



# **BUSINESS-LED NETWORKS OF CENTRES OF EXCELLENCE (BL-NCE)**

## **PROGRAM GUIDE**

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Canadian Institutes of Health Research  
Social Sciences and Humanities Research Council of Canada

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## Glossary

**Administrative Centre:** the central administrative offices of the BL-Network.

**Award letter:** the letter sent by the NCE Secretariat to the BL-Network applicant confirming the Fiscal Year allocation of the Grant.

**Capital Expenditures:** fixed, one-time expenses incurred for the purchase of equipment used in the production of goods or in the rendering of services related to the research activities of the BL-Network.

**Contributor:** organization providing funding or in-kind contributions for the BL-Network activities that is positioned to best utilize the results from the BL-Network.

**Funding agreement:** the agreement signed by the BL-Network and the granting agencies.

**Granting agencies:** the Canadian Institutes of Health Research (CIHR), the Natural Sciences and Engineering Research Council (NSERC) and the Social Sciences and Humanities Research Council (SSHRC).

**Independent member:** a member of the board of directors who has no material relationship with the BL-Network or a network member that would impair or appear to impair, the ability to think and act in an independent manner that is in the best interests of the BL-Network; or who will not benefit directly from the activities of the BL-Network.

**Matching contributions:** the cash and in-kind contributions that will be provided by sources other than the granting agencies to match the eligible expenses of the BL-Network grant while respecting the stacking limit.

**NCE Secretariat:** the Networks of Centres of Excellence secretariat through which the BL-NCE program is delivered.

**NCE Steering Committee:** is the governing body which has overall responsibility for the BL-NCE program comprised of the three granting agencies' presidents, the Deputy Minister of Industry Canada, and the Deputy Minister of Health Canada, with the President of the Canada Foundation for Innovation serving as observer.

**Network agreement:** the agreement between the BL-Network and the network members which sets out the rights and obligations of each party with respect to the funds provided to the network members and whose terms and conditions are consistent with the terms and conditions of the funding agreement.

**Network members:** signatories to the network agreement, receiving funding and participating in the research activities.

**Network director:** refers to the person responsible for executing the strategic direction of the BL-Network. Other titles can be used by the BL-Network to refer to this position.

**Private Sector Advisory Board (PSAB):** the advisory board tasked to evaluate applications to the BL-NCE Program and make funding recommendations on the BL-NCE program based on a review process.

## **Goal**

The goal of the BL-NCE program is to address private sector research and development (R&D) challenges in Canadian research priority areas through the creation of business-led research networks that increase private sector investment in R&D, innovation and competitiveness.

BL-Networks are continuously evaluated based on the following criteria:

- Benefits to Canada
- Track Record and Potential
- Business Plan

A detailed breakdown of the above criteria is provided in [Appendix A](#). For details about the selection process, refer to the [BL-NCE Competition Guide](#). To learn more about the governance of the program, consult our [website](#).

## **Definition of success**

To achieve the above goal, the BL-NCE program invests in BL-Networks who will focus on relevant challenges to their sector. A successful BL-Network will:

- Be business-driven with a research program that is managed and directed by the private sector participants and that addresses key issues that affect the performance of their sector;
- Enable businesses to develop, capture and share innovative approaches and new solutions to the challenges identified by working collaboratively across the private and public sector participants;
- Increase the scope of the solutions and speed of delivery of the research results through a focus on common goals and pooled resources (expertise, facilities, cash);
- Reduce the roadblocks to commercialization for all participants;
- Use an open approach that encourages engagement of large companies, SMEs, not-for-profits, academia, and government with a plan to integrate new partners as the solutions evolve; and
- Generate research results, processes and techniques that directly increase business value and/or produce competitive advantages for the private sector.

## **What is a Business-Led NCE Network?**

Business-Led Networks (BL-Networks) are large-scale collaborative research networks that bring together a group of organizations from the public, private and/or academic sectors with a wide range of research expertise to address specific challenges identified by the private sector. Networks enhance private sector innovation by coupling the right expertise to real-world challenges faced by the private sector. BL-Networks increase private sector investments in Canadian research and accelerate the transfer of ideas from the laboratory into solutions needed by the sector.

The group of organizations that form the BL-Network may herald from the private, academic or not-for-profit sectors. The type of group that is assembled is dependent on the scope of work to be undertaken by the BL-Network. The day-to-day activities of the BL-Network are carried out on behalf of the group by an administrative centre.

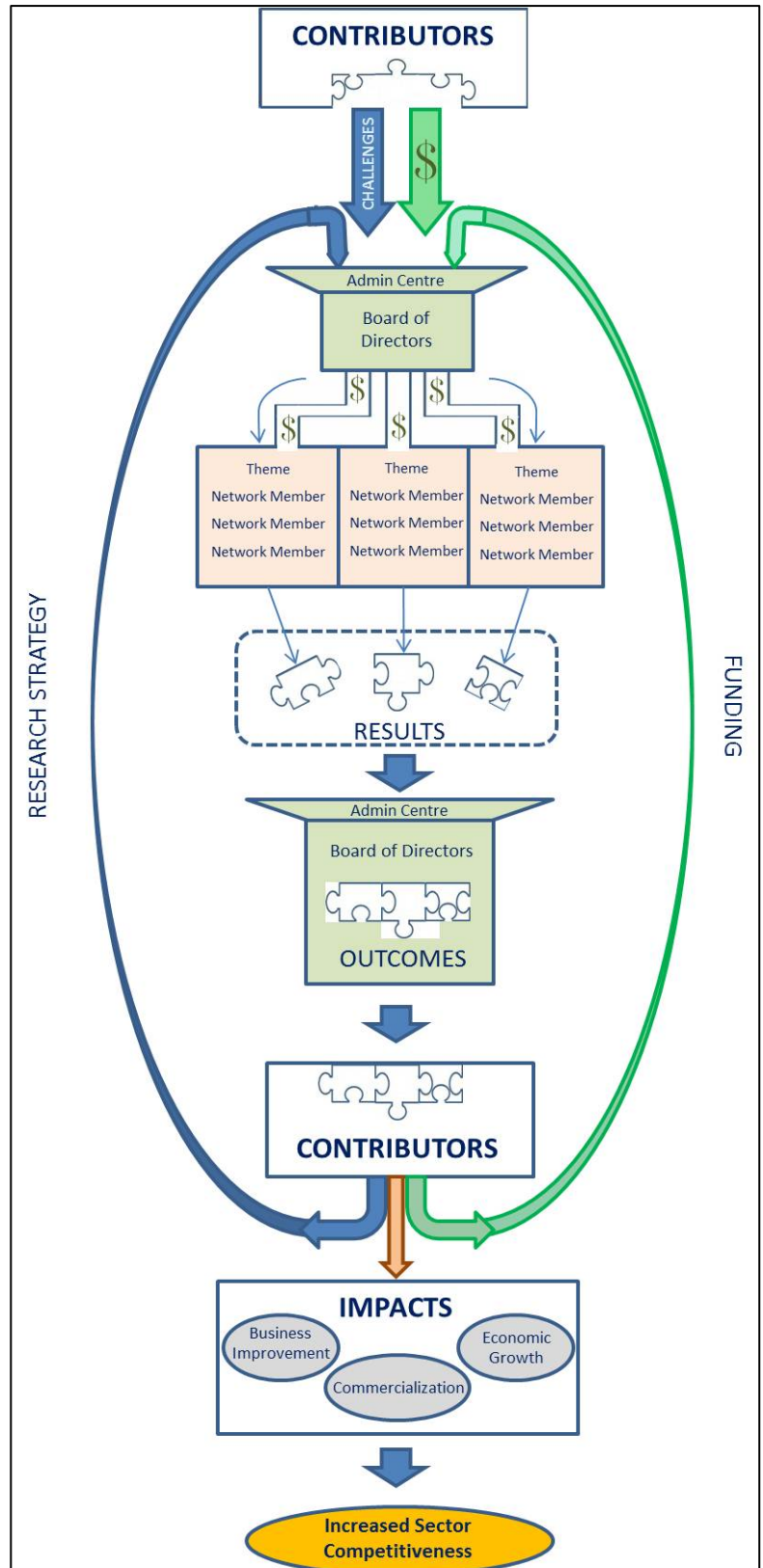
## How does a Business-Led NCE work?

### Creation of the BL-NCE

- All recipients of funds must meet the [eligibility criteria of the BL-NCE program](#).
- The NCE secretariat will assign an NCE Liaison to establish an [ongoing supportive role](#) throughout the funding cycle.
- The BL-Network must establish proper [governance](#), [administrative](#), and financial structures to oversee [spending of grant funds](#).

