



Government of Canada

Gouvernement du Canada

Networks of Centres
of Excellence of Canada

Réseaux de centres
d'excellence du Canada

FUNDING AGREEMENT

Between:

The Natural Sciences and Engineering Research Council

and

<<Insert Name of Recipient Organization>>

RECITALS:

A. The Industrial Research & Development Internship (the “IRDI Program”) is a program of the Government of Canada overseen by the tri-agency Networks of Centres of Excellence (NCE) Steering Committee, a committee made up of the Deputy ministers of Industry Canada and Health Canada, the presidents of the three granting agencies - the *Natural Sciences and Engineering Research Council*, the *Social Sciences and Humanities Research Council* and the *Canadian Institutes of Health Research* – and the president of the Canada Foundation for Innovation as observer.

B. The goal of the IRDI Program is to introduce graduate students and post-doctoral fellows to practical business problems and provide them with the opportunity to apply their specific and technical expertise to address the needs of participating businesses, as well as to create a vehicle that will facilitate increased private investments in research and development (R&D);

C. The IRDI Program has been established to respond to the Government of Canada’s Science and Technology Strategy “*Mobilizing Science and Technology to Canada’s Advantage*”;

D. The Recipient Organization has been selected, on the basis of its Application to the IRDI Program, to receive funding under the IRDI Program in order that it may manage, deliver and report on the basis of its Application.

NOW THEREFORE IN CONSIDERATION of the premises and of the mutual covenants herein, the Parties agree as follows:

1. DEFINITIONS

1.1 In this Agreement, the following terms are defined as follows:

- i. “**Activities**” means the activities of the Recipient Organization funded pursuant to this Agreement as more particularly described under subsection 3.6 of this Agreement and in the Application.
- ii. “**Administrative Centre**” means the central administrative offices of the Recipient Organization.
- iii. “**Agreement**” means this Agreement and all its appendices, as may be amended from time to time.
- iv. “**Annual Report**” means the report referred to in subsection 12.1 of this Agreement.
- v. “**Application**” means the full application submitted on behalf of the Recipient Organization to the IRDI Program as reviewed and approved by the NCE Steering Committee.
- vi. “**Auditor**” shall be the person or firm referred to in subsection 14.2 of this Agreement.
- vii. “**Board**” means the Board of Directors of the Recipient Organization.

- viii. **“Canadian Participating Institution”** means any university, post-secondary educational institution, research hospital, institute or other organization eligible to receive funds from the Canadian Institutes of Health Research (CIHR), the Natural Sciences and Engineering Research Council (NSERC) and/or the Social Sciences and Humanities Research Council (SSHRC).
- ix. **“Commercialization”** means the series of activities to transform knowledge and/or technology into new goods, processes or services to satisfy market demands.
- x. **“Effective Date”** means the date on which this Agreement is signed by the Parties.
- xi. **“Eligibility Date”** means *[Insert Date]*, the earliest date on which the Recipient Organization may incur Eligible Expenses for funding under this Agreement.
- xii. **“Eligible Expenses”** means those costs and expenses incurred on or after the Eligibility Date which are eligible for payments under this Agreement, as set forth more particularly in the IRDI Program Guide.
- xiii. **“Event of Default”** has the meaning set forth in section 10 of this Agreement.
- xiv. **“Final Report”** means the report referred to in subsection 12.4 of this Agreement.
- xv. **“Fiscal Year”** means a twelve (12) month period commencing April 1 and ending March 31 of the following year.
- xvi. **“Grant”** means the funds to be provided by the Granting Agency to the Recipient Organization pursuant to this Agreement.
- xvii. **“Granting Agencies”** means the Canadian Institutes of Health Research (CIHR), the Natural Sciences and Engineering Research Council (NSERC) and the Social Sciences and Humanities Research Council (SSHRC). **“Granting Agency”** means the Natural Sciences and Engineering Research Council.
- xviii. **“Independent Member”** means an individual:
 - (a) who has no Material relationship with the Recipient Organization or a member of the Recipient Organization such that the individual’s ability to think and act in an independent manner that is in the best interests of the Recipient Organization, both in practice and in appearance, would be impaired either directly or indirectly; or
 - (b) who will not significantly benefit directly from the activities of the Recipient Organization, or

(c) who is not in conflict of interest, as that term is defined in the conflict of interest policy of the Recipient Organization, with respect to the use of the Grant,

as determined by a decision of the Board, details of which are provided in a written decision.

- xix. **“Intellectual Property”** means all materials, concepts, know-how, formulae, inventions, improvements, industrial designs, processes, patterns, machines, manufactures, compositions of matter, compilations of information, patents and patent applications, copyrights, trade secrets, technology, technical information, software, prototypes and specifications, including any rights to apply for protections under statutory proceedings available for those purposes, provided they are capable of protection at law.
- xx. **“Intern”** means graduate student or post-doctoral fellow enrolled in a Canadian Participating Institution which is eligible to receive and manage funds under the guidelines of the Granting Agencies in any area of research.
- xxi. **“Internship”** means a period between four to six months, during which an Intern will work full-time on a research project in Canada jointly developed by a Private Sector Host Organization, the Intern’s Supervisor and the Intern, as more particularly described in the IRDI Program Guide. At least 50% of the Intern’s time must be spent at the Private Sector Host Organization.
- xxii. **“Intern’s Supervisor”** means an academic supervisor that will develop the Intern’s research project jointly with a Private Sector Host Organization.
- xxiii. **“IRDI Program Guide”** means the guide published in connection with the IRDI Program detailing the processes, procedures and Eligible Expenses of the IRDI Program, in existence at the Effective Date and as may be amended from time to time.
- xxiv. **“IRDI Program”** has the meaning set forth in the Recitals.
- xxv. **“Material”** means:
- (a) Currently being an executive, officer or employee of the Recipient Organization;
 - (b) Receiving or having received at any time payments from the Recipient Organization or one of its affiliates for services other than directors’ fees;
 - (c) Being a partner, executive, employee, officer or director of any entity doing business with the Recipient Organization;

