



Networks of Centres
of Excellence

Réseaux de centres
d'excellence

CECR PROGRAM GUIDE

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Background of CECR Program

The Grants Program for Centres of Excellence for Commercialization and Research (CECR Program) is a federal mechanism to support the operation of research and/or commercialization centres that bring together people, services, and research infrastructure to position Canada at the forefront of breakthrough innovations in priority areas.

The CECR Program is overseen by a tri-agency NCE Steering Committee made up of the Deputy Minister of Industry (or delegate), the Presidents of the three granting agencies and the President of the Canadian Foundation for Innovation (CFI) (as an observer).

Day-to-day administration of the CECR Program is provided by the Networks of Centres of Excellence Secretariat (The Secretariat).

The Secretariat runs periodic national competitive processes through which the Steering Committee selects successful centres on the advice of international peer review and a Private Sector Advisory Board.

Program Objectives

The goal of the CECR program is to create internationally recognized centres of commercialization and research expertise in four priority areas in order to deliver economic, social and environmental benefits to Canadians. As established in the S&T Strategy, the priority areas include:

- Environmental science and technologies.
- Natural resources and energy.
- Health and related life sciences and technologies.
- Information and communications technologies.

Expected Results and Outcomes

The program's goal is accomplished by investing in research and commercialization centres that yield the following benefits:

Research-Related Benefits

- Create sufficient scale and focus to position Canada at the forefront of international research breakthroughs that will yield economic, social or environmental benefits to Canadians.
- Draw on existing research strength, infrastructure, networks and funding sources to enhance capacity.
- Attract top research talent (including post-graduate and post-doctoral students) from around the world.
- Provide high quality post-graduate and post-doctoral training in innovative and internationally competitive research.
- Strengthen domestic collaboration to address significant research challenges.
- Open up new opportunities for Canadian researchers to access world-class research equipment, facilities and networks.
- Develop relationships with major international centres and research programs, and
- Brand Canada as the host of internationally recognized centres of excellence.

Commercialization-Related Benefits

- Create, grow and retain companies in Canada that are able to capture new markets with breakthrough innovations.
- Accelerate the commercialization of leading edge technologies, goods, services in priority areas where Canada can significantly advance its competitive advantage.
- Draw on existing commercialization strength, infrastructure, networks and funding sources to enhance capacity.
- Attract investment (including foreign direct investment and venture capital).

- Attract and retain top talent (including internationally recognized business leaders).
- Strengthen domestic collaboration and ensure that benefits spill over to a wide array of firms, sectors and regions of the country.
- Open up new opportunities for Canadian firms to access world-class research equipment, facilities and networks.
- Develop relationships with major international centres and research programs.
- Brand Canada as the host of internationally recognized centres of excellence in commercialization of research results.

Centres with a strong commercialization orientation will be expected to become self-sufficient by the end of the funding period. Centres with a strong research orientation that yield significant public benefits within the funding period may be eligible for subsequent support in the event that the program is extended.

Eligible recipient organizations

Organizations eligible to receive funds are not-for-profit corporations created by universities, colleges, not-for-profit research organizations, firms, and other interested non-government parties. As a condition of eligibility, organizations applying for CECR funds shall have an established Board of Directors responsible for the approval of its annual financial reports and audits.

Recipients that employ or retain the services of individuals who are current or former (in the last twelve months) public office holders or public servants are asked to certify compliance with the *Conflict of Interest and Post-Employment Code for Public Office Holders* and disclosure of the involvement of former public servants who are subject to the *Value and Ethics Code for the Public Service*.

Application Requirements and Review Process

Stage I: Letter of Intent

Applicants will submit letters of intent that describe the centre, its operations and planned activities, required funding, members and supporting partners and their duties and respective contributions, and expected research and/or commercialization benefits for the project period.

Letters of Intent must include letters of support from other key funding organizations, including any provincial governments where they are expected to support the Centre during its development, construction, or operations during a 10-year planning horizon.

The Private Sector Advisory Board will assess the letters of intent against the program selection criteria, and recommend a short-list of applicants to the Steering Committee for advancement to Stage II. Projects seeking operating support for existing research centres that have received federal support in the past, in order to sustain operations beyond the years covered in their existing funding agreements, will receive priority consideration for advancement to Stage II.