### Cycle of Operations (see diagram)

- [Network Contributors](#) provide matching funds and input the sector challenges to be addressed by the BL-Network strategy.
- The [administrative centre](#) implements the policies, processes and procedures established by the board of directors and its committees.
- The role of the [board of directors](#) is to engage in ongoing strategic planning with contributors and other players in the sector. They set priorities and deliver through the [research program](#) funded by grant and matching dollars.
- The results from the research program are collected by the administration and grouped, by the board, into outcomes for their [application to address the challenges of contributors](#).
- The [impacts of the research results](#) are evidenced in the business improvements experienced by the contributors. Contributors re-invest into the BL-Network model to address further challenges related to the sector.



- Collectively the impacts to contributors will benefit the overall sector competitiveness and impact through broader benefits to Canada.

#### End of the funding cycle

- The BL-Network must track and report on the short and long-term impacts of the research activities and their outcomes.
- A BL-Network is eligible for a one-time [renewal](#).
- [Certain requirements](#) must be met when the BL-Network ends its operations.

## 1. Creating a BL-Network

### 1.1 Eligibility to receive funds

#### ***Requirements for the BL-Network***

Payments of grants are made to BL-Networks successful in a [BL-NCE Competition](#). Following a competition, successful applicants must incorporate as a federal not-for-profit organization under the *Canada Not for Profit Corporations Act* to be eligible to receive grant funds.

The granting agencies decide on the grant amount to be paid on the basis of reasonable eligible costs listed in the budget submitted in the grant application, recommendations from expert review and PSAB on the need for funds, and on the available budget allocation.

BL-Networks are expected to have an administrative structure that is capable of managing a complex research program that may include a diverse set of participants from the private, academic and not-for-profit sectors. Each BL-Network must have an organizational structure appropriate for the management of the network activities while adhering to the *Canada Not for Profit Corporations Act* and the funding agreement.

Payments are managed by the NCE Secretariat and disbursed to the recipient(s) against a [Funding Agreement](#) under the legal authority(ies) of the relevant granting agency(ies) (NSERC, and/or SSHRC and/or CIHR). The funding agreement is consistent with the BL-NCE Program Terms and Conditions and the BL-NCE Program Guide.

#### ***Requirements for network members***

Release of grant funds to network members by the BL-Network is conditional on the signing of a network agreement. The network agreement is a common agreement signed by all network members receiving BL-NCE grant funds to advance the activities of the BL-Network. A network agreement sets out the expectations of all organizations receiving part of the grant to undertake research activities selected by the BL-network. Detailed guidelines outlining the required elements are available in [Appendix B](#).



It is understood that the organizations identified as network members in the BL-Network may change from time to time; however, all new network members receiving BL-NCE grant funds must be eligible and approved by the board of directors of the BL-Network.

To be eligible, Network Members must be Canadian post-secondary institutions eligible to receive grant funds from the federal granting agencies; private sector enterprises with substantial research and development (R&D) operations in Canada or with potential to benefit from R&D; and Canadian not-for-profit organizations. Federal, provincial/territorial and municipal government departments, agencies or Crown corporations are not eligible to receive BL-NCE grant funds.

Although contributors sign the network agreement and provide funding for the BL-NCE activities they are not eligible to receive funds unless they meet the eligibility criteria to also become a network member. For additional information see [Appendix B](#).

## **1.2 Role of the NCE Secretariat**

Funding for a given BL-Network generally comes from more than one granting agency. As a program representing all three of the granting agencies and falling under the day-to-day management of the NCE Secretariat, the Secretariat is the primary point of interaction for all BL-Networks throughout the grant period.

The NCE Secretariat will identify a NCE liaison to work closely with each BL-Network over the grant period. This partnership will enable the BL-Network to better achieve alignment with the BL-NCE program. The NCE liaison may be asked to participate in the resolution of technical, financial or administrative difficulties; assist the BL-Network in the preparation of submissions to the BL-NCE program; advise on the interpretation of the BL-NCE program objectives, rules and guidelines; and support co-ordination of the BL-Network's activities with those of other networks or of other government-sponsored initiatives.

The NCE liaison is the primary NCE Secretariat contact for the BL-Network and will have observer status in the BL-Network board of directors and its committee meetings. If the NCE liaison is not able to attend a meeting the NCE Secretariat may temporarily appoint an alternate representative.

Following the BL-NCE grant competition, the NCE Secretariat hosts a best practices session to bring together newly funded BL-Networks. Group discussion focuses on topics essential to the BL-NCE program as well as first year and ongoing operations of a BL-Network. Participants in the session may also pose questions to guest speakers representing active, successful BL-Networks regarding things such as lessons learned, good governance practices developed, and how to manage conflict of interest.

## **1.3 Setting up Governance**

The membership of the board of directors must reflect the interests and concerns of the various stakeholders involved in the BL-Network. The board is accountable to the NCE Secretariat for the BL-

Network grant. The board must consist of at least 12 members, and is required to meet at least twice annually. At a minimum, one-third of the board members should be independent members.

The BL-Network and its members must adopt a code of conduct (for directors, officers, employees and committee members) designed to prevent real or perceived conflicts of interest. [Appendix D](#) provides guidelines on how to develop code of conduct guidelines and policies for a BL-Network.

### ***First meeting of the interim board of directors***

Upon success in the BL-NCE competition, the BL-Network must consider how the reports of the Expert Panel and the Private Sector Advisory Board affect the strategic plan submitted as part of the full application. The board of directors must consider the way forward and how implementation of these recommendations will be accomplished to align the impacts of the BL-Network with the [Definitions of Success](#).

The following items should be part of the first meeting of the interim board of directors.

- Approval of the establishment and membership of subcommittees of the board; discussion of the terms of reference for the subcommittees;
- Consideration of the appointment of a vice-chair, who could replace the chair when needed;
- Discussion of overall strategy and research activities;
- Discussion of policies (e.g. intellectual property management, conflict of interest);
- Discussion and further development of the organization's performance framework to measure the short and long term achievements to ensure success; and
- Approval or review of projects from the original grant application, as applicable.

### ***Committees to consider***

The board of directors may consider the creation of some of the following subcommittees:

- Executive committee
- Audit committee
- Finance committee
- Nominating committee
- Research / investment committee
- Business development /Commercialization/Tech transfer/Knowledge translation committee/Networking and partnerships

*For additional best practices around setting up governance, consult the Resource Manual: Best Practices for Governance and Operations.*

## **1.4 Setting up the administration**

### ***Initial requirements***

Each BL-Network must have an appointed network director who reports directly to the board of directors. The BL-Network director is expected to commit at least 70 percent of their time to network-related activities in order to manage the BL-NCE grant effectively.

The administrative centre can be hosted in any location including within an organization owned by a Network Member.

### ***Reporting requirements in the first year of the grant***

A BL-Network may begin to incur eligible expenses from the date of the award letter. Thus in the first fiscal year reporting (ending March 31), a BL-Network must report on the activities completed during that period. The NCE Secretariat will provide templates for the annual reporting including this first annual report. The reporting will capture activities including: incorporation of the BL-Network or steps taken to use an existing federal incorporation, progress on the recruitment and activities by the governance and management, any expenses incurred related to grant and/or matching funds, etc.

## **1.5 Spending grant funds**

### ***Eligible Expenses***

The BL-Network receives grant funds from the granting agencies and may flow funding to BL-Network Members to complete activities aligned with the application for funding.

In order to determine which expenses related to administration or research are eligible under the BL-NCE program, grantees should refer to the eligible expenses table in [Appendix H of the program guide](#).

Generally, the BL-NCE program will provide up to 50 percent of the eligible direct costs of research, and 75 percent of the eligible operation (networking, commercialization, administration and outreach) expenses in support of the operation of the BL Network. However, operation expenses cannot exceed 20 percent of the total BL-NCE grant. While this ratio must be met over the entire granting period, BL-Networks should have a general idea of how the funds will be matched, at the time of the expense of any grant funds. The minimum expected matching contributions are calculated at the time of the award and defined in the award letter based on the amount of grant funds awarded.

The BL-Network must demonstrate that it has received the required level of matching funds from other sources globally with progress measured on a yearly basis and not necessarily per funded activities.

### ***Support for capital expenditures***

Where capital equipment expenditures are vital to the success of the BL-Network, the cost of that equipment may be considered an eligible expense, provided the equipment cost for which coverage is requested does not exceed \$1 million over the life span of the grant and does not exceed 20 percent of the total eligible expenses for research costs.

Plans for the lease and ownership of equipment acquired with BL-NCE should be formalized through agreements and/or contracts. These agreements should detail how the equipment will be used during the funding cycle and if any revenues are expected through user-fees, and also indicate what will happen to the equipment when the funding cycle is complete.

### ***Rules, policies, additional restrictions and stacking limits***

The rules and policies of the granting agency into whose domain the majority of the BL-Network's activities fall will apply to that BL-Network, as mutually agreed by the BL-Network and the NCE Secretariat.

In case of doubt on the eligibility of an expense and before committing any funds, the BL-Network should contact the NCE Secretariat liaison for further guidance.

