. These letters must be written by the referees and include the referee’s contact information. The letters should highlight the Associate’s strengths in his or her related field (including, but not limited to demonstrated skills, judgment, critical skills, interpersonal and collaborative skills, intellectual and motivational capacity, etc.). Specific examples of some of these qualities will be helpful for Alberta Innovates’ review;
- (f) **Confirmation of Status**. A letter addressed to Alberta Innovates and signed by the Associate, dated before or on the same date as the Application, wherein the Associate confirms her or his:
  - i willingness to live in Alberta (unless expressly excluded for a Commercialization Associate) and participate in the Project as a Full Time employee (unless expressly approved for a Level 3 Part-Time Commercialization Associate) of the Applicant for the Project Term;
  - ii legal entitlement to work in Canada; and
  - iii permission for the Applicant to submit her or his personal contact information, resume and letters of reference.
- (g) **Work Plan**. A table indicating the Milestones, deliverables and their due dates is required (template supplied on Application Form); A Project may have no more than four (4) Milestones per year. Please indicate the anticipated start date and end date of each



- Milestone and the anticipated outcome(s) of each Milestone. In all instances, the Project cannot exceed the Project Term; and
- (h) **Letter(s) of Support.** Where a strategic partnership with another institute or company is indicated in the Application (i.e. use of laboratory space at a university, a manufacturing or distribution partnership, or prototype test site), *and is required to complete the Project*, a letter confirming this partnership from a representative of that institute or company **MUST** be attached in Step Four of the Application. Letters of Support demonstrating technical feasibility and/or future market opportunities from other parties will also strengthen your Application and may be attached in Step Four.

#### 4.2 Project Start Date

As part of the application process, the Applicant will identify a reasonable Project Start Date. Applicants should consider the anticipated time required for the review of an Application 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.

A request to delay the Project Start Date must be made to Alberta Innovates in writing, and 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.

#### 4.3 Mandatory Disclosure

The Applicant must meet the following disclosure obligations:

If the Applicant has received assistance with assessing potential funding by an authorized Alberta Innovates representative, (for example, a TDA), the Applicant must identify that representative in the Application.

### 5 REVIEW PROCESS

Applications will be reviewed by experts from Alberta Innovates and/or experts who are Arm's Length from Alberta Innovates. The review process will begin only after the complete Stage One, or Stage Two, or Stage One and Two Application, is received by Alberta Innovates, with all required supplemental information. 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 Applicant. Alberta Innovates may, in its sole and absolute discretion, forward to the Applicant 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

Alberta Innovates may request an interview with either or both of the Applicant and the Associate.

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

- (a) The capabilities of the Applicant and the Associate;
- (b) The Project;
- (c) The technology or innovation solution;
- (d) The market;
- (e) The impact of the Project to the Province of Alberta;
- (f) The Project's clarity, structure, and compliance with Program requirements;
- (g) The funding history between Alberta Innovates and the Applicant;
- (h) the Applicant demonstrating how the technology or innovation addresses a current market need; and
- (i) Other factors as determined by Alberta Innovates in its sole and absolute discretion.

### 5.1 Due Diligence Searches

In assessing the eligibility of the 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 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 Applicant at any time during the Project.

### 5.2 Investment Determinations

Notwithstanding the Applicant, Associate 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, Alberta Innovates 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 Application at any stage of the review process for any reason and does not owe a duty of reasonableness to the Applicant in making its Investment determination. The Applicant acknowledges that Alberta Innovates has no obligation to the Applicant during the course of receiving and reviewing the Application or in making its Investment determination.

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

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

### 5.3 Re-Applications

An Applicant whose Application was declined by Alberta Innovates may, on a one-time basis, re-apply to Alberta Innovates in respect of the same Associate and the same Project, by submitting a new Application, identified as a re-application, and addressing and correcting any deficiencies or issues. The re-application must identify the date on which the original Application was submitted and all information that differs from the original Application. Re-application does not guarantee approval of the Project by Alberta Innovates.

Where a shareholder of an Applicant owns 51% of any other Applicant, as indicated by the corporate search, the Applicants will be considered one in the case of a resubmission where the Project or technology is the same.