Stage II: Full Proposals

Centres advanced to Stage II will develop full project proposals, including complete information on the centre and its intended operations, funding requirements, the partnerships among supporters, their duties and respective contributions, and the expected research and/or commercialization outcomes and benefits of the project. All partnership arrangements, contributions and allocations of benefits (such as intellectual property) among parties must be fully described for a proposal to be considered complete.

A full CECR proposal consists of the following:

- I. A business plan addressing the CECR selection criteria (includes a proposed budget).
- II. Curriculum Vitae information for the leaders of the Centres.
- III. Letters of support and summary of contributions the applicants secured from supporting organizations.

In addition to the requirements listed above, applicants seeking renewal of operating support for existing research centres are asked to provide a progress report in which they describe the centre's progress in achieving its own goals and objectives since the last review it underwent. Progress for the centre must be detailed in terms of accomplishments that measure against the CECR selection criteria.

Complete proposals received by the NCE Secretariat by the established due date will then undergo a consultation and assessment process. Proposals will be distributed by the NCE Secretariat to CFI, the relevant granting agency(ies) and other relevant organizations (e.g. BDC, NRC, Regional Agencies) for consultation and comment, including non-binding comment on the potential likelihood of support for the relevant activities of the proposed Centre under their respective programming. The Secretariat will meet with provincial officials to identify provincial priorities and to secure their views on the project proposal(s) from their province.

Proposals will undergo review by Expert Panels established by the Secretariat, comprised of domestic and international experts, who will evaluate the project proposals, meet with applicants, and produce in-depth written assessments of the proposals. The Private Sector Advisory Board will review each Expert Panel report, the comments from the parties consulted, and then recommend to the NCE Steering Committee priority centres for approval. Centres failing to be endorsed by Expert Panels as having the potential to achieve excellence in research or

commercialization will not be eligible for program funding.

Once the NCE Steering Committee has approved the projects to be funded in a given round, the NCE Secretariat, working with the Granting Agencies, will prepare an integrated submission to the Treasury Board for approval to appropriate the funding to the Granting Agencies for recommended projects. Given the multi-disciplinary nature of the projects, funding for a given centre may come from more than one Granting Agency, and so the NCE Secretariat will be the primary point of interaction for all project applicants throughout the life of their projects. Funding disbursements will be 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 decisions reached by the NCE Steering Committee are final. There is no appeal process.

Announcement of Competition Results

A confidential evaluation report for each full proposal will be made available to each group of applicants. A public report from the NCE Steering Committee will provide an overview of the competition along with a summary analysis of each proposal recommended for funding.

Selection Criteria

To ensure that the program objectives are met, proposals are assessed against the three selection criteria outlined below.

Benefits to Canada

- The extent to which the Centre's research and/or commercialization program addresses issues of high priority for Canada.
- The potential for the centre's research and/or commercialization activities to yield

significant economic, social, health or environmental benefits to Canadians.

- The likelihood that the centre will create sufficient scale and focus to brand Canada as the host of an internationally recognized centre of excellence in the area.
- The likelihood that the Centre will strengthen domestic collaboration and ensure that benefits spill over to a wide array of firms, sectors and regions of the country.
- The opportunity to optimize resources, drawing on existing national and international research and/or commercialization strength, world-class infrastructure, networks and funding sources to enhance Canadian capacity.

Additional elements to consider, when Commercialization is involved:

- The opportunity to create, grow and retain companies in Canada that are able to capture new markets with breakthrough innovations.
- Evidence that the centre will help accelerate the commercialization of leading edge technologies, goods, services in priority areas where Canada can significantly advance its competitive advantage.

Track Record and Potential of the Applicants

- The achievements of the applicants and their ability to contribute to the Centre's research and/or commercialization program.
- The proven ability of the applicants to train and retain innovative and internationally competitive researchers in areas and technologies critical to Canadian productivity, economic growth, public policy and quality of life.
- The likelihood that the centre will attract top talent from around the world (post-graduate and post-doctoral students and internationally recognized business leaders, in the case of centres with a commercialization mandate).

- The ability of the applicants to attract investment (including, in the case of centres with a commercialization mandate, foreign direct investment and venture capital).