- (d) Being, or having been, a partner, executive, officer or employee of a firm or affiliated company that has performed audit services for the Recipient Organization in the last three years; or
 - (e) Being an immediate family member (e.g. father, mother, stepfather, stepmother, foster parent, brother, sister, spouse, common-law partner, child, child of common-law partner, grandparent, grandchild, stepchild, father-in-law (mother-in-law) of a person in any of the above situations.
- xxvi. **“NCE Steering Committee”** means a committee made up of the presidents of the three Granting Agencies and the Deputy Ministers of both Industry Canada and Health Canada that manages the Networks of Centres of Excellence.
 - xxvii. **“NCE Secretariat”** means the secretariat that manages the Networks of Centres of Excellence’s four national programs: Networks of Centres of Excellence (NCE); Centres of Excellence for Commercialization and Research (CECR); Business-Led Networks of Centres of Excellence (BL-NCE); and Industrial Research and Development Internships (IRDI).
 - xxviii. **“Private Sector Host Organization”** means a for-profit private sector company operating in Canada which derives more than 50% of its revenue from non-governmental sources and derives its revenue from the sale of products and/or services, including public utilities.
 - xxix. **“Recipient Organization”** means <<Insert Name of Recipient Organization>>, a not-for-profit corporation and signatory to this Agreement.
 - xxx. **“Parties”** mean the signatories to this Agreement and **“Party”** Means any one of them.
 - xxxi. **“Satisfaction Survey”** means surveys developed by the Recipient Organization in order to provide information on the overall satisfaction of the IRDI Program. Surveys are provided to Interns, Intern’s Supervisors, and Private Sector Host Organizations.
 - xxxii. **“Term”** means a period of five (5) years from the Effective Date.
 - xxxiii. **“Tri-Agency Financial Administration Guide”** means the guide published by the Granting Agencies detailing the Granting Agencies’ policies on the uses, responsibilities, accountabilities, and administration of grant funding, in existence on the Effective Date, as may be amended from time to time.

2. PURPOSE

2.1 In this Agreement the Parties wish to set out the terms and conditions under which the Granting Agency shall disburse the Grant to the Recipient Organization.

3. PAYMENT AND USE OF THE GRANT

3.1 Subject to the terms and conditions of this Agreement and to the IRDI Program Guide, the Granting Agency will make payment of the Grant in an amount of up to \$<<Insert total grant amount>> to the Recipient Organization to deliver the Activities based on the Application. No interest will be payable on the Grant.

3.2 The Granting Agency will disburse the Grant to the Recipient Organization in annual instalments, according to the following schedule:

NSERC Grant # <<Insert Grant #>> \$ <<Grant Portion>>

Fiscal Year	NSERC
<Year 1>	<Annual Grant>
<Year 2>	<Annual Grant>
<Year 3>	<Annual Grant>
<Year 4>	<Annual Grant>
<Year 5>	<Annual Grant>
Total Funding	<Total Agency>

3.3 Subject to the terms and conditions of this Agreement, the Granting Agency will make payments of the annual instalments referred to in subsection 3.2 to the Recipient Organization based on a payment schedule provided by the Recipient Organization.

3.4 The Recipient Organization shall administer the Grant in accordance with the terms and conditions of this Agreement, the IRDI Program Guide and the Tri-Agency Financial Administration Guide.

3.5 The Recipient Organization shall use and distribute the Grant solely and exclusively for Eligible Expenses directly related to, and necessary for, carrying out the delivery of the Activities as per the Application and only to the extent that they are also directly in furtherance of the following outcomes:

- i. Exposure of science and technology (S & T) graduates to real world business problems;
- ii. Exposure of the private sector to S&T benefits;
- iii. Development of new S&T solutions for business needs;
- iv. Strengthened linkages between businesses and universities;
- v. Creation of new positions for S&T graduates;
- vi. Increased number of graduates with both research and user-sector skills and know-how;
- vii. Enhanced use of S&T graduates by the private sector;
- viii. Increased private sector investments in S&T;

- ix. Creation of longer term S&T positions by businesses, i.e. more job opportunities in Canada for graduates; and
- x. Changes in the business culture that will lead to increased and sustainable business S&T activities and long term university-private sector collaborations.

3.6 To maintain its eligibility to receive the Grant, the Recipient Organization will use the Grant to:

- i. deliver approximately **XXX** internships per year;
- ii. enlist a minimum of 30 percent of new interns per year who have never received an Internship stipend from the IRDI Program;
- iii. place a minimum of 25 percent of the Internships per year with Private Sector Host Organizations that have not benefited from the IRDI Program within the last two years; and
- iv. fund a maximum of two Internships for any individual over the course of their entire academic and post academic career.

In exceptional circumstances, the Recipient Organization may allow:

- v. eligibility of part-time students and/or
- vi. 5% of total annual Internships of individuals to exceed the maximum number of two Internships over the course of their entire academic and post-academic career.

3.7 The Recipient Organization must make every reasonable effort to have the results of research supported by the Grant exploited in Canada for the benefit of Canadians. Accordingly, the Recipient Organization shall act in accordance with the Benefit to Canada Working Guidelines attached in Appendix B.

3.8 The Recipient Organization shall coordinate the Activities with all other organizations running types of programs similar to the IRDI Program in order to avoid overlap and duplication. The Recipient Organization shall work together with such organizations on promoting its program.

4. ELIGIBLE EXPENSES

4.1 The Recipient Organization shall only use the Grant for the Eligible Expenses as outlined and subject to the limitations outlined, in the IRDI Program Guide.

4.2 The Recipient Organization shall pay stipends to Interns only through a Canadian Participating Institution, provided the Recipient Organization has complied with subsection 5.1 of this Agreement.

4.3 The Granting Agency shall be entitled to recover from the Recipient Organization any amounts claimed that are spent on expenses other than Eligible Expenses and any amounts claimed that are in excess of the limits outlined in the IRDI Program Guide, or

to set-off these amounts against future payments. The amount of repayment requested will constitute a debt due to Her Majesty the Queen in Right of Canada ("Her Majesty") and will be recovered as such from the Recipient Organization.