Applications for funding in respect of the same Associate and the same Project may be submitted to Alberta Innovates a total of two (2) times and any subsequent Application in respect of that same Associate and the same Project will be automatically disqualified. If an Applicant desires to submit a future Application, it must submit a new Application which involves a different Associate or a different Project, or both.

If an Applicant wishes to withdraw their Application prior to the Application being sent for formal review, or the Application is deemed to be ineligible, that Application will not be counted as the first Application, and no penalty or limits for re-application will apply. Alberta Innovates Program Associates will work with Applicants to determine whether to withdraw their application or deem it ineligible. The fact that an



## (Industry r&amp;D Associates and Industry Commercialization Program)

Applicant has previously withdrawn an Application, or had an application deemed ineligible, will not be considered when evaluating future Applications.

Alberta Innovates has the right, as determined in its sole and absolute discretion, to impose a life-time limit on the number of Applications an Applicant may submit.

## 6 OTHER

### 6.1 Timing of Payment

Alberta Innovates will only pay the Stipend and the Expense Allowance after an Agreement has been executed, and in the case of the second year of a two year Project Term, after Alberta Innovates has approved the Progress Report.

Alberta Innovates will pay the Stipend in twelve equal payments, paid at the end of each month. The Expense Allowance is paid within a reasonable period of time after the Start Date of the Project, and in the case of a two year Project Term, within a reasonable period following approval of the Progress Report.

### 6.2 Changes to the Project

Applicants are expected to set reasonable Milestones, 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 as set out, the Applicant may request an amendment to the Agreement by contacting the Alberta Innovates representative named in the Notices section of the Agreement.

Changes to the Project may include:

- (a) An increase in funding to retain the Associate for a maximum of twelve (12) months beyond the original term, and where the additional Milestones remain consistent with the overall intention of the Investment;
- (b) The departure of the Associate, for any reason;
- (c) A change in the nature of the Project which changes the overall intention of the Investment, and which may or may not impact the Milestones or the Project Completion Date;
- (d) Where the accumulation of the changes to the Milestones change the Project Completion Date;
- (e) A Change of Control or name change of the Applicant; or
- (f) A change in the Project Completion Date whether due to a Leave of Absence or delay or suspension; or
- (g) Where Alberta Innovates determines a change to the Project has occurred.

Upon review of the request, Alberta Innovates 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 Applicant may choose to proceed with the Project as previously approved by Alberta Innovates, if this is possible under the circumstances, 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

## (Industry r&amp;D Associates and Industry Commercialization Program)

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.

### 6.3 Reporting Obligations

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

The Applicant and the Associate must:

- (a) In the case of a one year Project Term:
  - (i) complete the Project in accordance with the terms of this Guide; the approved Application and the Agreement; and
  - (ii) deliver to Alberta Innovates a completed Final Report using Alberta Innovates' standard form and including receipts for Eligible Expenses claimed against the Expense Allowance, at least 20 working days prior to the Project Completion Date, signed by both the Applicant and the Associate, together with all supporting documentation;
  
- (b) In the case of a two year Project Term:
  - (i) With respect to the first year of the Project Term:
    - i. complete the particular Milestones in accordance with the terms of this Guide; the approved Application and the Agreement; and
    - ii. deliver to Alberta Innovates a completed Progress Report using Alberta Innovates' standard form and including receipts for Eligible Expenses claimed against the Expense Allowance, at least 20 working days prior to the completion of the first year of the Project Term, signed by both the Applicant and the Associate, together with all supporting documentation;
  - (ii) With respect to the second year of the Project Term:
    - i. complete the particular Milestones in accordance with the terms of this Guide; the approved Application and the Agreement; and
    - ii. deliver to Alberta Innovates a completed Final Report using Alberta Innovates' standard form and including receipts for Eligible Expenses claimed against the Expense Allowance, at least 20 working days prior to the completion of the second year of the Project Term, signed by both the Applicant and the Associate, 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.

- (c) A Post-Investment Metrics Report (using Alberta Innovates' standard form), must be submitted to Alberta Innovates by the 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 Applicant or the Associate.

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 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.

