

OTS MARKET DEVELOPMENT – RESEARCH & DEVELOPMENT PROGRAM GUIDE

WHAT IS THE RESEARCH AND DEVELOPMENT PROGRAM?

The Ontario Tire Stewardship (OTS) is a not-for-profit corporation established under the Ontario Waste Diversion Act to implement and operate the Used Tires Program. The primary goal of OTS is to divert scrap tires away from burning and landfills and towards processing and higher value uses while supporting the development of sustainable markets for these products in Ontario.

In order to help achieve this goal, OTS has implemented a Research and Development (R&D) Program as part of its overall Market Development strategy to support projects that have the potential to facilitate the growth of markets for tire-derived products (TDPs). Projects will be assessed on a number of criteria, including:

- Potential to increase the amount of Ontario scrap tires integrated in high-value products;
- Potential to increase the market for products made with Ontario scrap tires;
- Feasibility of product achieving market success and full commercialization within a reasonable timeframe; and/or
- Confidence in the technical, managerial, and financial plan to meet stated objectives.

WHAT TYPES OF PROJECTS WILL THE PROGRAM SUPPORT?

The OTS R&D Program is focused on supporting innovative applied R&D related to products, technologies, or processes that are near-commercial ready and are likely to facilitate the development of new high-value tire-derived products that use Ontario scrap tires, and help grow the market for products made from scrap tires. Companies should be able to demonstrate the basic concept for the product has already been proven, and a plan is in place to address the remaining barriers to full commercialization and scale-up. All decisions regarding project support are subject to funding limits and the discretion of OTS.

This program does not promote the landfill, use of scrap tires as daily cover at landfills, or incineration.

WHAT LEVEL OF FINANCIAL SUPPORT WILL THE PROGRAM PROVIDE?

OTS will provide financial support of up to 50% of eligible project costs for approved projects up to a maximum of \$250,000 per project. Project duration should be no more than 2 years in length. This support may be provided as a grant, secured forgivable loan, secured repayable loan, royalty agreement, or equity participation, at the discretion of OTS. Payment schedule may include both upfront and milestone-based payments and will be finalized through negotiations between OTS and the applicant.

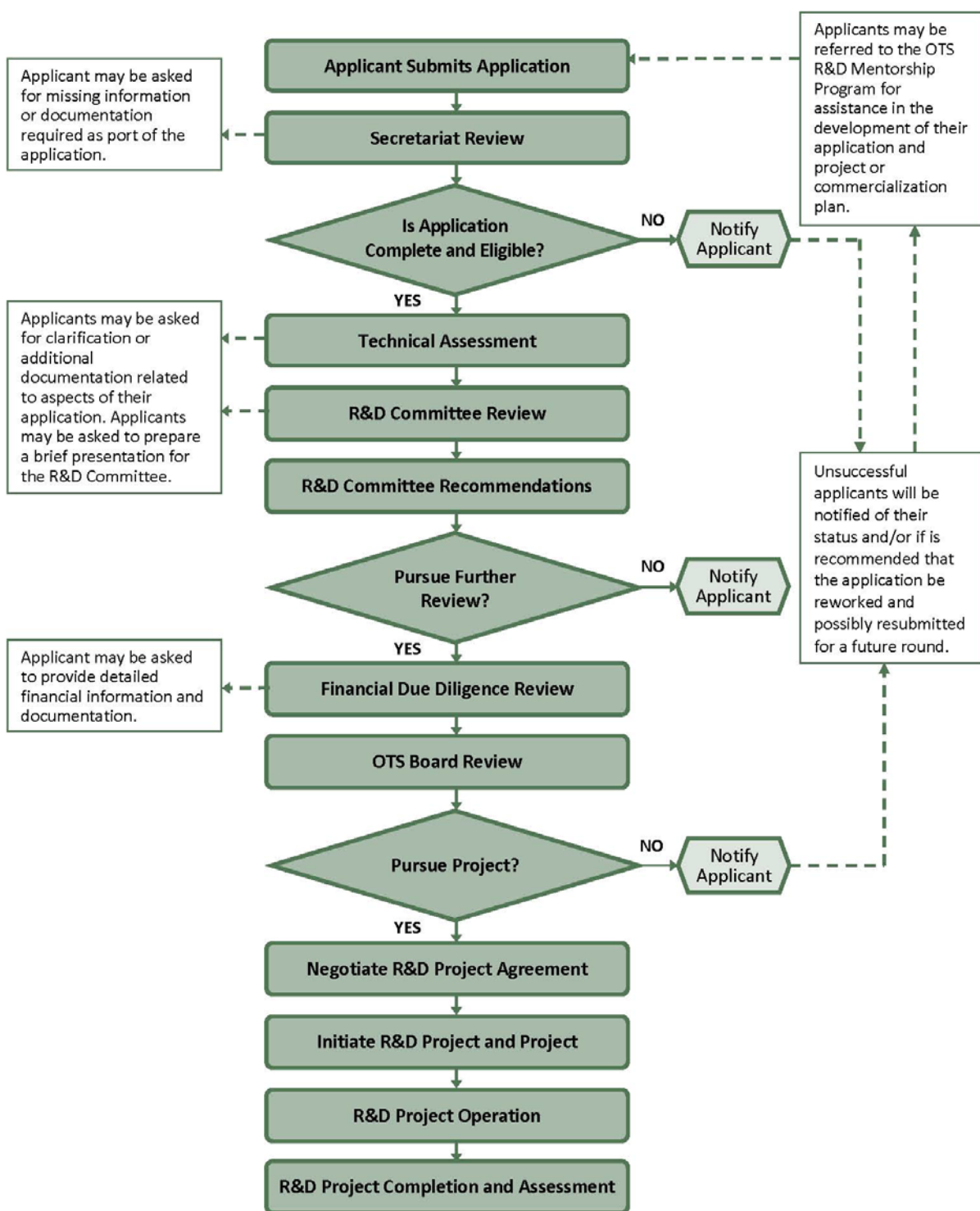
WHO CAN APPLY?