Expenses related to the administrative centre and representative of the activities necessary to administer the BL-Network are eligible under the BL-NCE grant.

*Additional restrictions:*

- Subject to approval by the BL-Network's board of directors, the BL-NCE grant may fund the salary of BL-Network staff on the condition that contributions towards the remuneration (fixed or variable) from BL-NCE sources do not exceed \$120,000 (not including benefits). This condition applies to all positions (including employment contracts or contracts for positions that would otherwise be staffed by the BL-Network) and shall be pro-rated on the basis of the proportion of time worked relative to the full time equivalent.
  - *Example 1: a BL-Network's employee commits 100% of his/her time to the network. Relying exclusively on federal funds from the BL-NCE program, the network could use up to \$120,000 of the BL-NCE grant if the total remuneration of the full-time employee was \$133,000 ( $\$160,000 \times 75\% = \$120,000$ ). The balance would be provided by other non-government funding sources.*
  - *Example 2: a BL-Network hires a communications manager for 6 months of the year, at a total cost of \$90,000. The maximum remuneration from the BL-NCE grant is pro-rated at 50% (6 months / 12), indicating a maximum of \$60,000. The balance (\$30,000) would be provided by other non-government funding sources.*
- Contracting professional services (i.e. legal services and audit) are only eligible where the expertise and/or services are not already available within the BL-Network.
- Only the administrative expenses of the BL-Network administrative centre can be expensed from the BL-NCE grant. Administration and overhead costs occurring within a network member are not eligible expenses.

*Stacking limit*

The maximum level (stacking limit) of total government assistance (federal, provincial, and municipal government departments or crown corporations) for this program will not exceed 75 per cent of the eligible expenses. If the stacking limit is exceeded, it will be necessary for the relevant federal agencies to adjust the payments to the BL-Network in such a way as to not exceed the stacking limit.

When a grantee is successful in attracting other funding, the additional funds do not displace the grant provided by the BL-NCE program. The BL-Network must use the additional funds to complement BL-NCE funded activities, by conducting additional work, hiring more research personnel, or widening the scope of its activities. BL-Networks who receive additional government funding for the same activities must respect the stacking limit. The balance above the stacking limit must come exclusively from non-government sources.

***Calculating how much can be spent (Example):***

Total Budget: \$11,000,000

Eligible Expenses: \$10,000,000

Administration, Networking and Commercialization costs: \$1,000,000 (up to 75% or \$750,000 can come from BL-NCE program)

Direct Costs: \$9,000,000 -up to 50% (or \$4,500,000) can come from the BL-NCE program; \$4,500,000 must come from contributions from other sources. In total, government departments and agencies cannot contribute more than 75% of the direct costs of research (non-BL-NCE government funds can add a maximum of 25% beyond the maximum funding from the BL Funds).

In the example above, this would leave \$2,250,000 to be matched by non-government sources.

## **2. Operations/Activities**

### **2.1 Contributors**

***Who are contributors?***

Contributors are the firms that provide the financial and resource means to meet the matching fund requirements, and are positioned to best utilize the results from the BL-Network.

Contributors may also be network members (i.e. provide funding to the BL-Network as well as conduct research). However, it is essential for the BL-Network to put in place mechanisms to ensure the sharing of the research results occurs and to maintain control of the research outcomes to greater disseminate the results among a larger number of BL-Network participants (see [Network Agreement Guidelines](#)).

The role of the contributors extends beyond providing matching funds for the BL-Network activities. This group should be constantly engaged to ensure the R&D activities may be applied within their firm and to identify any gaps that may exist in the BL-Network strategic plan. Involvement in the leadership and direction of the research is essential as well as their ongoing participation in reviewing the progress of research projects. Collectively, contributors represent the interests of the private sector and are best positioned to facilitate overcoming the sector's 5-10 year challenges and help the BL-Network realize the Definitions of Success. Their interests are key to the overall strategic direction of the BL-Network.

While the BL-NCE program sets a minimum matching contribution threshold, greater leveraging of contributor funds will maximize the impacts of a BL-Network. Successful BL-Networks will have a clear value proposition to their contributors, and will be able to adapt to the evolving needs of the sector. This natural evolution of the BL-Network may also lead to both new contributors and new network members.

***Securing and tracking matching contributions***

The BL-NCE Program is a matching program. Matching contributions may be in cash or in-kind. To be considered matching funds, the additional funds must be used to support expenses that meet the eligibility criteria of the BL-NCE program.

When receiving a matching contribution, BL-Networks will need to keep in mind the eventual reporting requirements:

*Cash from contributors:*

Reporting requirement when receiving the cash:

- Source and amount of cash

Reporting requirement when spending the cash:

- Attestation of spending funds on eligible expenses

*In-Kind contributions:*

Reporting requirement when receiving the contribution:

- Source of the in-kind contribution
- Attestation that the contribution is an eligible expense
- Justified value of the in-kind contribution

For additional guidelines on how to calculate in-kind contributions, see [Appendix I](#).

*Additional considerations:*

- All ineligible expenses (including overhead expenses) cannot be used in matching calculations.
- The BL-Network must use funds provided from other funding sources to pay for administrative expenses or overhead expenses on research related activities.

***Categories of contributors and separate agreements***

Within the network agreement, there should also be a description of the different categories of contributors as applicable (i.e. tiers of membership and the resulting benefits for each tier, different membership status of membership for contributors who join at different times, etc.) and an overview of the separate agreements to be used for each. Details pertaining to contributor requirements may also be found in the [Network Agreement Guidelines](#).

While the network agreement sets out the requirements and responsibilities of the BL-Network, contributors, and network members, it should not be used to outline specific clauses that may change as a result of the unique relationships that may exist. For instance the network agreement may present general principles around the commercialization of research for the purposes of uptake by contributors, however the specific details around how contributors will commercialize the research for use by their organizations is not relevant to the umbrella network agreement and should be captured separately in complementary agreements and referenced in the network agreement. Equally negotiations around the ownership of IP should not be specifically outlined in the network agreement. As these and similar negotiations must be tailored to each contributor and network member so should the agreements that set out the terms.

## **2.2 Administrative Centre / Board of Directors**

***Ongoing role of the administrative centre***

The BL-Network administrative centre is responsible for:

- receiving and distributing grants to network members;
- securing matching contributions;
- providing suitable support to assist the network director and BL-Network staff in their network related roles and responsibilities;
- communications; and
- administering the project selection process.

### *Communications*

BL-Network activities, results and accomplishments should be conveyed to external audiences, including potential participants from all sectors, public policy makers, the media and the public. BL-Networks are strongly encouraged to produce all nationally targeted communiqués and publications, including their website, in both official languages. In addition, BL-Networks should strive to communicate with individuals in the official language of their preference, for example, when recruiting members for peer review panels.

The BL-Network's communications activities and messages must acknowledge the contribution of the federal government by mentioning that the BL-Network is made possible through the funding of the Networks of Centres of Excellence, in conjunction with the Canada Wordmark. For more details, please consult the [Best Practices for NCE Communicators](#).

The terms “Business-Led Networks of Centres of Excellence,” and “Réseaux de centres d'excellence dirigés par l'entreprise,” are official marks of the Government of Canada. The BL-Network shall identify itself as a Business-Led Network of Centres of Excellence and is permitted to use the names “Business-Led Networks of Centres of Excellence” and “Réseaux de centres d'excellence dirigés par l'entreprise,” and the acronyms “BL-NCE” and “RCE-E.” The BL-Network must immediately cease using all official marks upon termination of the funding agreement or dissolution of the BL-Network.

### ***Ongoing role of the board of directors***

#### Control framework

The board of directors must implement a financial control framework that ensures expenditures charged to the BL-NCE grants are for their intended purpose.

#### Strategic planning

The strategic plan of the BL-Network should not be considered a static document. Over the grant period, a BL-Network may update the strategic plan to address gaps in the strategy or to add new research focuses that have been identified by the contributors or the network members.

#### Project selection process

The board of directors should recommend to its subcommittees what area(s) a call for proposals should target. Network members should all have an opportunity to participate in calls for proposals. A call for proposals must align with the BL-Network's objectives to meet broader sectoral challenges. The review



process may be delegated to subcommittees of the board and supported by the administrative centre. It may or may not involve a letter of intent phase, depending on the nature of the call.

Under the direction of the board of directors, measures must be established to ensure that proposals receive fair, objective and comprehensive assessments. The subcommittees should review proposals according to set criteria established for the BL-Network by the board as well as the over-arching criteria of the BL-NCE program.

Calls for proposals may involve one or multiple research themes and may invite proposals from existing network members (internal call) and/or from research groups within the targeted sector at large (external call). Research themes may also be used as a way to manage the BL-Network's research program once projects have been selected.

For further guidance on best practices around project selection, please refer to the *Resource Manual: Best Practices for Governance and Operations*.