#### **6.4 Site Inspection**

Alberta Innovates and/or its authorized agents are entitled, at reasonable times and upon reasonable notice to the Applicant and the Associate to attend, or have its authorized agents attend at the premises of the Applicant or at the place where the Project is being carried out, for the purpose of examining premises and files, documents and records, and any other assets relevant to the Project in order to assess whether the Applicant and the Associate are in compliance with the terms of the Investment. The Applicant and the Associate 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 Applicant or the Associate.

During these visits, the Applicant Representative and the Associate may be interviewed separately by the Alberta Innovates representative to discuss the success and impact of the Program and the Project to date. The Alberta Innovates representative may also receive a guided tour of the Applicant's facilities.

#### **6.5 Program Evaluations**

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

#### **6.6 Frustration of the Project for Suspension or Delay**

If the 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 Applicant. Upon such notice, Alberta Innovates will have no further payment obligations to the Applicant.

#### **6.7 Termination of the Project**

If the Associate declines employment after the Investment has been awarded and before an Agreement is signed, the Applicant can submit a new Application involving a different Associate for the same or continuing aspects of the Project that the original Associate declined. The Project will not be deemed terminated.

If the Applicant or the Associate terminates the employment arrangement for any reason prior to the end of the Project Term, the Applicant may either:

- (a) Request a change to the Project under Section 6.2 to replace the current Associate with a new Associate to complete the Project. Such request must be made within three (3) months from the last day of work of the previous Associate, and the new Associate must meet the eligibility criteria as set out in the Guide. If approved by Alberta Innovates, the remainder of the Investment will be applied to the new Associate; or
- (b) Submit a new Application involving a different Associate for a new Project Term, for the same or continuing aspects of the Project that the original Associate declined. The Application will be reviewed and if awarded, will be considered a new Investment.

In the event of termination of the Project for whatever reason prior to the end of the Project Term, Alberta Innovates must be notified immediately, and the Applicant and Associate must submit a Final Report and independently where the Applicant employment was terminated prior to the termination of the Project, within three (3) weeks of such termination.

## 6.8 Rescission of Investment caused by Default and Effect

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

## 6.9 Rescission of Investment caused by Change of Control of Applicant and Effect

Applicants are cautioned that Alberta Innovates has the right to unilaterally terminate and rescind its Investment for any Applicant that incurs a Change of Control. 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 Applicant continues to satisfy the minimum requirements to apply under the Program;
- (b) The Applicant, Alberta Innovates and the new entity execute an assignment and novation agreement whereby the 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) Applicant Representative and entity information requirement listed in the Application is provided to and approved by Alberta Innovates.

## 6.10 Repayment of Investment

It is a condition of the Investment that Alberta Innovates has the right to require the Applicant to repay to Alberta Innovates any amounts of the Investment paid to the Applicant. This is the case where (i) the Applicant fails to comply with all required reporting obligations under the Agreement including but not limited to Section 6.3; (ii) a change request is not approved under Section 6.2; (iii) the Project is terminated by the Applicant under Section 6.7; (iv) the Investment is rescinded by Alberta Innovates due to a Default or a Change of Control under Sections 6.8 and 6.9; or (vi).

In any of these causes, any amount of the Investment previously advanced by Alberta Innovates to the Applicant constitutes a debt owed by the 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 Applicant. The 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 successful 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 Project.

## (Industry r&amp;D Associates and Industry Commercialization Program)

The Agreement will contain terms and conditions which govern the relationship of the parties involved in the Project and the operation of the Program;

- (a) Alberta Innovates must receive the fully executed Agreement within fourteen (14) days of the Applicant receiving notice from Alberta Innovates of its successful Application; and
- (b) A copy of the fully executed offer of employment between the Associate and the Applicant, outlining the terms and conditions of employment, must be forwarded to Alberta Innovates along with the signed Agreement.

### 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 a Program at any time as determined in its sole and absolute discretion.

The Investment is governed by this Guide, the approved Application and the terms and conditions in the Agreement. In the event of a conflict between a term of the Agreement, the approved Application 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](#). No additional notice is required to any party regarding any amendment to the Guide. The 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 Project. Notwithstanding the foregoing, Alberta Innovates may determine in its sole and absolute discretion that the Guide in effect at the time the Applicant submits its Application to Alberta Innovates will govern the Investment.