5. OBLIGATIONS OF THE RECIPIENT ORGANIZATION

5.1 The Recipient Organization hereby commits to enter into separate agreements with Canadian Participating Institutions. Under these separate agreements, the Recipient Organization will ensure that the Canadian Participating Institutions:

- i. Manage funding from the Grant according to the terms established by the Recipient Organization, the policies of the Canadian Participating Institutions and the requirements of the IRDI Program and Tri-Agency Financial Administration Guide;
- ii. provide to the Recipient Organization, by May 31 of each year, financial reports for all IRDI Program funding;
- iii. work in concert with the owners and inventors of the Intellectual Property developed under such agreements, the inventor's employer and the Recipient Organization, in the Commercialization of such Intellectual Property;
- iv. provide the Interns' Supervisors with sufficient institutional support to allow them to contribute to the Internship Activities;
- v. promptly notify the Recipient Organization in the event that an Intern's Supervisor ceases to be employed by a Canadian Participating Institution or otherwise ceases to hold academic status at that institution;
- vi. promptly notify the Recipient Organization in the event that an Intern ceases to be affiliated to the Canadian Participating Institution;
- vii. have obtained, from the Intern's Supervisor, appropriate certification and/or approval regarding research involving human subjects, animals and/or biohazards in the conduct of his/her Intern's research activities in accordance with the requirements of the IRDI Program and the Granting Agencies;

5.2 The Recipient Organization will also ensure that the Intern's Supervisor submits research progress reports to the Recipient Organization and that Interns maintain effective record keeping for experiments carried out as part of the Private Sector Host Organization's research.

6. INSURANCE

6.1 The Recipient Organization shall procure and maintain throughout the term of this Agreement, director's and officer's liability insurance for the Recipient Organization's Board members. It shall also procure and maintain throughout the term of this Agreement, general liability insurance for Recipient Organization staff working at the Administrative Centre who are paid with the Grant.

7. ANNUAL GENERAL MEETING

7.1 The Recipient Organization shall organize, at least once per year, an annual general meeting among Recipient Organization members, Private Sector Host Organizations, and others, as appropriate, in order to share and discuss the results of the Recipient Organization's activities undertaken pursuant to this Agreement.

8. ADDITIONAL GOVERNMENT ASSISTANCE

8.1 The Recipient Organization shall provide, within four (4) months of the end of each Fiscal Year, a statement to the Granting Agency of all other sources of funding received or requested during the Fiscal Year in relation to the Activities, from other government entities, whether federal, provincial or municipal.

8.2 The Recipient Organization acknowledges and agrees that an adjustment to the amount of Grant and a request for repayment of part or all of the amounts paid to the Recipient Organization may be made as a result of amounts received or requested as provided in subsection 8.1 if such amounts exceed the threshold described in subsection 8.3.

8.3 The amount of repayment requested will constitute a debt due to Her Majesty and will be recovered as such from the Recipient Organization.

8.3 In no instance will the total government funding towards the Eligible Expenses of the IRDI initiative be allowed to exceed seventy-five percent (75%) of the total Eligible Expenses.

9. NOTICE REQUIREMENT

9.1 The Recipient Organization shall inform the Granting Agency in writing as soon as any of the events identified in section 10.1 have occurred.

10. EVENTS OF DEFAULT AND REMEDIES

10.1 The following shall be events of default under this Agreement ("Events of Default"):

- i. the Recipient Organization ceases to carry out a significant level of activities, as determined by the NCE Steering Committee, in furtherance of the outcomes set out in this Agreement;
- ii. the Recipient Organization has misrepresented or submitted false or misleading information, or does so at any time during this Agreement, to the Granting Agency;
- iii. the Recipient Organization fails to comply with any condition, undertaking or material term contained in this Agreement;
- iv. the officers, directors, committee members or employees of the Recipient Organization fraudulently uses the Grant or uses the Grant in a manner not consistent with the Tri-Agency Financial Administration Guide or the IRDI Program Guide;

- v. the Recipient Organization is wound up, liquidated or ceases to exist or becomes insolvent or is adjudged or declared bankrupt or if it goes into receivership or takes the benefit of any statute from time to time in force relating to bankrupt or insolvent debtors;
- vi. the Recipient Organization changes its jurisdiction of formation or corporate structure without the prior written consent of the Granting Agency; or
- vii. the Recipient Organization ceases to meet the eligibility requirements of the Grant.

10.2 The Granting Agency may, further to a determination by the NCE Steering Committee, declare an Event of Default by providing written notice to the Recipient Organization of the event. If the Granting Agency declares that an Event of Default has occurred, it may immediately exercise one or more of the following remedies, in addition to any remedy at law:

- i. Suspend its obligation to provide the Grant; or
- ii. Terminate any obligation to provide the Grant; or
- iii. Require, upon demand, that the Recipient Organization repay the Granting Agency as appropriate, all or part of the Grant.

11. INTELLECTUAL PROPERTY

11.1 The Granting Agency makes no claim to ownership of Intellectual Property from the internships funded under this Agreement.

11.2 The Recipient Organization shall manage Intellectual Property in accordance with its policies that respect the policies of the universities which the Interns are affiliated with.

12. REPORTING REQUIREMENTS

12.1 Annual Reporting

The Recipient Organization shall provide to the Granting Agency, annually by July 31st, an Annual Report approved by the Board in respect of each Fiscal Year of the Term. The information included in the Annual Report may be made public through the various publications and communications of the Granting Agency. In its annual reporting, the Recipient Organization shall use annual reporting templates provided by the Granting Agency.

12.2 In addition to requirements pursuant to subsection 12.1, the Annual Report shall include:

- i. A statistical report with information regarding the total number of Interns, total number of Internships, details of the number of new Interns and new Private Sector Host Organizations and the number of Internships per Intern;

- ii. A questionnaire report summarizing results and impacts for the year, including methodology, templates and analysis of annual Satisfaction Surveys of all parties involved;
- iii. A financial report as defined in the IRDI Program Guide; and
- iv. A signed statement from the Board updating the representations and warranties and covenants of the Recipient Organization contained in this Agreement.

12.3 In the event that an Annual Report outlines progress that does not comply with the policies, terms and conditions of this Agreement and of the IRDI Program, the Granting Agency may, pursuant to a determination by the NCE Steering Committee, not approve payment of future instalments of the Grant and the Granting Agency shall have the right to terminate this Agreement by delivering written notice of such termination to the Recipient Organization. Upon delivery of such notice of termination, the Granting Agency shall have no further obligations towards the Recipient Organization.