Strength of the Business Plan

- Excellence, focus and coherence of the research and/or commercialization program.
- The extent to which the partnerships involve various levels of government and the private sector to complement the funding available through the granting agencies and the Canada Foundation for Innovation.
- The effectiveness of the plan to manage, protect and exploit intellectual property resulting from centre-funded research.
- The likelihood for this investment to result in the creation of a sustainable, productive centre of excellence.
- The quality of the proposed organizational structure with appropriate representation on the Board of Directors and management team.
- Evidence that the applicants have in place an accountability framework likely to result in effective leadership and sound financial decision-making.

Administration

CECR grants are administered through the NCE Secretariat. The Centre will follow the rules of the CECR Program Guide and the rules of the Tri-Agency Financial Administration Guide. In the case of inconsistency or conflict between the requirements of the Tri-Agency Financial Administration Guide and those of the CECR Program Guide, the requirements of the latter shall prevail to the extent of the inconsistency or conflict. The Centre will contact the NCE Secretariat to obtain a ruling on specific cases where clarification is required.

Centres must establish a process for environmental assessment which is comparable to the process established by NSERC in fulfillment of its obligations pursuant to the Canadian Environmental Assessment Act;

Centres must obtain appropriate certification for each project involving animals, human subjects, biohazards, or radioactive materials. Centres must adhere to the Tri-Council Policy Statement *Ethical Conduct for Research Involving Humans* located at <http://www.pre.ethics.gc.ca/english/policystatement/policystatement.cfm>.

Grants are made for specific purposes. The NCE Steering Committee expects grant holders to use their grant for that purpose and in accordance with the Program's and their institution's policies and guidelines. The Steering Committee reserves the right to terminate or suspend a grant should the grant not be used for its intended purpose or should the recipient cease to meet the eligibility criteria. Amounts paid after the expiry of eligibility or on the basis of fraudulent or inaccurate application, or in error, are subject to recovery action. The Secretariat may withhold an appropriate amount of the total grant payable to the recipient until it is satisfied that the recipient meets the eligibility criteria of the program.

Fraudulent use of CECR funds is referred to the appropriate legal authorities.

Accountability Framework/Evaluation

In order to measure and report on the results of the program, The Steering Committee will ensure that appropriate performance measurement systems are integrated into the operational cycle of the Secretariat's activities. The CECR Program will adopt a Results-based Management and Accountability Framework designed after that of the NCE Program to provide for appropriate measuring and reporting of results. The framework shall include: key results to be achieved; the performance measurement strategy; the expected schedule for major evaluation work; and the reporting provisions for both funding recipients and the Steering Committee.

Audit Framework

The need for internal audit and periodic monitoring of the control framework at recipient organizations is established as a function of risk. The CECR Program is delivered by the NCE Secretariat which is managed by NSERC. The formal internal audit function at NSERC also covers the NCE Secretariat and the programs it delivers.

As a condition of eligibility organizations applying for CECR funds shall have an established Board of Directors responsible for the approval of its annual financial reports and audits.

Funding Agreement

Following the announcement of the funding decision and prior to the release of the award, a Funding Agreement (FA) is signed by representatives of the granting agencies and the designated representative of the host organization and the Centre Director. The FA outlines the terms and conditions for funding under the CECR program.

Management

Each centre must have an administrative structure capable of managing a complex research and/or commercialization program. The particular structure varies according to the needs and size of the individual centre and approved by the NCE Steering Committee.

Board of Directors

Each centre must appoint a Board of Directors that has the overall responsibility for its management, direction and financial accountability, including the approval of its annual financial report and audit. The Board of Directors of a centre is accountable to the NCE Steering Committee for the CECR funds it manages. The names and affiliations of the members of the Boards of Directors are considered public information.

Prior to the release of funds, the centre must submit an initial board membership which will be reviewed to confirm that it meets the requirements of the CECR program.

The membership of the Board must reflect the interests and concerns of the various stakeholders involved in the centre. The centre must advise the NCE Secretariat of any changes in membership of the Board during the course of funding. The NCE Steering Committee retains the right to name one voting member (not a staff member of a granting agency) to the Board. An NCE staff member has observer status on the Board of Directors of the centre and also attends meetings of the centre's committees.