### 7.4 Representations and Warranties

#### The Applicant

Where an Application is approved and an Agreement is entered into, the 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 Applicant has the power to own, lease, use and operate its assets and carry out the Project
- (c) You have the authority to enter into the Agreement;
- (d) The Applicant is not insolvent and no proceedings have been taken or authorized by you or by any other Person with respect to your bankruptcy, insolvency, liquidation, dissolution or winding up and the Applicant has not taken the benefit of any legislation dealing with creditors' rights generally. No creditor has taken possession of any of its assets and no execution or distress has become enforceable upon any of its 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 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 and the Agreement will be legal and valid, with binding and enforceable legal obligations on and against the Applicant, in accordance with its terms, subject only to bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that 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.

The Applicant Representative has disclosed all information in the Application 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 Application.

### **The Associate**

Where an Agreement is entered into, the Associate (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 Agreement when signed by you, will be validly executed by you and will be legal, valid and binding legal obligations of you, enforceable against you in accordance with their respective terms; and
- (c) You represent and warrant that regardless of the employment relationship between you and the Applicant, you shall fulfill all obligations to Alberta Innovates, both during and after the completion of the Project, including reporting obligations outlined in Section 6.3.

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.

### **7.5 Forms**

The Applicant and Associate agree to use Alberta Innovates’ standard form documents during the course of completing and reporting on the Project. All forms can be found on Alberta Innovates’ [website](#).

Alberta Innovates may amend its standard forms from time to time without notice to the Applicant or the Associate. Accordingly, all parties are encouraged to access the particular form from Alberta Innovates’ website 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. A copy of FOIP can be found on the Alberta Innovates website.

### **7.7 Contact Information**

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

If the Application is approved, the 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 Applicant indicates different Applicant Representative(s) than in the Application, the person named in the Agreement supersedes that of the person named in the Application. In this case, please note that the provision of documentation will only be directed to those person(s) identified in the Agreement as the Applicant Representative(s).

At any time, if the 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 Applicant pertaining to a 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 Applicant or what results were achieved through the conduct of the Project, in which case the cost will be borne by the Applicant.

During the Project and the Post-Investment Period, the Applicant must maintain and have available for audit or review by Alberta Innovates full, accurate and complete records 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 Applicant retains ownership of all purchased material directly related to 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 Project is not governed by this Guide or Agreement. Rights regarding Intellectual Property developed during the Associate's employment will be governed by the Applicant's internal intellectual property policy. If the Applicant collaborates with another organization on a similar or related Project, the Applicant must ensure that a written intellectual property ownership agreement is in place to govern Intellectual Property ownership issues.

### **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, the Applicant, or Associate. 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 Applicant and Associate agree that Alberta Innovates may (1) publish and/or disseminate in the public domain certain information contained within the Application, Progress Report, 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 to verify other information provided by the Applicant. On that basis, the parties acknowledge the information expressly set out as non-confidential information in Part 3 of the Application and the final results with respect to those components as described in the Progress Report, Final Report and Post-Investment Metrics Report(s) are non-confidential and subject to disclosure, as indicated in Part 3 of the Application, by Alberta Innovates in its sole and absolute discretion at any time without notice to the Applicant or Associate.

### **7.13 Extent of Liability**

Alberta Innovates is not liable in any way whatsoever to the Applicant, the Associate, 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**

Each of the Applicant and the Associate indemnify, release and hold 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 Applicant or the Associate, or any of their respective directors, officers, employees, contractors, agents or legal representatives or the negligence or tortious act or willful misconduct of Applicant or the Associate 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 Applicant, the Associate 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 Applicant shall, at its own expense and without limiting their liabilities herein, insure its 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 Project is commenced and continue through until the Project is completed. The 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 Applicant at any time as determined in the sole and absolute discretion of Alberta Innovates.

### **7.17 Workers Compensation Coverage**

The Applicant shall, at its own expense and without limiting their liabilities herein, have worker's compensation coverage. Such insurance must be in place before the Project is commenced and continue through until the Project is completed. The 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 Applicant at any time as determined in the sole and absolute discretion of Alberta Innovates.

### **7.18 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 Applicant and the Associate 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 Applicant shall have no further claim against Alberta Innovates or the Government of Alberta.