#### Policies

As per the funding agreement, the board of directors should ensure adherence to Tri-Agency and NCE policies and guidelines (where applicable) through implementation of appropriate measures and report on these measures in the strategic plan and annual progress reports. Some of those policies and guidelines may be found below.

#### Intellectual property and benefits to Canada

The board of directors must adopt a policy that encourages and facilitates research and commercialization for the greatest benefit to Canada. The agent or owners of intellectual property resulting from BL-Network funded activities will use reasonable and thorough efforts to maximize benefits to Canada, including the possible development of new Canadian receptor companies. The Benefits to Canada Working Guidelines are in [Appendix C](#).

The NCE Secretariat and the granting agencies make no claim to ownership of intellectual property from the research funded by the network. Ownership of BL-Network-supported intellectual property shall be determined by applicable Canadian law and the separate agreements signed by Network Members and Contributors.

#### Conflict of Interest Policy Framework

Achieving the objectives of the BL-NCE program involves various types of interactions among BL-Network participants, some of which may place individuals in positions of potential, apparent or actual conflict of interest. The BL-Network must adopt a code of conduct in its by-laws for directors, officers, employees and committee members designed to prevent real or perceived conflicts of interest. The code shall be no less stringent than the NCE Conflict of Interest Policy Framework attached as [Appendix D](#).

#### Certifications

The board of directors must implement measures, where applicable, that align with the Tri-Council guidelines for certain types of research. Included in this is research involving: human subjects; human



pluripotent stem cells; animals; biohazards; radioactive materials; licenses for research in the Canadian territories; and controlled goods or information. Details on the requirements are available in [Appendix E](#).

#### Environmental Review Process

The board of directors must establish a process for environmental review in fulfillment of its obligations pursuant to the Canadian Environmental Assessment Act, 2012 (CEAA 2012). All activities approved for funding by the board and that will be supported with BL-NCE funds must be reviewed for potential adverse environmental effects. Details and an example of the environmental review process are provided in [Appendix F](#).

#### Research Ethics

The board of directors should establish appropriate measures to ensure that the [Tri-Agency Framework on Responsible Conduct of Research](#) is respected.

In all cases the BL-Networks must:

- promote integrity in all research and scholarship;
- investigate all possible instances of misconduct in research or scholarship, including imposing appropriate sanctions in accordance with its own policies;
- report its findings to the NCE Secretariat when:
  - an allegation of misconduct has been forwarded to the BL-Network by the NCE Secretariat regardless of the outcomes of the inquiry(ies); and
  - an allegation of misconduct made directly to the BL-Network and involving, directly or indirectly, funds from the BL-NCE grant, has been upheld by the BL-Network.

### ***Reporting***

#### Accounting systems necessary

After signing the network agreement with network members, the BL-Network must ensure that the network members have setup an effective accounting system to account for the receipt and expenditure of grant and matching dollars. Establishing these accounts is essential to the financial management within the network members and in-turn the BL-Network. Each network member should set up a separate account for the BL-Network funding and in some cases (i.e. academic network members) additional accounts should be used to further differentiate the receipt and expenditure of grant dollars from matching funds. The expectations of the accounting at the network members should be captured in the network agreement.

#### Reporting for the Indirect Costs Program

The BL-NCE program is part of the [Indirect Costs Program](#) (ICP) which enables BL-Networks to engage in research using BL-NCE grant dollars and conducted at eligible Canadian institutions without incurring overhead expenses. Any BL-NCE grant funds allocated for research in eligible post-secondary institutions are eligible under the ICP program and will not be charged overhead. As part of the annual reporting, each institution must complete and provide the BL-Network with a Form 300. This form must be submitted with the BL-NCE annual reporting.

Academic network members eligible to claim the overhead on grant funds from the Indirect Costs Program (ICP) should claim these amounts on the BL-NCE grant funds only. The ICP costs are not

applicable to the BL-NCE matching funds and thus may be subject to overhead by the academic network members. It is required when dealing with academic network members that the BL-Network discloses the sources of the funding provided in order to properly account for ICP and overhead costs. Note that overhead is not an eligible expense of the BL-NCE program and thus must not be covered by grant or matching funds.

#### Annual Reports to the NCE Secretariat

The annual progress reports shall be approved by the board of directors and submitted to the NCE Secretariat no later than July 31 of each year. The NCE Secretariat should review the BL-Network's annual progress reports prior to submission.

#### Use of the annual reports

The annual progress report of the BL-Network will be assessed against the program criteria of the BL-NCE program by the PSAB monitoring review board. The PSAB will use the annual reports to assess the progress of each BL-Network against the original application, the BL-Network's strategic plan and the criteria defined in the BL-NCE program guide. The PSAB may recommend continued funding, phasing out the BL-NCE grant funds to the BL-Network, or an in-depth review by a panel of experts who will report back to the PSAB. The NCE Steering Committee is responsible for the final funding decision.

Annual reports collected will be used to monitor performance and to inform the BL-NCE program, to produce the program's annual report, and to report to stakeholders and the Canadian public. All information provided to the NCE Secretariat is subject to the Access to Information Act and the Privacy Act. Any confidential information should be clearly identified as such. Information on the Acts and the use and disclosure of personal information are detailed in [Appendix G](#).

The BL-Network is subject to the established Tri-Agency monitoring procedures, which may include visits from the representatives of the granting agencies. In instances where members of the BL-Networks are organizations eligible to receive funds from one of the three agencies, the monitoring procedures also apply.

#### Necessary record keeping

Refer to the Supporting Evidence subsection of the [Reporting section of the Tri- Agency Financial Administration Guide](#) for information on what documentation must be kept on record by the BL-Network as supporting documentation for financial administration purposes. Records must be kept a minimum of six years following the conclusion of the funding agreement.

## **2.3 Themes/ Network Members & Results**

### ***Collaboration within the BL-Network***

Given that the BL-Network's research needs to be divided into separate themes and / or projects, it is important to create and promote a culture of collaboration among researchers. The success of a BL-Network will strongly depend on its ability to focus different expertise and disciplines onto specific problems.

It is therefore encouraged for BL-Networks to create a platform for researchers to share results and discuss their approaches. This can be accomplished through board subcommittee meetings, scientific meetings such as an annual conference, webinars, or e-mail updates.

### ***Researchers engaging contributors***

To ensure that research projects continue to target results that will be useful to the contributors, researchers and contributors are encouraged to engage with each other throughout the life of a project. This could be through a regular review mechanism, or other hands-on management approaches (such as the setup of a mentoring program).

### ***Tracking progress***

A milestone schedule should be established by the board of directors. The schedule should include: a list of the activities/steps required for the BL-Network to achieve its yearly objectives; start and end dates of the activities leading to the milestones; and major outcomes/results expected. Measures should also be established to track progress in achieving each milestone. A similar approach should be taken by network members in their individual projects.

The board of directors should decide on a reporting framework. A reporting template should be created for the projects that will be funded by the BL-Network, identifying the performance metrics against which the progress of the projects will be assessed. These internal reports will feed into the annual progress reporting framework that the NCE Secretariat uses in its evaluation of the BL-Network as a whole. The board should decide on the frequency of reporting as well as the internal review mechanism of the BL-Network reporting activities. How the project reports will be used is at the discretion of the board. The reports, however, should be useful for go/no-go decision points regarding projects. Internal reports should also provide network members with the opportunity to highlight new areas of research based on discoveries. An example of a review mechanism for reporting activities is available in the *Resource Manual: Best Practices for Governance and Operations*.

### ***Disseminating research results***

Following the completion of a research project the BL-Network must disseminate the results as per the network agreement and other related agreements, to ensure the rapid uptake of results by the contributors.

## **2.4 Concluding Research and Application of Results**

A process should be established for closing research accounts of individual projects. This includes measures ensuring that outstanding commitments are satisfied prior to closure, unspent funds are returned to the administrative centre, and final financial reporting activities are completed.

If new discoveries arise from the research such that the BL-Network strategy could be expanded or challenges could be further broadened, contributors may reinvest into the BL-Network to further the research. New contributions may also arise from new partners attracted to the BL-Network.

## **2.5 Tracking Impacts**

### ***Review of progress on meeting 5-10 year challenges***

Knowing that a BL-Network has overcome the original challenges outlined in the BL-NCE application (and, in the process, has embodied the [definitions of success](#)) is an important consideration that will affect the potential for renewal of the BL-Network for an additional term (if applicable). This can be validated by the impact of the outcomes on the BL-NCE contributors.

The impacts on the BL-NCE contributors should, in turn, link back to the benefits to Canada that were presented in the original application. It is important to set a system to track these impacts (including success stories) and disseminate them to interested parties as part of a clear communication strategy.

BL-Networks should endeavour to understand how the results have been taken up by the contributors, and track the impact of the results on the contributors' commercialization/business application activities. BL-Networks should also establish an ongoing reporting process that captures further impacts of the results on the contributors.