The Board of Directors should consist of no fewer than twelve (12) members. It is required to have some members on the Board who are not directly affiliated with the centre. A majority of the members of the Board shall be from the industrial sector and/or the Centre's user community; and 1/3 of the Board shall be composed of independent members.

Centre Director

Each centre has a Centre Director who reports to the Board of Directors. The Centre Director is responsible for strategic direction of the centre. Other duties may include: providing progress and financial reports as approved by the Board of Directors to the NCE Secretariat; recruiting the centre personnel; acting on behalf of the centre with the NCE Secretariat; and promoting the centre's objectives and activities to all relevant stakeholders including the general public.

Communications

The competent management of communications is critical to the success of individual centre and the program as a whole. Centre activities, results and accomplishments should also be conveyed to external audiences,

including potential participants from all sectors, public policy makers, the media and the general public. Consistency in the message is essential, and therefore one appropriately qualified individual in each centre should be responsible for coordinating all centre communications efforts. Each centre must develop a communications plan with a set of comprehensive objectives and activities designed to enhance interest in the centre and its activities and to promote the centre and the CECR program to the broad spectrum of sectors that may benefit. Centres are encouraged to produce their public communiqués and publications in both official languages when possible.

The centre's communications activities and messages must be consistent with and complementary to the CECR program objectives. They must acknowledge the contribution of the federal government, and the fact that the three granting agencies are partners in the CECR program.

Centres are expected to collaborate closely with the NCE Secretariat Communications Officer for their communications activities directed to an external audience.

Host Organization

The Centre, in collaboration with the Centre Host where appropriate, shall ensure that the Administrative Centre has suitable accommodation, as well as access to appropriate computer, communications and financial administration systems needed to serve as the administrative secretariat of the Centre. Particulars of same shall be set out in a separate agreement between the Centre Host and the Centre. The centre Host also participates in the Centre governance through ex-officio voting membership on the Board.

Conflict of Interest

The Centre shall adopt a code of conduct in its bylaws 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 A.**

Intellectual Property and Benefits to Canada

The ownership and disposition of intellectual property arising from centre-funded activities must be governed by the arrangements described in the Funding Agreement.

Intellectual property resulting from centre-funded activities must be promptly and concurrently disclosed by the Administrative Centre.

Sharing of Benefits and Costs

Agreements made regarding the ownership of the intellectual property resulting from centre-funded activities must take into account the Program objective of creating partnerships. This implies a sharing of eventual benefits between the partners commensurate with their respective contributions, as well as the sharing of costs to protect the intellectual property.

Commercialization

The industrial partners' contributions to the centre must be recognized by allowing them access to the commercial exploitation of the intellectual property under terms commensurate with the nature and level of their contributions. The arrangements with each corporate partner must be addressed in a Centre Affiliate Agreement.

A key CECR program objective is to advance Canadian economic and social development. Accordingly, every effort must be made to have the results of centre-funded activities exploited in Canada, for the benefit of Canadians. Benefit to Canada is defined as incremental Canadian economic activity and improved quality of life in Canada. Maximum benefits would be derived from the creation of high-quality jobs in Canada,

which should be an important goal of any commercialization activity.

The owners of intellectual property resulting from centre-funded activities, or the agent acting on their behalf, will consult with relevant stakeholders on issues of commercialization. When selecting a receptor company for the exclusive license of the commercial rights of intellectual property resulting from centre-funded activities, the agent or owners of intellectual property will use reasonable and thorough efforts to maximize benefits to Canada in a national and international context, including the possible development of new Canadian receptor companies. Due diligence in efforts to maximize benefits to Canada depends in part on the nature of the commercialization activities and on the window of opportunity. If there is evidence of negligence on the part of the centre in performing the due diligence, the NCE Steering Committee reserves the right to impose sanctions as it deems appropriate. (See Appendix B for Working Guidelines.)

Use of NCE funds

Eligible expenses

The program will provide support for the following eligible expenditures:

Operating Costs: maintenance and operation of the facility; materials and supplies; liability insurance for members of the Board of Directors and centre administrators; legal fees and other related incorporation costs.

Salary Costs: salaries for technical and professional staff employed to provide support to users or to maintain and operate the facility; this would include staff providing commercialization support, such as a knowledge broker.