12.4 Final Report

The Recipient Organization shall provide to the Granting Agency, no later than September 30, 2016, a final report approved by the Board. The Final Report shall include:

- i. A performance report summarizing the results and value added of the IRDI Program to the organization and to Canada and include an overall analysis of the Satisfaction Surveys; and
- ii. Participate in a follow-up survey which will allow the evaluation of the long-term benefits and impacts of the IRDI Program.

12.5 Midterm Review

The progress of the Recipient Organization will be monitored on an on-going basis with an in-depth review at the mid-point of the funding cycle. The Recipient Organization shall prepare and provide to the Granting Agency a report on the first two years of the Activities and any updates required to the business plan outlined in the Application for the remaining years.

In the event that a midterm review outlines progress that does not comply with the policies, terms and conditions of this Agreement and of the IRDI Program, the Granting Agency may, pursuant to a determination by the NCE Steering Committee, continue payment of instalments of the Grant, continue payment of instalments of the Grant on a conditional basis, or not approve future payment of instalments of the Grant and the Granting Agency shall have the right to terminate this Agreement by delivering written notice of such termination to the Recipient Organization. Upon delivery of such notice of termination, the Granting Agency shall have no further obligations towards the Recipient Organization.

13. REPRESENTATIONS, WARRANTIES AND COVENANTS

13.1 The Recipient Organization hereby represents and warrants to the Granting Agency as follows:

- i. The execution and delivery of this Agreement by the Recipient Organization, and the carrying out by it of all of the activities as contemplated hereby by Recipient Organization, have been duly authorized by all requisite corporate action;
- ii. The Recipient Organization has the full power to execute and deliver this Agreement and to perform their obligations hereunder;
- iii. This Agreement constitutes a legally binding obligation of the Recipient Organization, enforceable in accordance with its terms, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization and other laws affecting generally the enforcement of the rights of creditors and subject to a court's discretionary authority with respect to the granting of a decree ordering specific performance or other equitable remedies;
- iv. The Recipient Organization has and shall have throughout the Term of this Agreement, suitable accommodations, as well as access to appropriate computer, communications and financial administration systems needed to deliver the IRDI program;
- v. It will not seek or accept compensation from the Grant to cover any costs incurred by it in connection with its obligations under this Agreement;
- vi. The Recipient Organization is a validly existing corporation duly federally or provincially incorporated;
- vii. The Recipient Organization complies and shall comply with all federal, provincial, territorial, local and foreign laws applicable to it;
- viii. The Recipient Organization has appointed an executive to manage the day to day administration of the IRDI Program;
- ix. At least one third (1/3) of Board members are Independent Members.

13.2 The Recipient Organization hereby covenants to the Granting Agency as follows:

- i. The Recipient Organization will inform the Granting Agency of any evidence of possible criminal misconduct involving funding under this Agreement and shall report such matters to the appropriate authorities;
- ii. It will oversee and guarantee that necessary controls (i.e. satisfactory processes and procedures) are in place and implemented to ensure that transactions charged to the Grant are Eligible Expenses and compliant with the IRDI Program Guide and Tri-Agency Financial Administration Guide; and

- iii. The Board shall, within six (6) months following the execution of this Agreement, be composed of at least ten (10) members, the majority of which shall be individuals from the industrial sector and/or the Recipient Organization's user community.

14. FINANCIAL STATEMENTS AND BOOKS OF ACCOUNT

14.1 The Recipient Organization shall cause to be prepared audited financial statements for each Fiscal Year in accordance with generally accepted accounting principles in Canada, consistently applied and which shall be approved by the Board.

14.2 The Recipient Organization agrees to ensure that the Auditor of the Recipient Organization shall be:

- i. An individual who is independent of the Board, each of its directors and each of the officers of the Recipient Organization; or
- ii. A firm of accountants, at least one (1) of whose members meets the qualifications set out in subsection 14.2 (i).

14.3 The Recipient Organization shall cause books of account and other records to be kept and shall establish financial and management practices that will ensure that the Grant is expended in accordance with this Agreement.

14.4 The books of account and other records of the Recipient Organization shall be maintained in accordance with generally accepted accounting principles, consistently applied, and in such a way that they demonstrate that the Grant is properly protected and controlled and that the Recipient Organization's business and affairs are conducted in accordance with the provisions of this Agreement, and in such a way that they will show descriptions and book values of all transactions involving the Grant.

15. GOVERNANCE

15.1 The Recipient Organization will ensure that its letters patent, by-laws or other corporate documents and its operating procedures are, and remain, consistent with this Agreement and all requirements of the IRDI Program.

15.2 The Recipient Organization shall sustain the Board for the Term and the Board shall be responsible for the approval of the Recipient Organization's financial reports and audits.

16. POST-AWARD

16.1 The Granting Agency will designate an observer for meetings of the Board and its committees. The observer will provide the Board and its committees with clarification on relevant program information related to this Agreement, the IRDI Program and other programs of the Granting Agencies. The Recipient Organization shall give the Granting Agency the same notice as provided to the members of the Board and its committees in advance of each meeting.

17. AUDITOR GENERAL MAY AUDIT

17.1 The Recipient Organization acknowledges that the Auditor General of Canada may, at Canada's cost, after consultation with the Recipient Organization, conduct an inquiry under the authority of subsection 7.1(1) of the *Auditor General Act* in relation to any funding agreement (as defined in Subsection 42(4) of the *Financial Administration Act*) with respect to the use of funds received. For the purposes of any such inquiry undertaken by the Auditor General, the Recipient Organization shall provide, upon request and in a timely manner, to the Auditor General or anyone acting on behalf of the Auditor General,

- i. all records held by the Recipient Organization or by its agents or contractors relating to this Agreement and the use of the Grant; and,
- ii. such further information and explanations as the Auditor General, or anyone acting on behalf of the Auditor General, may request relating to this Agreement and/or the use of the Grant.