## **3. Approaching End of Cycle: Winding-down or applying for renewal**

### **3.1 Renewal**

Existing BL-Networks in their first cycle of funding have an opportunity to compete for a second five-year cycle. The renewal competition follows a two-stage process that includes a letter of intent (LOI) and a full application. The LOI is used as a tool for the NCE Secretariat to confirm the intent to apply for a renewal, and to identify experts for the review of the full application. For a renewal, every BL-Network

that submits an LOI automatically becomes able to submit a full application. The full application is in turn peer-reviewed by an expert panel and by the Private Sector Advisory Board.

Renewal competitions typically take place during the last year of the current grant, to ensure uninterrupted funding should the BL-Network be successful. BL-Networks cannot apply for a third cycle of funding.

### **3.2 Requirements at the end of a Business-Led NCE cycle**

Networks must plan to conclude the entire research program by the end of the term identified in the Funding Agreement. The board of directors and its subcommittees should plan to hold any final meetings and retain only administrative staff beyond the term who are necessary to complete final reporting requirements (e.g. key finance staff). Subcommittees of the board must not approve or spend funding on any new projects past the end of the funding period. Any unmatched and/or unspent research funds must be declared to the NCE Secretariat through an up-to-date financial statement, and returned to the Receiver General of Canada, care of the NCE Secretariat. Four months after the end of the term, a final report must be submitted to the NCE. During this period, the administrative centre will remain active to collect unspent and unmatched grant funds, collect statements of accounts and final reports from network members and impact reports from contributors. At the conclusion of the four months, the BL-Network must provide:

- An annual report reflecting the activities and statements of account for the final year of research and administrative activities;
- an annual report for the activities and statements for the four month closing period;
- a final report representing the activities of the BL-Network during the entire funding period; and
- a cheque for the balance of unspent and unmatched BL-NCE funds.

For further details on the BL-NCE's final reporting requirements, consult the *Guidelines for End of Cycle Reporting and Best Practices for Winding Down*.

## **Appendix A: Program Criteria and Expected Benefits**

Applications from new BL-Networks and the ongoing operations of existing BL-Networks are assessed against the following selection criteria:

### **A. Benefits to Canada**

- Identification of the vision for a given sector and the major R&D and commercialization challenges to be addressed to significantly advance the Canadian competitive advantage of that sector;
- Strengthening of public-private sector collaborations to meet private sector needs;
- Increasing industrial R&D capacity and receptivity to the results of R&D across large, medium and small enterprise;
- Positioning of Canadian firms in high-value segments of production chains;
- Creation, growth and retention of companies in Canada;
- Business and product innovations to capture new markets; and
- Increasing domestic collaboration across a wide array of firms, sectors and regions.

### **B. Track Record and Potential for Success**

Past progress:

- Past achievements of the applicants;
- Evidence of commercialization and/or business application of research results leading to competitive advantage;
- Mechanisms to identify and manage conflicts of interest;
- Ability to address recommendations from previous competitions or competition stages;
- Demonstration of success in past collaborations across firms and in public-private collaboration;
- Demonstration of an increase in business receptivity to the results of R&D across large, medium and small enterprise;
- Management of deviations from previous strategic directions; and
- Attraction of top talent to the proposed research and business activities.
- Record of investment by private and other public partners in the BL-Network.

Potential for success:

- Potential to advance the proposed research and business activities;
- Excellence, focus and coherence of a research program;
- Capability of attracting new investments;
- Mechanisms in place to track and manage BL-Network impacts;
- Evidence of capacity to address significant research challenges that meet business needs; and
- Proposed training and exposure of post-graduate and post-doctoral HQP in innovative research.

### **C. Business Plan**

Rationale for funding:

- Value of the partnerships, financially and in advancing the BL-Network;
- Value-add of the BL-Network approach;

- Plan to overcome challenges of the sector;
- Identification of outcomes for the funding cycle; and
- Justification and appropriateness of the budget request.

Description of benefits to private sector participants:

- Plan for the business application for the proposed research;
- Business cases for the involvement of large, medium and/or small enterprises in the BL-Network; and
- Identification of links between researchers and HQP with firms.

Business approach:

- Clear description of the path to market for the research through a market analysis;
- Identification of key risks and mitigation strategies;
- Communication strategies to engage under-represented entities within the current BL-Network membership;
- Identification of future projects and anticipated changes to the technology readiness, stage-gate or maturity level of each;
- Effectiveness of the plan to manage, protect and exploit IP in the BL-Network context; and
- Mechanisms to accelerate commercialization and/or business application of technologies, goods and services within firms.

## **Expected Benefits**

### ***Expected Research-Related Benefits***

- Increase private-sector investment in R&D and advanced technologies;
- Provide high quality post-graduate and post-doctoral training in innovative research;
- Strengthen public-private sector collaboration, including links between researchers and firms, to address significant research challenges that meet business needs; and
- Increase industry R&D capacity, including among small- and medium-sized enterprises (SMEs), and receptivity to the results of R&D.

### ***Expected Commercialization-Related Benefits***

- Outline a clear path to market or business applications for the proposed research;
- Seek commercialization benefits that position Canadian firms in high value segments of production chains;
- Create, grow and retain companies in Canada that are able to capture new markets with new innovations;
- Accelerate the commercialization of leading edge technologies, goods and services in priority areas where Canada can significantly advance its competitive advantage; and
- Strengthen domestic collaboration and ensure that benefits spill over to a wide array of firms, sectors and regions of the country.

## Appendix B: BL-NCE Network Agreement Guidelines

### Background/Overview

As part of the requirements of the funding agreement the BL-Network must execute a Network Agreement with organizations involved. These guidelines outline the required elements to be addressed in the Network Agreement to ensure accordance with the BL-NCE Funding Agreement and the BL-NCE program.

### Signatories

1. The BL-Network a federally incorporated Not-For-Profit organization in receipt of the BL-NCE Grant funds.
2. Organizations providing funding to the BL-Network activities ("Contributors")
3. Organizations receiving funding and participating in the research activities ("Network Members")

Each signatory has unique roles and responsibilities to enable the success of the BL-Network. **The roles and responsibilities of each signatory are outlined below and must be captured in the Network Agreement.** All participants should sign a single agreement and where necessary develop separate agreements to deal with specifics related to a given organization. As outlined in the funding agreement the BL-Network should solicit independent legal counsel to negotiate these agreements. For additional information please contact your NCE Secretariat liaison.

### The BL-Network

As the central piece of the initiative, the BL-Network is the stewards of the BL-NCE grant funds, the matching contributions, the activities undertaken, and delivery on the commitment to the federal government. As such the BL-Network has signed a funding agreement with the granting agencies outlining the obligations of funding. Many of those obligations fall to the BL-Network, while others extend to BL-Network interactions with Contributors and Network Members. The latter obligations are captured below and reflect necessary components of a BL-NCE Network Agreement.

The Network Agreement should include:

- The goal and/or mandate of the BL-Network
- An overview of how the various "Participants" (i.e. the BL-Network not-for-profit, Contributors, and Network Members) interact to create the network.
- A description of the funding categories and matching requirements of the BL-NCE program
- The processes to invite, identify, select and fund projects that will enable the BL-Network to achieve success.
- The term by which the Network Agreement will be in effect with a possibility of extension depending on the results of a renewal competition (if applicable)
- The mechanisms and process for dispute resolution and withdrawal from the agreement.
- A description of Network Supported Intellectual Property (NSIP)
- A general overview of how research results are identified, who are the owners, the process of protection and the mechanism of access available to the various participants across the BL-Network. Reference any separate agreements used.



- The obligations of the BL-Network as per the BL-NCE Funding Agreement that also affect participants including the relevant paragraphs of sections: 3, 4, 5, 6, 8, 10, 11, 12, 15, 16, 18, 19, and 21
- The minimum time required for maintaining records related to the BL-Network.
- The approach to dealing with conflict of interest that may exist in BL-Network Governance and Administration.
- Any requirements for membership in the BL-Network (e.g. Board of Directors or committee participation, attendance to BL-Network meetings, explanation of membership levels, etc.)

### Contributors

The BL-NCE program requires that the BL-NCE grant contributions towards the activities of the BL-Network be matched by other sources of funding. Contributors to these activities have a special relationship with the BL-Network as they not only provide the financial and resource means to meet the matching fund requirements, but they are also positioned to best utilize the results from the BL-Network. The value-add of the network approach provides contributors with the opportunity to leverage their financial and in-kind contributions not only against grant funds but also against that of other contributors. This provides significantly greater returns on investments for each contributor and strengthens the collaboration within the BL-Network.