Knowledge Dissemination/Sharing Costs: hosting professional and scientific conferences and lectures (excluding travel and accommodation); dissemination and exchange

of research results with others including academia, governments, the not-for-profit sector and private sector; activities aimed at promoting science awareness such as workshops and lectures open to the public; attending professional and scientific conferences and lectures.

Commercialization Costs: Specialized equipment and directly related operating costs (where the applicant is ineligible for support under the Canada Foundation for Innovation); Pre-commercialization support services (e.g. intellectual property protection, market studies, business plan development, counselling and mentoring, technology evaluation).

The CECR program may provide up to 50 per cent of total eligible commercialization costs, and up to 75 per cent of the other total eligible costs (as described above). The balance in funding must come from non-federal sources.

Stacking provisions

CECR funding is administered in the following environment:

- For each approved grant, the CECR Program only funds a portion of the amount requested due to financial and budgetary constraints. Because of this, the Centres are constantly seeking other sources of funds to finance their work. In fact, the CECR Program encourages them to do so.
- When a grantee is successful in attracting other funding, the additional funds do not displace the grant provided by the CECR Program. The centre will use the additional funds to complement CECR funded activities, by conducting additional work, hiring more personnel, or by widening the scope of its activities.
- The centre must have a control framework to ensure that expenditures charged to its accounts are for the purpose intended by the grant.

The current principles and practices related to stacking of assistance are as follows:

- I. Access to CECR funds should be fair for all applicants, regardless of their other sources of funding.
- II. Applications are evaluated according to the program's selection criteria.
- III. Applicants must provide a statement of other sources of funding with their application and on a yearly basis. There must be no duplication of funding for the same items. However, when centres are supported by multiple sources, the additional benefits of CECR support must be well explained and justified. The maximum level (stacking limit) of total government assistance for this program will not exceed 75% of the costs being covered. In the event total government assistance to a recipient exceeds the stacking limit, it will be necessary for relevant federal agencies to adjust the level of assistance so that the stacking limit is not exceeded.

The onus is on the applicant to provide sufficient information to enable review committees to evaluate the relationship with other sources of support (held or applied for) and to recommend the appropriate CECR funding level. The consequence of not providing adequate information to enable a review committee to assess the relationship to other funding support is that the committee can recommend reduced or no funding.

Support for Capital Expenditures

Where a project involves capital equipment expenditures that are vital to the success of a commercialization project, the cost of that equipment will be considered an eligible expense, provided: 1) the eligible recipient is not eligible for other federal programming that supports capital expenditures such as the Canada Foundation for Innovation, and 2) the equipment cost for which coverage is requested does not exceed \$1 million and at most 20% of the total eligible expenses for commercialization

costs that can be provided under the CECR program. Expenses related to the construction, purchase, or lease of a building are not eligible expenditures.

Applicant-Owned Companies

Contributions made to the Centre by an applicant's own consulting company or sole proprietorship do not qualify as eligible matching funds to the CECR Grant. Situations where the applicant is a part owner are reviewed on a case-by-case basis. The applicant must contact the NCE Secretariat to obtain a ruling on specific cases where clarification is required.

The company's contribution is usually considered eligible if the following conditions are met:

- There is significant investment by sophisticated investors, indicating there has been an objective assessment of the commercial potential of the Centre's activities and the company's viability.
- The company has its own facilities, physically separated from those of the applicant (e.g., located off campus or in a university incubator facility).
- The company employs its own professional staff that is able to receive and incorporate the results of the Centre's research and/or commercialization activities into company operations.
- The company is under the effective day-to-day management control of someone other than the applicant.
- The company has a board of directors with external members (i.e., some of whose members, including the Chair of the Board, are at arm's length).
- the commercial activity conforms to the Centre's established policies relating to the disclosure of commercial interest and conflict of interest.

Contracts with Government Laboratories and Facilities

Centres may use contracts in order to access specialized facilities and services provided by government laboratories. Memoranda of Understanding that set up the terms for Specified Purpose Accounts may be used to support joint projects. Money deposited into these Specified Purpose Accounts by centres can come only from non-federal funds raised by the centres and not from the federal funds for the CECR program.