18. FINANCIAL MONITORING

18.1 The Granting Agency shall be entitled to visit periodically the Recipient Organization:

- i. assess whether it has the necessary financial and administrative systems and tools to manage research funds in accordance with this Agreement; and
- ii. review Grant expenditures to ensure that these were made in accordance with this Agreement.

19. CONFLICT OF INTEREST

19.1 The Recipient Organization shall adopt and implement a code of conduct in its bylaws for directors, officers, employees and committee members designed to adequately prevent real or perceived conflicts of interest with respect to use of the Grant provided under this Agreement. The Recipient Organization covenants that the conflict of interest policy shall be no less stringent than the policy outlined in "Appendix A" of the IRDI Program Guide.

20. SURVIVAL

20.1 The rights and obligations of the Parties under Sections 8 (Additional Government Assistance), 11 (Intellectual Property), 12 (Reporting Requirements), 17 (Auditor General May Audit), 18 (Financial Monitoring), 22 (Record Keeping), 23 (Access to Information Act and Privacy Act), 25 (Indemnification), 26 (Loans, Capital Lease or Other Long-Term Obligation), 27 (Recognition & Public Disclosure), 28 (Official Marks), 29 (Members of Parliament), 30 (Compliance with Post-Employment Provisions), 31 (Gifts, Inducements and Contingency Fees), 33 (Amounts Owing to the Federal Government), 35 (Acknowledgement) and 36 (General) and any other Section which is required to give effect to the termination or to its consequences will survive the expiry or early termination of this Agreement for a period of three (3) years.

21. APPROPRIATIONS

21.1 Payment by the Granting Agency of amounts due under this Agreement shall be conditional on there being a legislated appropriation for the Fiscal Year in which the payment is due. The Granting Agency shall have the right to terminate or reduce the Grant in the event that the amount of the appropriation is reduced or denied by Parliament. In the event that any portion of the Grant has been paid to the Recipient Organization and the legislated appropriation for the Fiscal Year in which such payment is made is not obtained, the Granting Agency shall have the right to recover the amount so paid from the Recipient Organization.

22. RECORD KEEPING

22.1 The Recipient Organization shall ensure that accurate accounts and records, including but not limited to, contracts, invoices, statements, receipts and vouchers, in respect of the Grant are kept for seven years and shall, upon reasonable notice, make them available to a representative of the Granting Agency for monitoring and review.

23. ACCESS TO INFORMATION ACT AND THE PRIVACY ACT

23.1 The Recipient Organization acknowledges that the content of this Agreement and the information related to it are subject to the *Access to Information Act* and the *Privacy Act*. The Recipient Organization further acknowledges that the IRDI Program Guide contains details as to the use and disclosure of information provided to the Granting Agency and agrees to be bound by these.

24. ENTIRE AGREEMENT AND AMENDMENTS

24.1 This Agreement, together with the Annexes, form the complete agreement among the Parties and no amendment or modification shall be binding upon the Parties unless agreed to in writing by the Parties.

25. INDEMNIFICATION

25.1 The Recipient Organization shall at all times indemnify and save harmless Her Majesty, its officers, officials, employees and agents, from and against all claims and demands, losses, costs, damages, actions, suits or other proceedings (including, without limitation, those relating to injury to persons, damage to or loss or destruction of property, economic loss or infringement of rights) by whomsoever brought or prosecuted, or threatened to be brought or prosecuted, in any manner based upon or occasioned by any injury to persons, damage to or loss or destruction of property, economic loss or infringement of rights, caused by, or arising directly or indirectly from:

- (a) the performance or non-performance of this Agreement, or the breach or failure to comply with any term, condition, representation or warranty of this Agreement by the Recipient Organization, its officers, employees and agents, or by a third party or its officers, employees, or agents;
- (d) any omission or other wilful or negligent act or delay of the Recipient Organization or a third party and their respective employees, officers, or agents, except to the extent to which such claims and demands, losses, costs, damages, actions, suits,

or other proceedings relate to the negligent act or omission of an officer, official, employee, or agent of Her Majesty, in the performance of his or her duties.

25.2 The Granting Agency shall have no liability under this Agreement, except for payments of the Grant, in accordance with and subject to the provisions of this Agreement. Without limiting the generality of the foregoing, the Granting Agency shall not be liable for any direct, indirect, special or consequential damages, or damages for loss of revenues or profits of the Recipient Organization.

26. LOANS, CAPITAL LEASE OR OTHER LONG-TERM OBLIGATION

26.1 The Granting Agency and Her Majesty, their agents, employees and servants will not be held liable in the event the Recipient Organization enters into a loan, a capital lease or other long-term obligation in relation for which the Grant is provided.

27. RECOGNITION & PUBLIC DISCLOSURE

27.1 The Recipient Organization shall, unless otherwise directed by the Granting Agency, acknowledge the Grant received under this Agreement in any published paper, report, promotional activity, public presentation and electronic material.

28. OFFICIAL MARKS

28.1 The terms “Networks of Centres of Excellence, Réseaux de centres d’excellence,” are official marks of the Federal Government of Canada as represented by NSERC. The Recipient Organization shall identify itself as an organization administering the IRDI Program and is permitted to use the name “Industrial R&D Internship Program,” the name “Programme de stages en R-D industrielle,” and the acronyms “IRDI” and “SRDI”. The Recipient Organization must immediately cease using all official marks upon termination of this Agreement or dissolution of the Recipient Organization, whichever is the earlier.

29. MEMBERS OF PARLIAMENT

29.1 The Recipient Organization represents and warrants that no member of the House of Commons or Senate of Canada shall be admitted to any share or part of this Agreement or to any benefit arising from it, that are not otherwise available to the general public. No person who is a member of the Senate will, directly or indirectly, be a party to or be concerned in this Agreement.

29.2 The Recipient Organization acknowledges that members of Parliament have no role in the delivery or administration of the IRDI Program and that members of Parliament may be invited only to announce funding decisions.

30. COMPLIANCE WITH POST- EMPLOYMENT PROVISIONS

30.1 The Recipient Organization confirms that no current or former public servant or public office holder to whom the *Conflict of Interest Act*, or the *Values and Ethics Code for the Public Service* applies shall derive a direct benefit from this Agreement, including any employment, payment or gifts, unless the provision or receipt of such benefits is in compliance with such legislation and codes. Where the Recipient Organization employs

or has a major shareholder, who is either a current or former (in the last twelve (12) months) public office holder or public servant in the federal government, the Recipient Organization shall demonstrate compliance with these codes and the legislation.

