STRIX

PROGRAM GUIDE

SUPPORTING CANADA'S MOST INNOVATIVE & EXPORT-DRIVEN SECTOR.

INSAT
Powered by STRIX
Initiative for sustainable aviation technology



DISCLAIMER & CONTACT

This guide is meant to provide project participants with general information and assistance in understanding the framework of the INSAT program.

Terms and conditions of eligibility and financing will be in accordance with each project's Master Project Agreement.

If you have any inquiries, feel free to reach out to one of our **Business Development Managers**.

STRIX



INTRODUCTION

The Government of Canada announced an investment of $350M under the Strategic Innovation Fund to the Initiative for Sustainable Aviation Technology (INSAT) to establish an industry-led, collaborative, pan-Canadian innovation network.

This investment is a significant step for Canada's aerospace sector as it works towards building disruptive sustainable aviation technologies and advancing its net-zero carbon emissions objective by 2050.

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» MISSION

We aim to coordinate and accelerate the development of sustainable aviation technologies in Canada by fostering cross-industry collaboration and driving innovation toward a more environmentally conscious future.

» VISION

We have an unwavering focus on leading Canadian aerospace toward environmental sustainability. We strongly believe that developing sustainable technologies is the key to the future of aviation, and we are committed to transforming this vision into a tangible reality.

INSAT is a joint industry-government initiative to support the growth of one of Canada's most innovative and export-driven sectors – **Aerospace**.

PILLARS

The INSAT program aims to accelerate crossover innovations in transportation, energy, and information technology, contributing to the development of:

1 HYBRID & ALTERNATIVE PROPULSION

Advance green propulsion technologies, for example with electric powertrains, battery systems, hydrogen fuel cells, and new thermal cycles.

2 AIRCRAFT ARCHITECTURE & SYSTEM INTEGRATION

Significantly improve aircraft efficiency and performance, and the development and integration of new aircraft systems. Examples include aerodynamic shapes, lightweight materials and structures, AI-powered flight control systems, and onboard smart microgrids to optimize electrical energy management.

3 TRANSITION TO ALTERNATIVE FUELS

Augment the essential technologies required for the widespread adoption and certification of alternative aviation fuels. Examples include adapting technologies to permit the use of high-ratio blends of sustainable aviation fuel (SAF), combustion technologies for hydrogen and other carbon-free fuels, and onboard cryogenic storage systems.

4 AIRCRAFT SUPPORT INFRASTRUCTURE & OPERATIONS

Examples include airport-level technologies for hydrogen distribution, storage, handling and refueling, digital twins, and advanced manufacturing processes for next-generation aircraft development.

ELIGIBILITY CRITERIA

To be eligible for funding, each participant needs to be a member in good standing with Strix. To be a member in good standing, a Strix Membership Agreement must be completed and signed and the membership fee must be paid.

An annual membership fee applies for each participant; the minimum length of membership is the duration of the funded project.

Once a Decision Letter has been issued for a project, membership must be completed before the Master Project Agreement ("MPA") between the project participants and Strix is executed.

These guidelines set out the eligibility rules for submission and selection of collaborative projects seeking funding from the INSAT program:

- Projects must have potential for significant environmental benefits to the aviation sector across Canada and wherever Canadian aerospace products are operated around the world.
- The underlying technology of the project shall be from TRL-3 to TRL-7 (in accordance with the **Government of Canada's Technology Readiness Levels**).
- Projects must demonstrate technical feasibility.
- Successful project outcomes must demonstrate a TRL increase of the underlying technology by at least one (1) interval.
- Projects must demonstrate the potential for commercialization in Canada.
- Project applicants must be incorporated in Canada.
- The project activities take place in Canada.

- Each collaborative project must have a minimum of one (1) SME. A collaborative project must involve at least two distinct organizations working together. (as defined by **the Innovation, Science and Economic Development Canada** (ISED))

- Project applicants must demonstrate that they have the financial capacity to carry out their projects.

- The maximum INSAT program funding rate is $7M.

- Total project duration must not exceed three (3) years.

- The ownership of newly created Intellectual Property (IP) will remain in Canada for a minimum of 5 years after the project is completed.

- Exclusive licences are not permitted without Strix's prior written consent.

- Meet requirements regarding the licensing and exploitation of newly created IP.

- Project applicants must respect government funding rules (see **Funding Terms**)

Supporting documentation may be required in the application process as proof of eligibility.

FUNDINGS TERMS

Strix does not fund the full cost of any projects.