Monitoring and Guidance

A centre's activities are subject to general overview and monitoring by the NCE Steering Committee through the NCE Secretariat. NCE staff may participate in the resolution of technical, financial or administrative difficulties and may also provide advice and guidance related to the interpretation of the CECR program's objectives, rules and guidelines. Assistance may also be provided in the co-ordination of the centre's activities with those of other centres or of other government-sponsored initiatives including the diffusion of centre achievements.

Major Changes

Upon endorsement by the Board of Directors of a centre, any major change that would affect the general mission of the centre must be submitted to the NCE Steering Committee for approval prior to implementation.

The Access to Information Act and the Privacy Act

The CECR program is subject to the federal *Access to Information Act* and the *Privacy Act*. (See Appendix C for more details.)

Appendix A: Conflict of Interest and Policy Framework

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

The NCE Steering Committee is the body ultimately responsible to the government, and therefore to taxpayers, for the integrity of all the centres and their operations. The responsibility for implementing and managing the Conflict of Interest Policy Framework, to ensure that centre operations and decisions are not biased by conflict of interest, is delegated to each Centre Board of Directors, which represents the highest authority in the management structure of the centre. The Centre Boards of Directors are accountable to the NCE Steering Committee for the effective implementation and management of the Conflict of Interest Policy Framework. Individuals participating in the centre such as members of the Boards of Directors and advisory committees who do not receive CECR funds are recognized as playing a unique role in the centres. They bring an important perspective as a result of their particular knowledge, often as representatives of organizations in the field of interest of the centre. Nevertheless, they are still required to disclose any financial interest or position of influence, as described in Section 2.0, in any business in the same area of interest as the centre, other than that of their main employer.

The Conflict of Interest Policy is intended to enable Centre Boards 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 Centre Boards of Directors, the centre investigators and of the administrators.

1.0 Definitions

"Administrative Centre" means the central administrative offices of the Centre.

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

"Board" means the Centre Board of Directors that is responsible for the overall management of the centre and is accountable to the NCE Steering Committee.

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

"CECR" means the federal Centres of Excellence for Commercialization and Research program.

"Centre" means a corporation funded under the federal Centres of Excellence for Commercialization and Research program.

"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 Centre which could lead to a potential, apparent or actual conflict of interest.

"Divestment" means the sale at arm's length, or the placement in trust, of assets, where continued ownership by an individual participating in the Centre would constitute a

potential, apparent or actual conflict of interest with the participant's centre duties and responsibilities.

"Financial interest" means an interest in a business in the same area as the Centre as described in Section 2.1 of this document.

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

"NCE Steering Committee" means the committee comprised of the three granting agencies' Presidents and the Deputy Minister, Industry Canada, which has overall responsibility for the CECR program (With the President of the Canadian Foundation for Innovation serving as observer).

"Centre Director" means the awardee of the CECR grant who is also a voting member of the Centre's Board of Directors.

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

2.0 Disclosure

Upon joining the Centre, 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 Centre 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 Centre should identify their interests in all organizations working in the same sector as the Centre.

2.1 Financial Interest

It consists of:

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

3.0 Management of Conflict of Interest

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

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

circumventing the conflict of interest compliance measures as directed by the Board.

3.1 Principles

An individual participating in the Centre 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 centre decisions, including committee decisions, if the declared potential conflict of interest could influence the decision or actions of the Centre. 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.

3.2 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 Centre 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 Centre, or

- Take appropriate action as determined by the Board.

4.0 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 Centre and the Board, and failing such mutual agreement, appointed by the NCE Steering Committee, to act as an intermediary to scrutinize reports and budgetary information on project(s) in which the individual participating in the Centre 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 Centre. 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 Steering Committee. The NCE Steering Committee may request the Chair of the Board to respond in writing to the Steering Committee. Following submission of the Chair's response, the NCE Steering Committee will decide on follow-up action.

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 Centre 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 his or her 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 Centre.
- Accepting gifts (other than some minor hospitality) or special favors for him or herself or a member of his or her family from private organizations with which the Centre does business.
- Influencing the purchase of equipment or materials for the Centre from a company in which the participant, the administrator or the director has a financial or other interest.