Ontario-based organizations (including governments, universities, colleges, not-for-profits, private or publically-traded companies, institutions, or others), or organizations who have partnered with an Ontario-based organization, may apply for support for projects that will take place within Ontario, utilizing used Ontario tires, and which will ultimately result in full commercialization within Ontario.

HOW ARE APPLICATIONS EVALUATED?

Applications are processed by the OTS R&D Program Secretariat and reviewed by qualified independent experts (who are not stakeholders within the tire processing industry), OTS staff, and the OTS Board of Directors. The review process is outlined below.

Note: Any intentional contact by the applicant with the Technical and/or Financial Experts and/or the R&D Committee for the program will result in immediate rejection of the application.



WHAT TYPES OF COSTS ARE ELIGIBLE?

Eligible costs are those that OTS considers necessary and directly related to the project. These costs must be incurred by the applicant after the date of application approval and are subject to verification by an independent audit. Eligible costs may include:

- Costs associated with the development or scale-up of the product, technology, or process;
- Labour costs for personnel directly involved in the project, including salaries and subcontractor or consultant fees;
- Costs of supplies or materials related to the project;
- Capital equipment costs directly related to the project (limited to a pro-rated valuation based on the depreciation value over the duration of the project, and the % utilization of the capital equipment in this period);
- Costs such as equipment or facility rental fees that are directly related to the project; and
- Other costs deemed eligible by OTS.

WHAT IS THE EVALUATION PROCESS?

An initial review will be conducted to assess completeness and eligibility of applications. Following this initial review, technical review and financial due diligence will take place. OTS will then conduct a final review prior to making decisions regarding funding. Applicants may also be required to grant OTS access to applicant financial statements and other information as part of a business review.

Applicants approved for funding will be required to sign a Grant Agreement (See Example A) with OTS before the project starts.

IS HELP AVAILABLE TO ASSIST COMPANIES TO DEVELOP AN APPLICATION?

OTS will provide support to improve the quality of incoming applications, through the launch of an OTS R&D Mentor Program. This program will provide access to expertise to assist applicants in the development of an application. The R&D Mentor Program will provide up to 40 hours of assistance to the applicant to assist in the development of the information related to the project, scope, plan, as required for the application form. This may include assistance in:

- Describing the proposed product or technology, the market need, and the competitive advantage;
- Defining the project scope;
- Developing realistic and detailed project schedules and costing;
- Identifying and addressing gaps in the commercialization strategy including strategic partners, supply chain development, and end-user engagement; and
- Other gaps identified during initial discussion with the potential applicant.