Strix support is in the form of reimbursement, to a maximum of 36% of eligible expenses.

The maximum level – or stacking limit – of total government assistance from federal, provincial, or municipal ministries, entities, organizations, and state companies, shall not exceed 75% of the total eligible expenses incurred for the duration of the project.

Sources of funding considered as government assistance include but not limited to :

- Non-repayable grants,
- Loans and repayable contributions,
- Loan guarantees,
- Equity investments,
- Federal and Provincial tax credits received or to be received (notably SR&ED).

The project participants may receive funding from more than one source or program outside of the Strategic Innovation Fund (SIF) – Stream 5 to accomplish the project.



CLAIM SUBMISSION PROCESS

- Once an application is approved, the project participants will have to submit their own claims.
- Only approved expenses permitted under a project participant's agreement with Strix may be claimed.
- Guidance regarding eligible and ineligible expenditures, and how to complete claim documentation, will be provided to project applicants.

1 PARTICIPANT CLAIM

Project participants submit their claims to Strix within 30 days after the end of each claim period.

2 INSAT VALIDATION

Strix will verify all claims within 60 days of the end of each claim period (or 30 days after reception). A consolidated claim of all project participants is sent by Strix to ISED.

3 ISED PROCESSING

ISED will process the consolidated claim and disburse payment to Strix within 45 business days. If ISED has questions regarding any project participant's claim, the processing time of the consolidated (Strix) claim is put on hold while they await answers.

4 PAYMENT

ISED disburses the approved amounts to Strix. Strix subsequently disburses the amounts to the project participants within 5 business days.

EXPENSE ELIGIBILITY GUIDELINES

All Expenses Are Subject to Ongoing Program Eligibility Requirements and Must :

- Be incurred and paid by the project participant during the project period.
- Costs are generally non-recurring and incremental to the project.
- Costs shall be reasonable and can be directly attributable to the completion of the project.
- Costs must be incurred after the effective date of the agreement with Strix.

» ELIGIBLE EXPENSES INCLUDE

- Direct labour costs meaning the portion of gross salaries incurred and paid by the project participant for eligible activities performed for the project.
- Fees of external consultants and subcontractors based in Canada. A project participant cannot be a recipient and a subcontractor in the same project.
- Equipment meaning the capital cost of equipment purchased for the project.
- Direct material that can be identified and measured as having been processed, manufactured and used for the performance of the project.
- Travel expenses must be pre-approved and, in accordance with the **Government of Canada's Travel Directive.**
- The costs related to a study including the evaluation of different aspects (e.g.: markets, processes, technologies, acquisition of patents or certifications, costs and schedules, compliance with standards) and the development of specifications.
- The cost of the rights to use a license that are required by a non-affiliated company or organization, for the duration of the project.
- Costs for the preparation of an intellectual property protection strategy to obtain intellectual property protection or to acquire intellectual property rights or licenses related to the project's underlying technology.

- Capital cost or leasing of land, building and building improvement that are necessary to carry out the project.
- Foreign costs are capped at 10% of eligible supported cost.
- Indirect costs (overhead) is calculated at 55% on eligible direct labour but no more than 30% of total eligible supported costs.

Indirect Costs Include, But Are Not Limited To:

- Supplies of low value, high-usage, and consumable items.
- Management and administrative support, executive salaries, HR accounting, overtime, bonuses, and benefits.
- Rental, property taxes, public utilities.
- Office equipment and furniture (including computers).
- General licenses.

» MANAGEMENT FEES

Each project will have a management fee of three per cent (3%) of funding to be paid to Strix. The fees are to be used to directly support activities of the Strix team in administering the INSAT program and facilitating the work of the project participants in the network.



PROJECT APPLICATION PROCESS

1 LETTER OF INTENT

» Applicants complete a **Letter of Intent (LOI)** with a high-level overview of the project with the help of their Strix Business development representative.

» The LOI allows Strix to assess the eligibility of the proposed project before working on the project application.

2 PROJECT APPLICATION

» Duly completed INSAT application form by the project applicants and submitted to Strix.

» A Strix taskforce will guide applicants with their proposal, their budget and the IP requirements.

» Project applications can be submitted at any time.

3 VERIFICATION & SUBMISSION

» Proposal completeness review.

» Project financial montage review.

» Due diligence of project applicant's financial health and legal status.

» Submission of projects to an independent Project Selection Committee.