Appendix B: Benefits to Canada

Working Guidelines

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

The owners of intellectual property resulting from centre research and/or commercialization activities, or the agent acting on their behalf, will consult with relevant stakeholders on issues of commercialization. When selecting a receptor company for the exclusive license of the commercial rights of intellectual property resulting from centre research and/or commercialization activities, the agent or owners of intellectual property will use reasonable and thorough efforts to maximize benefits to Canada in a national and international context, including the possible development of new Canadian receptor companies. Due diligence in efforts to maximize benefits to Canada depends in part on the nature of the commercialization activities and on the window of opportunity. The agent/owners of intellectual property resulting from centre 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 Centre Board of Directors, and through the Centre Board of Directors, to provide the NCE Steering Committee 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 Centre.

Appendix C: 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 Centres of Excellence for Commercialization and Research (CECR) program that comes under the control of the NCE Secretariat and the granting agencies is subject to these laws.

The Access to Information Act

A requester seeking access to CECR records under ATI must write to the ATIP Co-ordinator at the relevant granting agency providing a precise description of the records sought and enclosing an application fee (\$5.00 at the time of this writing). Submitting a request does not guarantee that a requester will gain complete access to the requested records. The Act sets out specific exceptions that apply when disclosure of information could be expected to injure private or public interests. In responding to such requests, for example, the agencies would not disclose personal information about identifiable individuals or proprietary technical information submitted in confidence by researchers or companies. Moreover, if a request required a lengthy search or involved 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 agencies' respective Access to Information and Privacy Co-ordinators or from INFO SOURCE, a published register of federal information holdings available in most large libraries. It is important to remember that the ATI is intended to complement, not

replace, established channels of communication. The federal granting agencies have always promoted open informal communication with their research communities and with the public. Contact them informally before using the Act.

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 ATI except that there are no fees associated with requests to see personal information. The Privacy Act sets out limits to the right of access similar to those contained in ATI. 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 CECR Program

The decision-making processes related to CECR applications are subject to more publicity than traditional grant or scholarship applications made to individuals.

CECR co-applicants and other participants, including members of Centre Boards of Directors, managers and other key players, should be aware that their names and affiliations will be accessible to the public.

More detailed personal information about applicants and prospective administrators

collected by the CECR program is used to review applications, to administer and monitor awards, and to promote and support the program's objectives. Consistent with these purposes, applicants should also expect that personal information collected by the program might come to be used and disclosed in the following ways:

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 CECR program to participate in these peer review activities are instructed to protect and to treat as confidential all information entrusted to them.

The substance of expert reviews and the comments of the Private Sector Advisory Board about a proposal are accessible to all co-applicants even though reviews may occasionally include comments about a particular co-applicant. Normally, CECR program staff provide these assessments as feedback to the principal applicant only; it is expected, however, that he/she will share it with co-applicants.

Because the agencies typically have "corporate" databases, the CECR program staff associated with a given agency are usually aware of other applications submitted by the same applicants or groups to other programs within that agency. For the purposes of adjudication and award administration, selection committees may be provided with multi-year summaries 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 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. CECR staff may also disclose the contents of applications to program staff in their respective agency for the purposes of determining the most appropriate

source of funding, jurisdiction, or to monitor overlap in federal support.

The three agencies use personal information about applicants in their files and databases to identify prospective committee members and reviewers for specific grant scholarship or fellowship applications. This applies to CECR applicants.

The CECR program routinely publishes and disseminates certain details about successful applications. These include names and affiliations of co-applicants, the amount of the total award and any conditions attached to it, summaries prepared by the applicant or by the program for public reference. The final reports of the NCE steering committee for Full Applications providing an overview of a competition along with a summary of each application recommended for funding are also publicly disseminated.

Files and databases containing personal information may also be used by the Agencies for program planning, evaluation and review and in audits and for generating statistics for these activities.

Participants in the CECR program are subject to the Tri-Council Policy Statement *Ethical Conduct for Research Involving Humans* located at <http://www.pre.ethics.gc.ca/english/policystatement/policystatement.cfm> and their personal information may be used and disclosed consistent with that policy.

CECR data on the gender of applicants is collected on a voluntary basis only. While gender data on specific individuals is not used in the adjudication process, it may be used by the agencies to promote the increased participation of women in council programs and on committees.

The agencies also use the information in their files and databases to generate mailing lists in order to disseminate publications and other information to the community. To file a formal request, or for more information on the Acts, contact:

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