#### **7.19 Assignment or Encumbrance**

The Applicant or the Associate 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 Applicant and the Associate.

#### **7.20 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, the Applicant or the Associate to create a partnership, a joint venture, unincorporated association or a trust in its dealings together under the Program. 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.

#### **7.21 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.

#### **7.22 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.

#### **7.23 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.

#### **7.24 Suspension of the Investment due to Leave of Absence**

The Applicant can suspend the Project for a maximum period of one (1) year where the Associate takes a Leave of Absence. To suspend the Project, the Applicant must provide details including the nature, start date and end date of the Leave of Absence. Upon approval of the request, Alberta Innovates will suspend its Investment and any payments to the Applicant thereunder with immediate effect for the entire duration of the Leave of Absence, up to a maximum of one (1) year, and the Project Term will be extended for a time period equivalent to the Leave of Absence, up to a maximum of one (1) year.

## APPENDIX 1

## Definitions

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

- a) **“Agreement”** means the Investment Agreement for r&D Associates or the Investment Agreement for Commercialization Associates, as the case may be, between Alberta Innovates and the Applicant in respect of an Investment made under the Programs;
- b) **“Applicant”** means the 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) **“Applicant Representative”** means the individual who is authorized to act on behalf of the Applicant, and may not be the Associate;
- d) **“Application”** means the Investment Application for r&D Associates or the Investment Application for Commercialization Associates, as the case may be;
- e) **“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);
- f) **“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;
- g) **“Commercialization Associate”** means a business professional under the Program and includes Level 1, Level 2, and Level 3 Commercialization Associates
- h) **“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;
- i) **“Default”** means any one or more of the following:
  - i the bankruptcy or insolvency of the Applicant (including becoming the subject matter of any proceeding relating to its bankruptcy, insolvency, receivership, liquidation, dissolution or winding up); or
  - ii where the Project fails to start within sixty (60) days after the date of notification of approval from Alberta Innovates without approval from Alberta Innovates for extension; or

## (Industry r&amp;D Associates and Industry Commercialization Program)

- iii any breach of an obligation or failure to perform or observe any provision on its part under the Agreement or this Guide, made by any one or more of the Applicant or Associate 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; and

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 party who incurred the Default immediately after the party becomes aware that the Default has been cured, and Alberta Innovates will not rescind its Investment on the basis of that Default;

j) **“Eligible Expense”** means:

- i Relocation expenses incurred by the Associate moving to commence employment with the Applicant to work on the Project, even when incurred immediately prior to approval of the Application by Alberta Innovates;
- ii Expenses related to the search for and hiring of the Associate, expressly excluding recruitment firms; and
- iii Any other cost which Alberta Innovates pre-approves in writing as an Eligible Expense;

**In addition, in the case of the Commercialization Associate, “Eligible Expense” means:**

- iv Marketing intelligence costs reasonably related to the Project including, but not limited to, access to database and market reports for increasing sales or revenue, building a business case/plan, commercialization plan, and/or a commercialization strategy;
- v Professional development and membership fees incurred for the benefit of the Commercialization Associate and reasonably connected to the Project;
- vi Library, computer hardware and software, and minor equipment costs used by the Commercialization Associate in the Project; and
- vii Travel expenses incurred by the Commercialization Associate to trade shows and conferences, and business meetings with clients and potential customers related to the Project (lowest economy class / excursion or other promotional type of air fares must be sought at the time of booking);

**In addition, in the case of the r&D Associate, “Eligible Expense” means:**

- viii Scientific materials and supplies used by the r&D Associate in the Project;
- ix Books, periodicals and journal subscriptions used by the r&D Associate in the Project;
- x Professional development and technical training costs incurred for the benefit of the r&D Associate and reasonably connected to the Project;
- xi Travel expenses incurred by the r&D Associate to scientific conferences, and for research collaborations and business meetings reasonably connected to or in support of the Project (lowest economy class / excursion or other promotional type of air fares must be sought at the time of booking);

k) **“Eligible Salary”** means the combined Stipend and Top-Up;

l) **“Expense Allowance”** means the amount set out in Section 2.0;

m) **“Final Report”** means Alberta Innovates’ standard form entitled the “Final Report”;

n) **“FOIP”** has the meaning in Section 6.8;

o) **“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;