31. GIFTS, INDUCEMENTS AND CONTINGENCY FEES

31.1 The Recipient Organization represents and warrants that:

- (a) it has not paid, nor agreed to pay to any person, either directly or indirectly, a commission, fee or other consideration that is contingent upon the execution of this Agreement, or upon the person arranging a meeting with a public office holder;
- (b) it will not pay, nor agree to pay to any person, either directly or indirectly, any commission, fee or other consideration that is contingent upon the person arranging a meeting with a public office holder;
- (c) any persons who are or have been engaged by the Recipient Organization to communicate or arrange meetings with public office holders, regarding the Project or this Agreement, are in full compliance with all requirements of the *Lobbying Act*; and
- (d) any persons who may be engaged by the Recipient Organization to communicate or arrange meetings with public office holders, regarding the Project or this Agreement, will at all times be in full compliance with the requirements of the *Lobbying Act*.

31.2 The Recipient Organization acknowledges that the representations and warranties in this section are fundamental terms of this Agreement. In the event of breach of these, the Granting Agency may exercise the remedies provided under Subsection 10.2.

32. PUBLIC DISSEMINATION

32.1 All reports and other information that the Granting Agency collects, manages or has a right to receive or produce in accordance with this Agreement, or that the Recipient Organization collects, creates, manages and shares with the Granting Agency, shall be deemed to be "Canada Information". The Granting Agency shall have the right, subject to the provisions of the *Access to Information Act*, to release to the public, table before Parliament, or publish by any means, any Canada Information, including such excerpts or summaries of the Canada Information as they may, from time to time, decide to make.

32.2 The Recipient Organization acknowledges that its name, the amount of the Grant and the general nature of the activities supported under this Agreement may be made publicly available by the Government of Canada.

33. AMOUNTS OWING TO THE FEDERAL GOVERNMENT

33.1 The Recipient Organization must declare any amounts owing to the federal government under legislation or this Agreement. Any amounts payable to the Recipient Organization may be set off against amounts owing by the Recipient Organization to the government.

34. UNCOMMITTED AMOUNT

34.1 If no agreement has been reached regarding any unspent portion of the Grant by September 30, 2016, all unspent funds must be returned to the Receiver General. Unspent funds include any commitments for activities that have not occurred by September 30, 2016.

35. ACKNOWLEDGEMENT

35.1 The Recipient Organization acknowledges having received and taken cognizance of the IRDI Program Guide and the Tri-Agency Financial Administration Guide and agree to be bound by them as they may, from time to time, be amended provided that no amendment will unreasonably expand the obligations of the Recipient Organization or impose upon them any obligation which is not already set out in this Agreement. Notice of any such permitted amendments will be provided in writing to the Recipient Organization.

36. GENERAL

36.1 Nothing in this Agreement shall be construed so as to create a legal relationship of partnership, agency or employment among any of the Parties. Each Party is an independent contractor and is not authorized or empowered to act as agent for any other Party for any purpose.

36.2 The Parties acknowledge that the Granting Agency's role is limited to making a financial contribution to the Recipient Organization for the delivery of the IRDI Program. The Granting Agency is neither decision makers nor advisors to the Recipient Organization.

36.3 Notices under this Agreement shall be given by prepaid post, facsimile, email or courier. Notices sent by prepaid post shall be deemed received on the fifth business day following dispatch. Notices sent by facsimile or courier shall be deemed received on the business day following dispatch. Notices sent by email shall be deemed received upon sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement). Notices shall be addressed as follows:

- i. If to the Granting Agency:

Industrial R&D Internship Program
Networks of Centres of Excellence Secretariat

16th Floor Mailroom
350 ALBERT ST
OTTAWA ON, K1A 1H5

- ii. If to the Recipient Organization:

<<Insert Recipient Organization Correspondence>>

Or any such other address as any party may specify in writing to the other parties.

36.4 No Party hereto may assign, directly or indirectly, any right or obligation arising from this Agreement without the prior written consent of all of the other Parties. This Agreement shall ensure to the benefit of and be binding upon the Parties and their respective, heirs, executors, administrators, successors and permitted assigns.

36.5 This Agreement will be interpreted in accordance with the laws of the province where the Administrative Centre resides and the applicable laws of Canada.

36.6 No failure to enforce any provision of this Agreement shall be construed as a waiver of such provision or a waiver of the right to enforce each and every provision of this Agreement. Waiver of any breach shall not be deemed to be a waiver of any future breach, even if similar in nature.

36.7 No provision of this Agreement or action by the Parties will establish or be deemed to establish any partnership, joint venture, principal-agent or employer-employee relationship in any way, or for any purpose, between Her Majesty and the Recipient Organization, or between Her Majesty and a third party. The Recipient Organization is not in any way authorized to make a promise, agreement or contract and to incur any liability on behalf of Her Majesty, nor shall the Recipient Organization make a promise, agreement or contract and incur any liability on behalf of Her Majesty, and shall be solely responsible for any and all payments and deductions, required by the applicable laws.

37. OFFICIAL LANGUAGES

37.1 Where the Recipient Organization communicates with members of the public regarding the Activities supported by the Grant, and/or where the Recipient Organization provides services supported by the Grant to the members of the public, the Recipient Organization shall, if applicable:

- i. make available in both official languages, any notice, advertisement, announcement, document or publication for the information primarily of members of the public;
- ii. actively offer and provide in both official languages any services to be provided or made available to members of the public;
- iii. encourage members of both official language communities to participate in its activities; and
- iv. organize activities when appropriate to meet the needs of the members of both official language communities.

38. ENVIRONMENTAL AND OTHER REQUIREMENTS

38.1 The Granting Agency has determined that no assessment of the Activities of the Recipient Organization is required under the *Canadian Environmental Assessment Act* ("CEAA").