HOW TO APPLY?

- Download and complete the electronic application form from <https://www.ontariots.ca/?q=Resources#rnd>.
- Submit the electronic application form along with supporting documentation to research@ontariots.ca.
- Applications can be submitted at any time, but deadlines for specific evaluation rounds occur approximately three times a year and can be found on the OTS website: <https://www.ontariots.ca/?q=Resources#rnd>.
- Decisions regarding funding approval will be made in as timely a manner as possible recognizing that the review and decision-making process is highly contingent on the information provided by the proponent. In general it is expected that proponents will receive notification of their application status within 3-6 months after submission deadlines.

Enquiries about the OTS Research and Development Program should be sent to research@ontariots.ca.

For more information on OTS, please visit www.ontariots.ca or contact info@ontariots.ca.

EXAMPLE A: GRANT AGREEMENT

DATE

APPNAME

APPADDRESS

Dear APPNAME CONTACT:

RE: GRANT #

Project Name

The Board of Directors of Ontario Tire Stewardship (“OTS”) at its meeting on DATE approved a grant to APPNAME, having a business address of (hereafter referred to as “the Applicant”) in the amount of \$X over X years for the Project. This grant is subject to the following terms and conditions:

1. Specific Grant Conditions:

- 1.1 The Project will be implemented in accordance with the OTS approved Applicant proposal to OTS dated DATE (the “Proposal”);
- 1.2 The grant monies and any interest earned on them will be used only for the purposes of the Project as outlined in the approved Proposal. Any changes made in the allocation of OTS funds must be pre-authorized in writing by OTS. Any surplus or unused portion of the grant will be returned to OTS on the termination of the Project;
- 1.3 Payment(s) of the grant as outlined in Appendix A is conditional on receipt and OTS approval of a report(s) showing satisfactory completion of the project milestones identified in the applicable schedule, and subject to section 5.3, below.

2. Payment Schedule:

Payments will be made in installments in accordance with the schedule outlined in Appendix A and subject to section 5.3, below:

- 2.1 The final installment of \$X will be paid on receipt and OTS approval of a Final report on the Project from the Applicant, as per the requirements of section 3.3, to be delivered no later than DATE.

3. Reporting:

- 3.1 The Applicant will report at scheduled intervals on the status of the Project and its financial position as specified in the project schedule included in Appendix A;
- 3.2 For the given reporting period, interim reports shall include:
- Description of all Project activities undertaken and in-progress during the reporting period
 - Progress in meeting the overall objectives of the Project as defined in the approved Proposal
 - Description of any problems/opportunities encountered and program modifications being made to address them
 - Financial update on the use of monies provided by OTS (please use the same budget format used in the proposal) and information on other loans, grants, donations or income secured during the period to support Project costs. Include a brief commentary where significant budget variances exist.
 - Copies of published media coverage, promotional materials, reports, documents or publications arising from the Project during the period;
- 3.3 The Applicant will provide a Final report by **DATE**. It will address the reporting period since the last interim report and shall include all those elements described in 3.2. Plus it will provide information related to the entire funded project period, including:
- Estimates, to the extent technically possible, of expanded TDP production/use and/or yield rate of saleable TDPs and or products containing TDPs. OTS may request that this information be provided using set guidelines.
 - Copies of any evaluations of the Project conducted by independent parties
 - A critical narrative report based on the Project Summary Content Framework attached in Schedule B.
- 3.4 The Applicant will provide an opportunity to OTS to take part in the evaluation and reporting process.
- 3.5 Late submission of the final report is not permitted unless formally requested and approved by OTS in advance of the agreed upon deadline. Rescinding of the final payment will result from failure to submit a satisfactory final report within this time frame.

4. Communications and Dissemination:

- 4.1 Applicant will acknowledge OTS's financial contribution to the project in any press interviews, speeches, press releases or other promotional, advertising or media material, and in its reports to third parties and will display OTS's logo on all signs and brochures relating to the Project;
- 4.2 The Directors and designated representatives of OTS will be invited to attend any press conferences, openings or celebrations relating to the Project;

- 4.3 The Applicant grants to OTS, now or in future, a perpetual non-exclusive, royalty-free licence to copy and publish all reports provided to it by the Applicant. OTS shall have the right to edit, disseminate, publish and/or republish all reports received from the Applicant free of any copyright claims, moral rights or other intellectual property rights of the Applicant, its employees and contractors. The Applicant will, on request, provide copies of the reports in any electronic format that they may exist in. If OTS edits, condenses or otherwise alters a report, OTS will not identify the Applicant as the source of such report without the Applicant's prior written consent.