4 PROJECT SELECTION

- The chair of the independent Project Selection Committee appoints subject matter experts in the field of the project's underlying technology.
- Projects are evaluated according to weighted project evaluation criteria.
- Selected projects are submitted to Strix's Board of Directors for approval.



APPLICATION PROCESS

Applicants wanting to submit a collaborative project proposal to Strix for funding for the INSAT program will be required to complete the application form which will require the following information :

1 PROJECT DESCRIPTION

- Contributions to achieving net-zero targets
- Business opportunities
- Identification of the technology gaps
- Project objectives
- Which INSAT pillar is addressed

2 PROJECT APPLICANT INFORMATION

- Type of organization
- Role of each project applicant in the project
- Relevant expertise and experience of the project applicants (technical and management)
- CVs of key project members for each project applicant

3 TECHNICAL DESCRIPTION

- Opportunity, target market, and commercial potential
- Overall objectives, target aircraft or infrastructure, and contribution to net-zero aviation
- Challenges and current state-of-the-art
- Technical solution, including quantitative performance targets & emissions targets (or alternate means for measuring success)

4 WORK BREAKDOWN

- Project arrangement (relationship between work packages and project applicants)
- Work package milestones and deliverables
- Project plan timeline

5 GOVERNANCE

- Management framework of the project participants
- Decision making and conflict resolution
- Organizational chart of the project with key project participants
- Risk analysis

6 INTELLECTUAL PROPERTY (IP)

- Description of background IP and ownership/rights
- Use of background IP in the context of the project
- Expected foreground IP to be created in the project
- IP strategy (intended ownership, protection, and licensing)
- Commitment that ownership of foreground IP will remain in Canada
- Strategy to maximize value and benefits of foreground IP protection and exploitation in Canada, including in sectors other than aerospace

7 FINANCIAL & LEGAL INFORMATION

- Type of organization
- Contact information
- Planned expenditures
- Other funding sources

8 IMPACTS & BENEFITS

- Economic
- Environmental
- Human Resources
- Ecosystem

9 LETTERS OF COMMITMENT FROM EACH APPLICANTS



PROJECT SELECTION

An independent project selection committee, selected based on their specific expertise, diversity, and regional representation, will assess submitted collaborative project applications and recommend projects for funding.

The identity of experts participating in individual project assessments will be kept confidential. All project selection committee members will sign non-disclosure agreements as well as conflict of interest disclosures to ensure confidentiality and independence.

» EVALUATION CRITERIA

The application form must meet all mandatory eligibility requirements. The evaluation will focus on the project's ability to deliver and implement the proposed initiatives, as well as its alignment with INSAT's core mission.

Each application will be assessed based on the completeness and quality of the information provided across all sections of the project application form. It is imperative that all sections of the form are fully completed. Any missing or incomplete sections will be flagged for further review and may result in disqualification from the evaluation process. The application must not exceed 50 pages, excluding letters of support and appendices.

» ANNOUNCEMENT OF SELECTED PROJECTS

Project applicants will receive notification of the decisions concerning the outcome of their funding request.

Strix reserves the right to limit the number of projects accepted and the value of the contribution granted for their implementation in order to respect the budget envelope provided for the Program.

» MASTER PROJECT AGREEMENT

At the end of the evaluation of a project application, successful project participants will enter into a funding agreement with Strix for the INSAT program (Master Project Agreement or MPA).

Subject to the fulfillment of each project participant's obligations in connection with the selected project, the reimbursement of submitted eligible expenses will be provided through Strix in accordance with the signed MPA.

» INTELLECTUAL PROPERTY

All project applications require an IP Strategy that describes the ownership, protection, and licensing of background and foreground IP.

Project participants will be required to submit to Strix a copy of an Intellectual Property Agreement between the project participants within 90 days of signing the MPA.

Ownership and exploitation of the eligible project intellectual property must remain in Canada for a minimum of five (5) years after the end of the funding agreement.

» REPORTING & MONITORING

In addition to reporting during the project, the Government of Canada requires annual project benefit reports to be submitted for five years after the completion of the project.

CONFIDENTIALITY, SECURITY, & DATA PROTECTION

Strix will treat information provided by project participants with utmost confidentiality. The project selection committee and any other evaluation/recommendation experts are also bound by an obligation of confidentiality.

Please do not attempt to discuss your application with anyone you believe may act as an evaluator for the INSAT program.

All data submitted to Strix is held in accordance with our **Privacy Policy.**



CANADIAN AEROSPACE INNOVATION



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