38.2 As early as possible in the planning process of each Internship and before any irrevocable decisions are made with respect to an Internship, or where there are changes made to the methodology of the Internship, the Recipient Organization shall require that a questionnaire be completed relating to each Internship in order for the Recipient Organization to determine whether an environmental assessment under CEAA is required or whether more information is required to make such determination. Once the Recipient Organization determines that the proposed Internship is not subject to an environmental assessment, the Recipient Organization may proceed with funding of the Internship. In the event that an environmental assessment is required for an Internship, no funds will be payable with respect to such Internship unless the Recipient Organization determines that the Internship is unlikely to cause any significant adverse environmental effects following the implementation of mitigation measures, if any. The Recipient Organization shall ensure that any mitigation measures which may be established pursuant to the environmental assessment are implemented and certify to the Granting Agency, in its Annual Report, that it has done so. The Recipient Organization may elect to cease funding the proposed Internship, at which point such Internship will no longer be eligible for funding hereunder. The Recipient Organization must provide the Granting Agency in its Annual Report a summary of its environmental assessment determinations and the results of any assessments completed.

[signature page to follow]

SIGNATURES

Natural Sciences and Engineering Research Council

Signed for and on behalf of NSERC by its duly authorized representative:

Suzanne Fortier, President

I have the authority to bind NSERC

Date

Signed for and on behalf of <<Insert Recipient Organization Name>> by its duly authorized representative:

<<Name>>, <<Title>>

I have the authority to bind <<Insert Recipient Organization Name>>

Date

Signed for and on behalf of the <<Insert Recipient Organization Name>> by its duly authorized officer:

<<Name>>, <<Title>>

Date

Appendix A: Conflict of Interest Policy Framework

Interactions between university researchers and the private sector are an essential feature of the IRDI program. For the objectives of the IRDI program to be achieved, many kinds of interactions among individuals participating in the IRDI initiative must occur. These interactions may lead to gains and benefits to the individuals participating in the IRDI initiative and are desirable and natural outcomes of being involved in the initiative. Such interactions, however, may place individuals participating in the IRDI initiative in a position of potential, apparent or actual conflict of interest.

The NCE Steering Committee is the body ultimately responsible to the government, and therefore to taxpayers, for the integrity of all the organization managing IRDI initiatives and their operations. The responsibility for implementing and managing the Conflict of Interest Policy Framework, to ensure that the Recipient Organization's operations and decisions are not biased by conflict of interest, is delegated to the Board of Directors of the Recipient Organization. The Boards of Directors is accountable to the NCE Steering Committee for the effective implementation and management of the Conflict of Interest Policy Framework.

Individuals participating in the IRDI initiative such as members of the Board of Directors and advisory committees who do not receive IRDI funding are recognized as playing a unique role in the IRDI initiative. They bring an important perspective as a result of their particular knowledge, often as representatives of organizations in the field of interest of the IRDI initiative. Nevertheless, they are still required to disclose any financial interest or position of influence, as described in Section 2, in any business in the same area of interest as the IRDI initiative, other than that of their main employer.

The Conflict of Interest Policy is intended to enable the Board of Directors and individuals to recognize and disclose situations that may be open to question and to ensure that such situations are appropriately resolved. The policy builds upon and is complementary to those of the organizations that make up the IRDI Board of Directors, the Internship participants (supervising researchers, interns and private sector partners) and of the administrators.

1. Definitions

“Administrative Centre” means the central administrative offices of the Recipient Organization managing the IRDI initiative.

"Avoidance" means refraining from, or withdrawing from, participation in activities or situations that place an individual participating in the Centre in a potential, apparent or actual conflict of interest relative to his or her Centre duties and responsibilities.

“Board” means the Board of Directors of the Recipient Organization.

"Conflict of interest" means a situation where, to the detriment or potential detriment of the centre, an individual is, or may be, in a position to use research knowledge, authority or influence for personal or family gain (financial or other) or to benefit others.

"Disclosure" means the act of notifying in writing the Board of Directors, through the Centre Manager, of any direct or indirect financial interests and positions of influence held by an

individual participating in the Centre which could lead to a potential, apparent or actual conflict of interest.

"Divestment" means the sale at arm's length, or the placement in trust, of assets, where continued ownership by an individual participating in the Centre would constitute a potential, apparent or actual conflict of interest with the participant's Centre duties and responsibilities.

"Financial interest" means an interest in a business in the same area as the Centre as described in Section 2 of this document.

"IRDI Program" has the meaning set forth in the Recitals.

"Recipient Organization Director" means the Director of the IRDI Initiative appointed by the IRDI Board of Directors.

"Intern" means graduate student or post-doctoral fellow enrolled in a Canadian institution which is eligible to receive and manage funds under the guidelines of the Granting Agencies in any area of research provided that his or her skills are sought by the Private Sector Host Organization to support innovation by the organization.

"NCE Secretariat" means the secretariat through which the federal Networks of Centres of Excellence program, and the IRDI initiative are delivered.

"NCE Steering Committee" means the committee having the overall responsibility for the IRDI Program and currently comprised of the Presidents of the Natural Sciences and Engineering Research Council, the Social Sciences and Humanities Research Council and the Canadian Institutes of Health Research, the Deputy Minister for Industry Canada, the Deputy Minister of Health Canada (as modified from time to time by the Government of Canada), and the President of the Canadian Foundation for Innovation (as an observer).

"Position of influence" includes any position that entails responsibility for a material segment of the operation and/or management of a business.

2. Disclosure

Upon joining the IRDI initiative, each individual is obliged to disclose in writing to the Board of Directors, through the Recipient Organization Director any direct or indirect financial interests and positions of influence that could lead to a potential, apparent or actual conflict of interest (examples provided in Attachment). In addition, these disclosures must be updated whenever the individual's circumstances change in a way that would necessitate a further disclosure. The individual also has the obligation to disclose any potential, apparent or actual conflict of interest when it arises during any IRDI committee or Board meetings so that the committee or Board is aware of the situation and can take appropriate action.

a) Financial Interest

It consists of:

- any material stock option (e.g., 1%) or similar ownership interest in such a business, but excluding any interest arising solely by reason of investment in such business by a mutual, pension, or other institutional investment fund over which the person does not exercise control; or
- receipt of, or the right and potential to receive, any income from such a business, whether in the form of a fee (e.g., consulting), salary, allowance, interest in real or personal property, dividend, royalty derived from licensing of technology, rent, capital gain, real or personal property, or any other form of compensation or contractual relationship, or any combination thereof.