In a situation where Contributors also have a role as Network Members (i.e., provide funding to the BL-Network as well as conduct research), it is essential for the BL-Network to put in place mechanisms to ensure the sharing of the research results occurs and to maintain control of the research outcomes to greater disseminate the results among a larger number of network participants. Without these controls a BL-Networks may act as a granting agency where projects are isolated from each other and dissemination does not occur. This diminishes the value-add of the BL-Network and undermines the goals of the BL-NCE program in maximizing value to the sector.

**All contributions (cash and in-kind) must be made to the BL-Network and not specifically to projects or activities of the BL-Network.** Cash contributions must be paid first to the BL-Network who will subsequently issue payments to Network Members upon direction by the BL-Network Board of Directors. In-kind contributions must be committed to the BL-Network in agreements separate from the Network Agreement and detail the specifics of the in-kind contribution (e.g. identification of resources, level of access, duration, etc.). The BL-Network Board of Directors will allocate these resources as needed to complete the activities.

In addition to the above and as it relates to Contributors, the Network Agreement should also include:

- A description of the different categories of Contributors (e.g. Host organization contributing administrative facilities, Staffing support, Network activities) and an overview of the separate agreements to be used for each.
- Statement that all contributions must be auditable and must not be double counted towards other federal government matching fund programs.
- Description of the process used to make contributions to the BL-Network and how those contributions will be collected, utilized and reported upon by the BL-Network.
- An overview of eligible in-kind contributions.

- A description of the benefits/rights of Contributors as a result of their participation and contribution to the BL-Network.
- If relevant discuss the rights and limitations to access the research results across different levels/classes of membership.

#### Network Members (Researchers)

This group represents **organizations that are eligible to receive grant funds and will undertake the BL-Network research activities.** In addition to delivering on the research objectives for the BL-Network, this group must also adhere to the research and funding requirements stipulated by the Granting Agencies. The Network agreement must address these elements including:

- Declarations to the BL-Network of any additional government funding received for the research funded by the BL-Network (this will enable the BL-Network to oversee the stacking requirements).
- An overview of the reporting requirements (i.e. frequency, conditional funding, review and decision making)
- Requirement for all researchers based at an academic research institution to sign the Consent to Disclosure agreement.
- Acknowledge the receipt of funding from the BL-Network in public documentation and/or publications
- In accordance with the Granting Agency policies, define the maximum period that publications can be delayed when such a delay will interfere with the graduation of an HQP.
- Description of the general requirements of the BL-Network on Network Members and identification of the separate agreements that will deal with the specific requirements (e.g. payment schedule, expected deliverables, milestone schedule, etc.)
- Requirements around the ethical conduct of research and where relevant, inclusion of the requirements for certain types of research as it applies to the areas of research.
- Provisions around the events of default that result in a termination of funding.
- A statement on the ownership of capital equipment purchased using grant funds, where that equipment resides, and what happens to that equipment following the term.

## **Appendix C: Benefit to Canada**

### ***Working Guidelines***

A key BL-NCE program objective is to advance Canadian economic and social development. Accordingly, every effort must be made to have the results of network-funded research 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. For example, maximum benefits would be derived from the creation of high-quality jobs in Canada, which should be an important goal of any commercialization activity.

The owners of intellectual property resulting from BL-Network research and/or commercialization activities, or the agent acting on their behalf, will consult with relevant stakeholders (BL-Network administrators, members, universities, and researchers) on issues of commercialization. When selecting a receptor company for the exclusive license of the commercial rights of intellectual property resulting from network research and/or commercialization activities, the agent/owners of intellectual property resulting from the network research and/or commercialization activities 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 commercialization activities that are being exploited, and on the window of opportunity.

The agent/owners of intellectual property resulting from network research and/or commercialization activities 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 BL-Network board of directors, and to provide a report approved by the board of directors to the NCE Secretariat that describes 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 BL-Network.

## **Appendix D: Conflict of Interest Policy Framework**

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

To ensure that BL-Network operations and decisions are not biased by conflict of interest, the responsibility for implementing and managing the Conflict of Interest Policy Framework is delegated to each BL-Network board of directors, who represents the highest authority in the management structure of the BL-Network.

Individuals participating in the BL-Network who do not receive BL-NCE grants, such as members of the board of directors and of advisory committees, play a unique role in the BL-Networks in bringing an important perspective as a result of their particular knowledge, often as representatives of organizations in the field of interest of the BL-Network. Although they do not receive BL-NCE funds, they are still required to disclose any financial interest or position of influence, as described in the Disclosure Section of this document, in any business in the same area of interest as the BL-Network, other than that of their main employer.

The Conflict of Interest Policy is intended to enable BL-Network 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 BL-Network board of directors, the BL-Network investigators and the administrators.

### ***Definitions***

- (a) "Administrative Centre" means the central administrative offices of the BL-Network;
- (b) "Avoidance" means refraining from, or withdrawing from, participation in activities or situations that place an individual participating in the BL-Network in a potential, apparent or actual conflict of interest relative to his or her BL-Network duties and responsibilities;
- (c) "Board" means the BL-Network board of directors that is responsible for the overall management of the BL-Network;
- (d) "Conflict of interest" means a situation where, to the detriment or potential detriment of the BL-Network, an individual or organization is, or may be, in a position to use intellectual property, research knowledge, authority or influence (real or perceived) for personal or family gain (financial or other) or for the benefit others;
- (e) "BL-NCE" means the federal Business-Led Networks of Centres of Excellence program;
- (f) "BL-Network" means a not-for-profit corporation funded under the federal Business-Led Networks of Centres of Excellence program;

(g) "Network Director" means the holder of the BL-NCE Grant who is a non-voting ex-officio member of the BL-Network's board of directors.

(h) "Disclosure" means the act of notifying in writing the board of directors, through the administrative centre, of any direct or indirect financial interests and positions of influence held by an individual participating in the BL-Network that could lead to a potential, apparent or actual conflict of interest.

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

(j) "Financial interest" means an interest in a business in the same area as the BL-Network as described in the Financial Interest section of this document.

(k) "NCE Secretariat" means the secretariat through which the federal Networks of Centres of Excellence program and the BL-NCE program are delivered.

(l) "NCE Steering Committee" means the committee which has overall responsibility for the BL-NCE program comprised of the three granting agencies' presidents, the Deputy Minister of Industry Canada, and the Deputy Minister of Health Canada, with the President of the Canada Foundation for Innovation serving as observer.

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

### ***Disclosure***

Upon joining the BL-Network, each individual is obliged to disclose in writing to the board, through the administrative centre, any direct or indirect financial interests and positions of influence that could lead to a potential, apparent or actual conflict of interest (examples provided below). In addition, these submissions 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 BL-Network committee or board meetings so that the committee or board is aware of the situation and can take appropriate action.

Board members and members of other committees of the BL-Network should identify their interests in all organizations working in the same sector as the BL-Network and explain the relationship of the organization(s) to the BL-Network.

### ***Financial Interest***

This consists of:

- Any material stock option (e.g., one per cent) 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.

### ***Management of Conflict of Interest***

The board or its conflict of interest subcommittee 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 the disclosure section. All disclosures constitute confidential information that will be available to the board, or a subcommittee 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 subcommittee.

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 BL-Network 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 and participate in any BL-Network decisions, including committee decisions, if the declared potential conflict of interest could influence the decision or actions of the BL-Network. 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 is aware of the situation in order to ensure that the individual is out of the room when the discussion and decision process on the item in question are taking place. 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 level and must be documented in writing. The board 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, the board will require the individual to:

- account to the BL-Network for 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 BL-Network; or take appropriate action as determined by the board.

### ***Review Process***

An individual may request in writing, within 30 days, a review of a board's decision on conflict of interest. In certain circumstances, the board may arrange for an independent third party appointed by mutual agreement of the BL-Network and the board, and failing such mutual agreement, appointed by the NCE Steering Committee, to act as an intermediary to scrutinize scientific reports and budgetary information of research project(s) in which the individual participating in the BL-Network 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 BL-Network. The ultimate decision on the resolution of the review rests with the board.

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

### ***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 organization, corporation or company signing the network 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, business contract or consultancy relationship with a company, or serving on the board of a company;
- Entering into a research contract and/or business contract with a company in which the participant, or a member of the participant's immediate family, has a financial or other interest;
- Carrying out supplementary professional scientific or business 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 BL-Network;
- 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 BL-Network does business;
- Influencing the purchase of equipment or materials for the BL-Network from a company in which the participant, the administrator or the director has a financial or other interest.

### ***Conflict of Interest Guidelines for Expert Panels and Selection of Projects***

The conflict of interest guidelines as adapted from NSERC and CIHR state that Expert Panel Members should not:

- be from the same university as the applicant(s);

- have been a research supervisor or graduate student of the applicant(s) within the past six years;
- be providing letters of support for the application;
- have collaborated with the applicant(s) within the past six years or have plans to collaborate in the immediate future;
- be an employee of a non-academic organization with which the applicant has had collaboration within the past six years;
- be in any other potential conflict of interest (e.g., personal, financial);
- Committee members who have an application before the committee shall absent themselves from that meeting of the committee;
- Committee members must declare a conflict of interest if they:
  - are from the same immediate institution or company as the applicant, and who interact with the applicant in the course of their duties at the institution or company;
  - are a close personal friend or relative of the applicant;
  - have had long-standing scientific or personal differences with the applicant;
  - are in a position to gain or lose financially from the outcome of the application (e.g., hold stock in the company of an industry member or a competitor) or
  - for some other reason feel that they cannot provide an objective review of the application.