## (Industry r&amp;D Associates and Industry Commercialization Program)

- p) **“Full Time Employee”** means an Associate working Full Time in accordance with the Employment Labour Code (Alberta);
- q) **“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 Federal and Provincial income taxes, goods and services taxes;
  - x costs for professional training & development other than those expressly set out as an Eligible Expense;
  - xi costs related to land and buildings (for example, acquisitions, leases and/or leasehold improvements);
  - xii 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;
  - xiii costs associated with applying for government grants and programs;
  - xiv costs of internships or support for students of knowledge institutions;
  - xv basic professional services fees and disbursements including, but not limited to ongoing routine accounting, tax and legal business requirements and financing fees unless directly related to the Project;
  - xvi routine testing and maintenance; and
  - xvii costs relating to meals, entertainment, hospitality and gifts; and
  - xviii any other costs deemed ineligible by Alberta Innovates.
- r) **“In-Kind”** means any of:
- i. employer’s share of CPP contributions, EI premiums; and/or
  - ii. employer’s contributions for benefit plans;
- s) **“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;
- t) **“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;
- u) **“Investment”** means the amount of funding granted by Alberta Innovates to an Applicant under the Program and governed by the Agreement;



## (Industry r&amp;D Associates and Industry Commercialization Program)

- v) **“Investment Committee”** means a committee comprising representatives from Alberta Innovates;
- w) **“Leave of Absence”** means an Associate’s leave of absence from employment with the Applicant in accordance with the Employment Standards Code (Alberta) for any of the following reasons:
- i Maternity leave and parental leave;
  - ii reservist leave; or
  - iii compassionate care leave, as those terms are defined in the Employment Standards Code (Alberta), or
  - iv due to an Associate’s illness or disability;
- x) **“Level 1 r&D Associate”** means a r&D Associate who has education, skills or experience in a specific field such as, but not exclusive to:
- i Research Assistant;
  - ii Junior engineer or engineer in training (EIT);
  - iii Junior or Intermediary researcher or scientist; or
  - iv Technician or technologist;
- y) **“Level 2 r&D Associate”** means a r&D Associate who has specialized training or experience in a specific field, typically with supervising or managing experience, such as, but not exclusive to:
- i Clinical trial manager;
  - ii Lab supervisor;
  - iii Senior researcher or scientist;
  - iv Senior engineer; or
  - v Senior software developer;
- z) **“Level 1 Commercialization Associate”** means a Commercialization Associate that performs the following duties, which are not exhaustive:

Promote and sell the organization’s products and services within an assigned geographic area, product range, and customer accounts;

- i To meet or exceed sales targets;
  - ii Respond to customer enquiries, negotiate prices, and delivery times;
  - iii Identify, research, and contact prospective customers;
  - iv Build positive relationships that will generate future sales and repeat business; and
  - v Annual, quarterly, monthly, or weekly sales plans;
- aa) **“Level 2 Commercialization Associate”** means a Commercialization Associate that performs the following duties, which are not exhaustive:
- i Perform Projects of complex scope. Involved in developing new processes to meet Project needs;
  - ii Designing Projects to suit the financial, operating, legal, regulatory, and operating criteria of a Project;
  - iii Serve as technical expert in economic modelling and DCF analysis;
  - iv Demonstrate in-depth technical knowledge on all aspects of financial analysis, and a good understanding of financial, tax, and legal issues;
  - v Bachelor’s degree with 4 to 7 years’ experience;
  - vi Plan, develop, and execute complex promotions and marketing campaigns; and
  - vii Plan, execute, schedule, develop, pricing strategies;