5. General Terms and Conditions:

- 5.1 The Applicant will, on request, provide OTS with certificates or other evidence of insurance, for coverage and amounts satisfactory to OTS for personal injury or property damage, and showing OTS as a named insured.
- 5.2 OTS reserves the right in its discretion to reduce the sum being contributed to the Project if the Project is materially affected by local conditions or governmental action, unavailability of promised funds, failure to satisfy any conditions established in this agreement, or for any other cause. OTS will consult with the Applicant as soon as reasonably possible before taking any such action. OTS will not be liable for any loss, costs or damages suffered or incurred by the Applicant or any other party by reason of any such reduction.
- 5.3 It is acknowledged that the Applicant is an independent contractor and that nothing in this letter shall be deemed to constitute the Applicant an agent, partner or joint venturer with OTS, or to give the Applicant the authority to bind OTS or otherwise make OTS liable to any third party.

6. Audits and Inspection

- 6.1 To allow OTS to conduct financial and/or programmatic audits of the project, the Applicant agrees to permit OTS or its agents to inspect the Applicant's business site and/or the project site upon reasonable notice, during normal business hours, from time to time.
- 6.2 The Applicant agrees that OTS may, from time to time, audit any records of the Applicant maintained in support of the Applicant's project reports or Grant application, and further, may examine and review, and audit records relating to the Applicant's compliance with the terms of this Agreement (hereinafter referred to as the "**Audit**").
- 6.3 The Applicant shall provide OTS's auditor with any and all records requested and shall cooperate with the Audit at no expense to OTS. It is agreed that OTS shall pay the costs of the Audit except in circumstances where the auditor determines that the Applicant has not complied to the terms of this Agreement.

7. Obligations of the Applicant

- 7.1 Conduct itself in a professional and business-like manner in all dealings;

- 7.2 Comply at all times with all laws issued by any government or governmental authority of Canada or any province of Canada, or any municipal, regional or other authority, including, without limitation, any governmental department, commission, bureau, board or administrative agency (“**Applicable Laws**”), which affect or govern the conduct and operation of the Applicant, its business, and its performance under this Agreement; for greater clarity, the Applicable Laws include, without limitation, all laws relating to taxation, employment standards and compensation of workers, and the Environmental Laws;
- 7.3 Obtain and maintain all permits, certificates, licences and other qualifications required under any Applicable Law.
- 7.4 The Recipient shall indemnify and save harmless OTS, its officers, servants and agents from and against all liability, loss, damages, costs and expenses, including reasonable solicitor/client fees, administrative fees and disbursements, and from all claims, demands, actions, or any other proceeding whatsoever and by whomever made, for personal injury, death, environmental effect or property damage, arising directly or indirectly and whether by reason of anything done or omitted to be done, as a result of negligence or otherwise, from the performance or any default or delay in performance of the Applicant’s obligations under this Agreement.
- 7.5 OTS shall not be liable for any loan, capital lease or other long-term obligation in relation to the Project for which the contribution is provided

8. Political Activity

- 8.1 The Applicant agrees no portion of grant monies provided by OTS may be used for any political activities;
- 8.2 The Applicant acknowledges that any violation of OTS’s Policies as deemed by OTS will be reviewed and may result in rescinding of OTS funds;
- 8.3 OTS will not fund a political activity that is considered by Canada Revenue Agency Charities Directorate to be a “partisan political activity”.