## Appendix E: Requirements for Certain Types of Research

### ***Guidelines and Policies***

The policy statement associated with the requirements for certain types of research of the three granting agencies can be found at: [www.nserc-crsng.gc.ca/NSERC-CRSNG/Policies-Politiques/certaintypes-typescertaines\\_eng.asp](http://www.nserc-crsng.gc.ca/NSERC-CRSNG/Policies-Politiques/certaintypes-typescertaines_eng.asp). More specifically, here are the areas that the policy covers:

- Research involving human subjects shall meet the requirements of the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans (see <http://www.pre.ethics.gc.ca/eng/policy-politique/initiatives/tcps2-eptc2/Default/> for details);
- Research involving human pluripotent stem cells is required to adhere to the Updated Guidelines for Human Pluripotent Stem Cell Research posted on the CIHR website (see <http://www.cihr-irsc.gc.ca/e/42071.html> for details);
- Research requiring the use of animals shall be conducted in accordance with the policies and guidelines of the Canadian Council on Animal Care (CCAC) *Guide to the Care and Use of Experimental Animals* (Volume 1 and 2) and hold a valid Certificate of Good Animal Practice – GAP (see [http://www.ccac.ca/en/\\_standards/guidelines](http://www.ccac.ca/en/_standards/guidelines));
- Research involving biohazards must adhere to the standards outlined in the latest edition of Laboratory Biosafety Guidelines of the Public Health Agency of Canada (see <http://www.phac-aspc.gc.ca/publicat/lbg-ldmbl-04/index-eng.php> for details);
- Research involving infectious agents must adhere to the latest edition of the Laboratory Biosafety Guidelines prepared by the Public Health Agency of Canada (see <http://www.phac-aspc.gc.ca/publicat/lbg-ldmbl-04/index-eng.php> for details);
- Research involving radioactive materials must comply with all Canadian Nuclear Safety Commission (CNSC) regulations, recommended procedures, and safety precautions governing the use of such materials in Canada (see <http://www.cnsccsn.gc.ca/eng/acts-and-regulations/index.cfm> for details);
- Research activities having potential effects on the environment must adhere to the Environmental Review Policy for Networks Receiving NCE Funds (see Appendix F for details);
- Research involving controlled information must comply with all laws and regulations regarding Controlled Information, including but not limited to the *Defence Production Act*, *Export Control Regulations*, and the *Controlled Goods Regulations* before, during or after the tenure of a grant from the NCE. The BL-Network will ensure subsequent documentation required by the NCE Secretariat, including annual progress reports, final reports, and strategic plan, will not include information subject to restrictions or controls under the *Export and Import Permits Act* or its regulations, the *Export Control Regulations* or the *Controlled Goods Regulations* (see <http://ssi-iss.tpsgc-pwgsc.gc.ca/dmc-cqd/> for details);
- Research performed in the Yukon, the Northwest Territories and Nunavut must be accompanied by the appropriate licences for all researchers. Research in the North should be governed by a set of ethical principles as described in the publications by the Association of Canadian Universities for Northern Studies titled - *Ethical Principles for the Conduct of Research in the North* (see <http://acuns.ca/website/ethical-principles>).

## Appendix F: Environmental Review Requirements

### Requirements;

Where applicable, NCE recipient organizations (e.g. organizations receiving IRDI, NCE, BL-NCE and CECR grants), must comply with the Canadian Environmental Assessment Act, 2012 (CEAA 2012) by ensuring that activities supported with NCE funds are not likely to cause significant adverse environmental effects [in areas within federal jurisdiction](#), and must develop a review process as follow:

- Boards of directors responsible for approving the proposals to be funded must ensure that an environmental review is in place and is being implemented. NCE recipient organizations can establish their own process according to their own situation, e.g., a board may choose to carry out the environmental review itself or to delegate this task, by appointing a subcommittee of the board or hiring consultants who will submit their recommendations to the board.
- New activities funded by NCE recipient organizations, or ongoing ones where the methodology has changed significantly during the course of the funding period, are subject to assessment or review under the CEAA 2012 when they fall within the definition of either “designated projects” or “projects” ([sections 67-68, CEAA 2012](#)).
- NCE funds shall only be released to applicants after proposals have undergone an environmental review and if it has been determined that no significant adverse environmental effects are likely. If the environmental review has not taken place at the time of the grant approval by the board, the grant can be made conditional on a favorable environmental review.
- An environmental report must be submitted annually by the NCE recipient organizations to the NCE Secretariat summarizing the environmental review process adopted by the board and the results of the reviews done during the year (e.g. including information on new proposals, or on-going research or activities that required a more detailed environmental review, modification or cancellation).

### Example:

- The self-identification process detailed in the [NSERC’s Guidelines on Environmental Review and Assessment](#), and the [NSERC’s Environmental Information Form](#) or the [Form 101, Appendices A and B](#) Environmental Impact checklists). can be used as an example of how relevant information can be collected from applicants.

## **Appendix G: The Access to Information Act and the Privacy Act (ATIP)**

The *Access to Information Act* (ATI) gives Canadian citizens and people present in Canada a limited right of access to information in federal government records. The *Privacy Act* gives these same individuals a limited right of access to personal information about themselves held in government records and sets out rules and fair practices for the management of personal information by federal institutions. All information collected and generated in the context of the Networks of Centres of Excellence (NCE) programs that comes under the control of the NCE Secretariat and the granting agencies is subject to these laws.

It is important to remember that the ATIP is intended to complement, not replace, established channels of communication. The NCE Secretariat promotes open, informal communication with the research community and with the public. Contact the NCE Secretariat before using the acts.

### ***The Access to Information Act***

A requester seeking access to NCE Secretariat records under the *Access to Information Act* (ATIA) must write to the ATIP Co-ordinator at Natural Sciences and Engineering Research Council (NSERC) providing a precise description of the records sought and enclosing the appropriate application fee. Submitting a request does not guarantee that a requester will gain complete access to the requested records. The Act sets out specific exceptions and exemptions that apply in responding to such requests. For example, personal information about identifiable individuals or proprietary technical information submitted in confidence by researchers or companies would not be disclosed. Moreover, if a request requires a lengthy search or involves a large number of records, a requester could be asked to pay additional fees to help cover the processing costs.

More information about the Act can be obtained from the NSERC Access to Information and Privacy Co-ordinator (see below), the ATIP website (<http://www.tbs-sct.gc.ca/atip-airp/index-eng.asp>) or from Info Source, a published register of federal information holdings available in most large libraries or at [www.infosource.gc.ca](http://www.infosource.gc.ca).

### ***The Privacy Act***

The *Privacy Act* gives people in Canada certain rights with respect to personal information about them held by federal institutions. For example, institutions must inform people from (or about) whom they collect personal information, how it will be used, and to whom it will be disclosed. Personal information may be used only for the purposes for which it was originally collected or for uses consistent with that purpose. The Act also contains a procedure for requesting correction of inaccuracies in personal information.

Making a request under the *Privacy Act* is similar to making one under the ATIA, except that there are no fees associated with requests to access personal information. The *Privacy Act* sets out limits to the right of access similar to those contained in the ATIA. For example, unless otherwise set out in advance, a person requesting access to personal information about themselves would not be given access to personal information about another.

### ***Use and Disclosure of Personal Information Provided to the NCE Secretariat***

The decision-making processes related to applications received by the NCE Secretariat are subject to more publicity than traditional grant or scholarship applications made to individuals. Successful applicants, co-applicants and other participants, including members of boards of directors, managers and other key players, should be aware that their names and affiliations will be accessible to the public. The NCE Secretariat routinely publishes and disseminates certain details about successful applications. These include: names and affiliations of applicants and co-applicants, the amount of the total award and any conditions attached to that amount, and summaries prepared by the applicant or by the Secretariat for public reference. The final reports of the NCE Secretariat selection committees or the Private Sector Advisory Board, providing an overview of a competition along with a summary of each application recommended for funding, are also publicly disseminated.