3. Management of Conflict of Interest

The Board of Directors or its conflict of interest sub-committee is charged with the responsibility of managing conflict of interest, and determining and implementing the appropriate course of action. This management system is based on disclosure, as described in Section 2. All disclosures constitute confidential information that will be available to the Board, or a sub-committee thereof, for the evaluation and resolution of any conflict of interest or allegations of conflict of interest brought before the Board or its conflict of interest sub-committee.

While it is recognized that it may be difficult to completely avoid situations of potential, apparent or actual conflict of interest, complete avoidance or divestment may be required in certain cases. Such divestment should not consist of a sale or transfer of assets to family members or other persons for the purpose of circumventing the conflict of interest compliance measures as directed by the Board.

a) Principles

An individual participating in the IRDI initiative who is involved with, or has an interest in, or deals in any manner with a third party which might cause a conflict of interest, will not be present or participate in any decisions pertaining to the IRDI initiative, including committee decisions, if the declared potential conflict of interest could influence the decision or actions of the IRDI initiative. It is the obligation of the individual to declare such potential, apparent or actual conflict of interest before discussions take place so that the committee or Board of Directors is aware of the situation in order to ensure that the individual is out of the room during the discussion and decision process. This course of action should be recorded in the minutes of the meeting.

Any question raised by an individual or company regarding the potential conflict of interest of an individual will be raised at the Board of Directors level and must be documented in writing. The Board of Directors will determine the extent to which the question should be pursued and in such cases will consult the individual in question. If necessary, the individual will be asked to respond in writing.

b) Non-compliance

If an individual is discovered to be in conflict of interest where disclosure and prior approval have not been sought or granted, Board of Directors of the Recipient Organization will require the individual to:

- account to the Recipient Organization any gain or benefit made directly or indirectly, arising from an involvement with, or an interest in, or from dealing in any manner with a third party that gives rise to a conflict of interest; **and**
- withdraw from the involvement; **or**
- withdraw from the organization managing the IRDI initiative; **or**
- take appropriate action as determined by the Board of Directors.

4. Review Process

An individual may request in writing, within 30 days, a review of a decision on conflict of interest. In certain circumstances, the Board of Directors may arrange for an independent third party appointed by mutual agreement of the Recipient Organization and the Board of Directors, and failing such mutual agreement, appointed by the NCE Steering Committee, to act as an intermediary to scrutinize scientific reports and budgetary information of internship project(s) in which the individual participating in the IRDI initiative is involved. The intermediary would provide an opinion on the overall merit of the review, without divulging specifics of a proprietary nature to other members of the Recipient Organization. The ultimate decision on the resolution of the review rests with the Board of Directors.

In cases where there is a concern with respect to decisions or actions of the Board of Directors itself, this concern should be submitted in writing to the NCE Steering Committee. The NCE Steering Committee may request the Chair of the Board of Directors to respond in writing to the Steering Committee. Following submission of the Chair's response, the NCE Steering Committee will decide on follow-up action.

5. Examples of Conflict of Interest

The following examples, although not comprehensive, illustrate situations that may lead to an indirect or direct conflict of interest:

- employment in any capacity by another employer outside the participant's, administrator's or director's university, institution or company signing the Funding Agreement, including self-employment;
- holding an office that puts the individual in a position to affect decisions, such as manager with executive powers, within a company, or member of a board of directors;
- participating in a research contract or consultancy relationship with a company, or serving on the board of a company;
- entering into a research contract with a company in which the participant, or a member of his or her immediate family, has a financial or other interest;

- carrying out supplementary professional scientific activities in accordance with the disclosure requirements of the participant's or director's employing organization;
- ownership of equity or other financial participation in a corporation (including stock options and shares). Participants, administrators and directors should abstain from activity in which they would have inside advantage (e.g., purchase of shares) based on the information they are privy to through membership in the IRDI initiative;
- accepting gifts (other than some minor hospitality) or special favours for him or herself or a member of his or her family from private organizations with which the Recipient Organization does business;
- influencing the purchase of equipment or materials for the Recipient Organization from a company in which the participant, the administrator or the director has a financial or other interest.

Appendix B: Benefit to Canada

Working Guidelines

A key IRDI program objective is to advance Canadian economic and social development. Accordingly, every effort must be made to have the results of internships exploited in Canada, for the benefit of Canadians. Benefit to Canada is defined as incremental Canadian economic activity and improved quality of life in Canada. Maximum benefits would be derived from the creation of high-quality jobs in Canada and this should be an important goal of any commercialization activity.

The owners of intellectual property resulting from internships, or the agent acting on their behalf, will consult with relevant stakeholders on issues of commercialization. When selecting a receptor company for the exclusive licence of the commercial rights of intellectual property resulting from internships, the agent/owners of intellectual property resulting from internships will use reasonable and thorough efforts to maximize benefits to Canada in a national and international context. Due diligence in efforts to maximize benefits to Canada depends in part on the nature of the research results that are being exploited, and on the window of opportunity. The agent/owners of intellectual property resulting from internships should take the following non-comprehensive list of possible benefits to Canada factors into consideration in exercising that due diligence:

- existing company in Canada with receptor capacity;
- expansion of an existing company in Canada;
- formation of a new company in Canada;
- joint ventures or strategic alliances with a company in Canada;
- co-manufacturing involving a company in Canada;
- cross-licensing or co-development with a company in Canada;
- establishment of a new subsidiary in Canada (R&D, manufacturing, sales, marketing, distribution);
- development and/or production in Canada by a foreign company (world product mandate).

Mechanism for Reporting Due Diligence

Within 30 days of a decision to pursue exploitation by a foreign company, and in advance of finalizing this decision, the agent/owner is required to report the decision to the Board of Directors, and through the Board of Directors, to provide the NCE Steering Committee with the rationale and circumstances that led to the decision. The NCE Steering Committee reserves the right to impose sanctions as it deems appropriate, if there is failure to comply with these reporting requirements or negligence in performing the due diligence, on the part of the Recipient Organization managing the IRDI initiative.