9. Term and Termination

- 9.1 This Agreement shall commence on the Effective Date and continue thereafter until terminated as provided for herein.
- 9.2 OTS may terminate immediately this Agreement, in addition to any other remedies available at law or in equity, for cause in any of the following events:
 - 9.2.1 if any warranty, representation or undertaking made by the Applicant in this Agreement (or given in any other document related to this Agreement) is false or misleading in any respect;

- 9.2.2 if the Applicant has breached any term or condition of this Agreement provided that such breach continues for 30 days after OTS has in writing demanded that such breach be cured;
 - 9.2.3 in the event that the Applicant goes into liquidation or bankruptcy, or makes an assignment for the benefit of creditors, or makes any compromise with creditors or, in the event of insolvency, a proceeding is commenced by or against the Applicant;
 - 9.2.4 the Plan is terminated by the Minister or any other governmental authority, or the program agreement between OTS and WDO is terminated, provided that prior notice of such termination is communicated to the Applicant as soon as it is available;
 - 9.2.5 if the Applicant transfers by sale, assignment, bequest, inheritance, by operation of law or other disposition, or shares issued by subscription or allotment, or shares cancelled or redeemed, so as to result in a change in the effective voting or other control of the Applicant from the person or persons holding control on the date of execution of this Agreement without the prior written consent of OTS, such consent not to be unreasonably withheld; or
 - 9.2.6 in the event any other legal proceeding involving the Applicant is instituted that in the reasonable opinion of OTS materially impairs the ability of the Applicant to discharge its obligations hereunder.
- 9.3 Either Party may terminate this Agreement without Cause upon 90 days' written notice to the other Party.
- 9.4 Upon termination of this Agreement, OTS shall continue to pay the Applicant any Grant amounts dues with respect to project activities performed before the termination of this Agreement (notwithstanding that claims for such services may be submitted to OTS after the termination of this Agreement).
- 8.0 **Statements.** All statements contained in any documents or other instruments delivered by or on behalf of the Applicant to OTS shall be deemed to be representations and warranties of the Processor of the facts therein contained.
- 9.0 **Reliance.** The Applicant acknowledges and agrees that OTS has entered into this Agreement relying on the warranties, representations and other terms and conditions set out in this Agreement notwithstanding independent searches or investigations that may have been undertaken by or on behalf of OTS and that no information which is now known or should be known or which may hereinafter become known to OTS or its officers, directors or professional advisors shall limit or extinguish any right of indemnification contained herein or otherwise limit, restrict, negate or constitute a waiver of any of the rights or remedies of OTS hereunder.

Please confirm your acceptance of these terms and conditions by signing and returning the second copy of this letter. If you should have any questions or concerns related to the contents of this agreement, please contact Mary Pickering, Associate Director at (416) 392-1217.

Yours very truly,

Ontario Tire Stewardship

Per:

Andrew Horsman, Executive Director

We acknowledge and agree to the terms and conditions set out above.

DATED: _____, 20____.

APPNAME

Per: _____

APP CONTACT NAME

Attach. Appendix A – Project Milestones and Grant payment Schedule

Appendix B – Final Report – Project Summary Content Framework

PROJECT MILESTONES AND GRANT PAYMENT SCHEDULE – APPENDIX A

Project Reporting and Grant Payment Schedule

Activity	Date	Deliverable

FINAL REPORT – PROJECT SUMMARY CONTENT FRAMEWORK – SCHEDULE B

- (1) Did you carry out the project as planned? If not, what changed and why? Did anything happen that you did not anticipate? If you had to do it all over again, what would you do differently? Describe the single most positive and negative aspects of the project.
- (2) What results have you accomplished? How do you measure success and how have your contributions led to specific measurable results? How do the results of your work compare with the objectives identified in the proposal? What other progress have you made in achieving your goals?
- (3) What have you learned from your project? What were the critical elements of your success? How will you apply your lessons? Lessons learned may relate to collaboration strategies, communications, policy, scientific matters or other interesting insights gained from your work.
- (4) How has your project contributed to the enhancement of processing capacity for the tire-derived material and what impact did it have on the diversion rate and saleability of the finished product? What will happen as a result of the project in the next five years or beyond?
- (5) How did your collaboration efforts contribute to the project? Describe your collaboration activities with a comment on how you measured impact and what results can be traced back specifically to your collaboration efforts? What challenges did you face with your collaborations?
- (6) How did you find your experience working with Ontario Tire Stewardship? Please provide feedback on positive aspects and areas where the relationship could be improved.
- (7) We encourage you to provide interesting high resolution photos and images (no more than three), or internet links related to your project. For those that are publishable, please include permission for us to use them in our publications and include credit details.