More detailed personal information about applicants and prospective administrators collected by the NCE Secretariat programs is used to review applications, to administer and monitor awards, and to promote and support research. Consistent with these purposes, applicants should also expect that personal information collected by the program might be used and disclosed in the following ways:

- i) As part of the review process, applications are disclosed to selection committees composed of experts recruited from the academic, private and public sectors. Applications may also be transmitted to external referees, to members of ad hoc review committees or to site visit committees for review. Individuals recruited by the NCE Secretariat programs to participate in these review activities are instructed to protect and to treat as confidential all information entrusted to them.
- ii) The substance of expert reviews and the comments of selection committees about a proposal are accessible to all co-applicants even though reviews may occasionally include comments about a particular co-applicant. Normally, NCE Secretariat staff provides these assessments as feedback to the principal applicant only; it is expected, however, that he/she will share it with co-applicants.
- iii) The NCE maintains a separate database, for the information collected through the annual reporting mechanisms of the different NCE Secretariat programs. Information collected is available to members of the NCE Management and Steering Committees or their delegates who are affiliated with a granting agency or other partners of the NCE Secretariat, including Industry Canada, Health Canada, the Canada Foundation for Innovation, the Canadian Institutes of Health Research (CIHR), the Social Sciences and Humanities Research Council (SSHRC) and NSERC.
- iv) Because of the relationship between the NCE Secretariat and its partners, staff of the NCE Secretariat is usually aware of other applications submitted by the same applicants or groups to other programs within the partners. For the purposes of adjudication and award administration, selection committees may be provided with information of co-applicants' proposals and awards in all programs. In cases when, for example, there is a question of possible overlap in the support of the same research activity by two or more programs, an application submitted to one program may be used during the review of an application submitted to another program. NCE Secretariat staff may also disclose the contents of applications to program staff in the agencies

for the purposes of determining the most appropriate source of funding, jurisdiction, or to monitor overlap in federal support.

- v) The NCE Secretariat and its partners may use personal information about applicants in their files and databases to identify prospective committee members and reviewers for specific grant applications, planning and evaluation purposes, audits, and to generate statistics for these activities. The agencies may also use the information in their files and databases to generate distribution lists in order to disseminate publications and other information to the research community.
- vi) Data on the gender of applicants is collected by the NCE Secretariat on a voluntary basis only. While gender data on specific individuals is not used in the adjudication process, it may be used by the NCE Secretariat or its partners to promote the increased participation of a specific group in programs and on committees.

Applicants and participants in the NCE Secretariat programs are subject to the Tri-Agency Framework: Responsible Conduct of Research <http://www.rcr.ethics.gc.ca/eng/policy-politique/framework-cadre/> and their personal information may be used and disclosed consistent with this policy.

### ***Information Provided to the NCE Secretariat***

Information provided to the NCE Secretariat is subject to the *Access to Information Act* and the *Privacy Act*. Grant applicants and recipients are encouraged to separate information not related to the grant from meetings and documentation available to the NCE Secretariat and its representatives. Furthermore, applicants and recipients should adopt the practice of labelling information as confidential when the information contains:

- (a) trade secrets;
- (b) financial, commercial, scientific or technical information considered confidential;
- (c) information that could result in a material financial loss or gain or impact a competitive position;  
and
- (d) information that could affect contractual or other negotiations.

### ***Annual Reporting Information***

Throughout the grant period, recipients of grants are required to provide information to the NCE Secretariat. The information collected is consolidated across the relevant NCE program(s) to generate statistical information, update operational requirements and identify best practices that may be used by staff and committees. Information used in public reports and publications is discussed with grant recipients in advance.

***Non-disclosure and confidentiality agreements***

Representatives of the NCE Secretariat will not enter into separate non-disclosure and/or confidentiality agreements.

For further information on the above Acts, please contact:

ATIP Coordinator  
Natural Sciences and Engineering Research Council of Canada  
350 Albert Street  
Ottawa, Ontario K1A 1H5  
Telephone: 613-995-6214  
Fax: 613-992-5337

## Appendix H: BL-NCE Eligible Expenses

<b>Direct Cost of Research (up to 50 percent covered by the BL- NCE program)</b>	
<b>Eligible Expenses</b>	<b>Ineligible Expenses</b>
Salaries of research personnel (students, post-doctoral fellows and/or technical/professional assistants)	Salaries of existing faculty
Equipment or facility (purchase or rental, operation and maintenance costs and user fees);	
Capital expenditures	
Materials and supplies	
Travel (conferences, field work, collaboration/consultation);	
Dissemination costs (publication costs, other activities)	
<b>Administration, Networking and Commercialization Expenses (up to 75 percent covered by the BL-NCE program)</b>	
<b>Eligible Expenses</b>	<b>Ineligible Expenses</b>
Network leader salary & benefits	
Salaries & benefits for network staff	Honoraria for board members and members of subcommittees of the board.
Contracting of services	
Office supplies and equipment	
Operating expenditures of the administrative centre (including leases, telecommunications, IT support etc.)	Expenses related to the construction, and purchase of a building.
Communications activities	
Travel accommodation for network personnel, researchers and members of network boards and committees	
Liability insurance	
Pre-commercialization support services	
Market studies	
Prototype development	

For other expenses, refer to the [Tri-Agency Financial Administration Guide](#) or [contact program staff](#).

## Appendix I: Calculation of In-Kind Contributions

For all Networks of Centres of Excellence Programs, in-kind (cash equivalent) contributions are defined as cash-equivalent goods or services that represent an incremental expense that the partner would not otherwise incur and which would have to be paid for with network/centre funds if not provided by a partner. In-kind contributions should be relevant and central to the activities or mandate of the network/centre, must be eligible expenses as per the program guidelines and cannot have been used to fulfill the leveraging requirements of other federal programs.

### Reporting Guidelines

- The nature of an in-kind contribution and its valuation must be detailed. It is the responsibility of the board of directors to ensure that a proper accounting framework is created to ensure that the reported value for all items is reasonable. The NCE Secretariat may request justification in the case of questionable valuations.
- If there is doubt about the eligibility of an in-kind contribution, the network or centre must seek clarification from the NCE Secretariat. Each case is considered on its merits, and the Secretariat exercises discretion in making the final decision.

### Calculation table

The table below is a non-exhaustive list of in-kind contributions, with an indication of how to calculate their value. If in doubt about a particular item, contact the NCE Secretariat.

Category	Calculation of recognized contribution	Ineligible contributions
Access to unique databases	<ul style="list-style-type: none"> <li>• Incremental cost of access</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of developing or maintaining database</li> </ul>
Analytical and other services	<ul style="list-style-type: none"> <li>• Internal cost of services</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial cost of access</li> </ul>
Equipment	<p><b>Donated (used)</b></p> <ul style="list-style-type: none"> <li>• Fair market value</li> <li>• Company book value</li> </ul> <p><b>Donated (new)</b></p> <ul style="list-style-type: none"> <li>• Selling price to most favored customer (if stock item)</li> <li>• Cost of manufacture (if one of a kind)</li> </ul> <p><b>Loaned</b></p> <ul style="list-style-type: none"> <li>• Rental equivalent based on depreciation</li> <li>• Rental equivalent to highest-volume rate</li> </ul>	<ul style="list-style-type: none"> <li>• List price or discounted list price</li> <li>• Rental equivalents exceeding accepted values had the equipment been donated or sold</li> <li>• Development costs</li> </ul>
Hospitality	<ul style="list-style-type: none"> <li>• Cost</li> </ul>	<ul style="list-style-type: none"> <li>• Alcoholic refreshments</li> </ul>



Materials	<ul style="list-style-type: none"> <li>• Unit cost of production for commercial products</li> <li>• Selling price to most favoured customer</li> <li>• Price for internal transfers</li> <li>• Cost of production of prototypes and samples</li> </ul>	<ul style="list-style-type: none"> <li>• Development costs</li> </ul>
Intellectual property	<ul style="list-style-type: none"> <li>• Fair market value of licencing and royalties</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of maintenance and litigation</li> <li>• Licensing fees paid to partners</li> </ul>
Professional and technical service contracts	<ul style="list-style-type: none"> <li>• Cost</li> </ul>	
Salaries	<ul style="list-style-type: none"> <li>• Actual salary cost (including benefits), including non-discretionary benefits, up to a maximum of \$80 / hour.</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration for work on governing committees</li> <li>• Salary overheads, external charge-out or consultant rates</li> </ul>
Software	<ul style="list-style-type: none"> <li>• Most-favoured-customer cost for one licence per software package</li> <li>• Cost of equivalent commercial product (where donated software is not commercially available)</li> <li>• Cost of training and support (at the university/college site) for software by industrial partner personnel</li> </ul>	<ul style="list-style-type: none"> <li>• Development costs</li> </ul>
Travel costs	<ul style="list-style-type: none"> <li>• Travel costs to meet with networks and centres</li> <li>• Reasonable accommodation costs</li> </ul>	
Use of facilities	<ul style="list-style-type: none"> <li>• Cost of access to the facility</li> <li>• Internal rates for use of specialized equipment</li> <li>• Internal rates for value of lost production, resulting from downtime</li> </ul>	<ul style="list-style-type: none"> <li>• Rental costs for office space</li> </ul>