## (Industry r&amp;D Associates and Industry Commercialization Program)

- bb) **“Level 3 Commercialization Associate”** means a Commercialization Associate that performs the following duties, which are not exhaustive:
- i Responsible for creating new business growth and leading licensing, business development, and strategic partnerships;
  - ii Manages and coordinates market and feasibility studies;
  - iii Develops and maintains strategic relationships with customers, prospects, and industry leaders;
  - iv Provides general business management;
  - v Involved in managing and directing the work of the business unit;
  - vi Oversees a business development team which evaluates, analyses, and formulates strategies for business growth;
  - vii Oversees key Projects and is accountable for the successful closure of business deals;
  - viii Direct the planning and preparation of business proposals, and make recommendations to senior management;
  - ix Responsible for establishing the organization’s sales and marketing strategies and programs, including pricing, distribution, advertising, and sales promotion policies;
  - x Develops volume, product mix, and market-share objectives – monitors performance against the objectives;
  - xi Directs market research, product planning, sales forecasting, and customer relations functions;
  - xii Directs efforts of sales and marketing groups to establish sales and profit goals;
  - xiii Manage day-to-day marketing programs and activities so they meet the organizations short and long-term business objectives, comply with regulations and standards, and protect the organizations reputation;
  - xiv Market research, oversight of product development and design, pricing, launch of new products, oversee advertising campaigns, and monitor sales performance;
  - xv Contribute to business planning at the executive level to develop a marketing strategy consistent with the organizations overall mission, vision, and objectives;
  - xvi Select and manage ongoing relationships with vendors;
  - xvii Adjusts marketing strategy and plans to meet changing markets and competitive situations; and
  - xviii May also have senior level technology expertise, such as a CTO;
- cc) **“Milestones”** means a major segment of the Project is activities for the purpose of monitoring and measuring the progress of the Project; concluding if possible with a critical “go/no go” decision and “Milestones” mean all segments of the Project activities which comprise the entire Project;
- dd) **“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;
- ee) **“Post-Investment Metrics Report”** means a report completed by the Applicant upon request by Alberta Innovates for the Post-Investment Period;
- ff) **“Progress Report”** means Alberta Innovates’ standard form entitled “Progress Report” required at the end of the first year of a two year Project Term;
- gg) **“Project”** means the scope of work to be performed by the Associate as set out in the Work Plan and the work product arising from the Project;
- hh) **“Project Completion Date”** means 365 days from the Project Start Date in the case of a 12 month Project Term, or 730 days in the case of a 24 month Project Term;

## (Industry r&amp;D Associates and Industry Commercialization Program)

- ii) **“Project Start Date”** has the meaning set out in Section 4.2;
- jj) **“Project Term”** means the 12 month period of the Project for a one year Investment, or the 24 month period of the Project for a two year Investment;
- kk) **“r&D Associate”** means a technology professional under the Program and includes Level 1 and Level 2 r&D Associates;
- ll) **“SME”** means, for the purposes of the Program, a company that satisfies the eligibility criteria set out in Section 3.1(d), with fewer than 500 Full Time employees, and less than \$50,000,000 annual gross revenue;
- mm) **“Stipend”** is defined as the amount provided by Alberta Innovates to pay 75% of the Eligible Salary of the Associate;
- nn) **“TDA”** means Technical Development Advisor from Alberta Innovates; and
- oo) **“Top-Up”** means 25% of the Eligible Salary for the Associate which is to be provided in cash monthly, by the Applicant.

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

**APPENDIX 2**
**Technology Readiness Levels (TRL)**

<b>Level 1</b>	<b>Basic principles of concept are observed and reported.</b> At this level scientific research begins to translated into applied research and development. Activities might include paper studies of a technology's basic properties.
<b>Level 2</b>	<b>Technology concept and/or application formulated.</b> At this level invention begins. Once the basic principles are observed, practical applications can be invented. Activities are limited to analytical studies.
<b>Level 3</b>	<b>Analytical and experimental critical function and/or proof of concept.</b> At this level active research and development is initiated. Activities might include components that are not yet integrated or representative.
<b>Level 4</b>	<b>Component and/or validation in a laboratory environment.</b> 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.
<b>Level 5</b>	<b>Component and/or validation in a simulated environment.</b> At this level the basic technological components are integrated for testing in a simulated environment. Activities include laboratory integration of components.
<b>Level 6</b>	<b>System/subsystem model or prototype demonstration in a simulated environment.</b> 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.
<b>Level 7</b>	<b>Prototype ready for demonstration in an appropriate operational environment.</b> 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.
<b>Level 8</b>	<b>Actual technology completed and qualified through tests and demonstrations.</b> 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.
<b>Level 9</b>	<b>Actual technology proven through successful deployment in an operational setting.</b> 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.