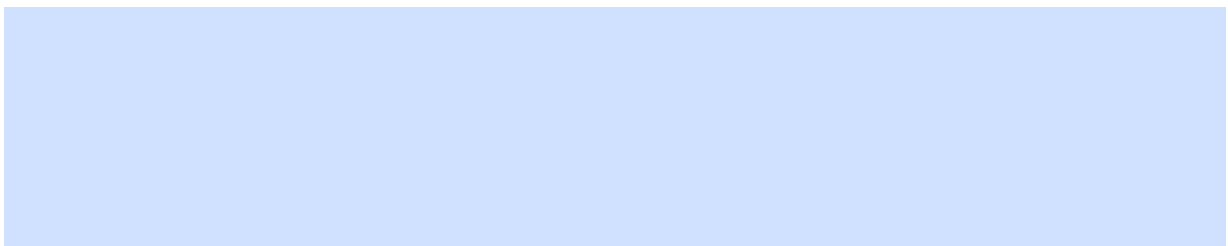


KORIL-RDF HANDBOOK

**Korea Israel Joint Bio – Convergence R&D project
program**



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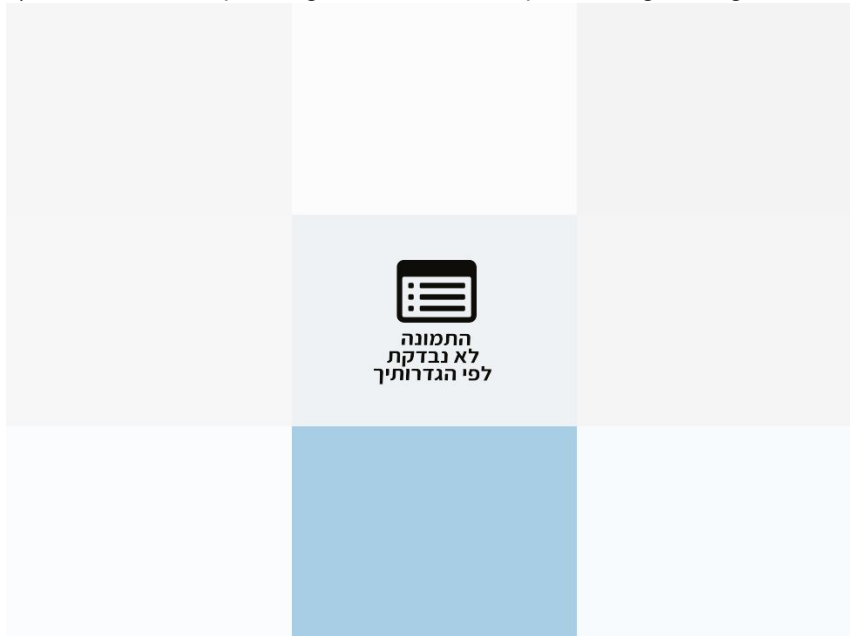
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1. KORIL-RDF GENERAL

1.1. Introduction

The Agreement on bilateral cooperation in private sector industrial research and development between Korea and Israel was signed on November 25, 1998.

The Ministry of Trade, Industry & Energy (MOTIE) of Korea and the Ministry of Economy and Industry (MoEI), Israel Innovation Authority (IIA) are the two Cooperating Authorities for implementing this Agreement.



The objectives of the Agreement are to:

- Share experiences in national R&D policies and programs of each country;
- Promote the activities of each private sector to intensify bilateral industrial R&D cooperation;
- Facilitate the identification of specific projects or partnerships between Korean and Israeli companies that can lead to industrial R&D cooperation;
- Coordinate and focus suitable government resources and programs to enhance commercial relations and industrial cooperation including the establishment of a joint industrial R&D cooperation initiative;
- Give expression to the initiative through the establishment of an Industrial R&D Fund between Korea and Israel to support mutually agreed Industrial R&D Cooperation Projects between entities from the Parties, leading to commercialization in the global market and, in particular, the Asia Pacific region.

In accordance with the Agreement, both countries contribute an equal sum of USD 2 million per year to the Korea-Israel Industrial R&D Foundation (KORIL-RDF).

The Foundation supports industrial R&D projects that lead to potential commercialization and contribute to the economic progress of the two countries; furthermore, to promote and encourage joint industrial R&D collaborations between firms in Korean and Israel.

KORIL-RDF supports approved joint projects by disbursing cash grants **up to 50% of the eligible R&D cost (Maximum is limited. Refer to the Project Part)**. These grants are subjected to repayment, up to but not beyond the total funded amount, should there be commercial revenues arising from the projects.

The purpose of this handbook is to provide you with clear guidelines for a successful KORIL project.

1.2. Operating Procedure

KORIL-RDF incorporated in Korea operates offices in Korea and Israel at the following locations:

- Korea Office – Headquarter
Korea Technology Center (KOTECH) 17F, 305 Teheran-ro, Gangnam-gu, Seoul 06152, Republic of Korea
Tel: +82-2-6009-8250
Fax: +82-2-6009-8254
- Israel Office
Israel Innovation Authority, Technology Park, Derech Agudat Sport, Ha'poel 2 Jerusalem 9695102, Israel
Tel: +972-3-5118143

A Chief Executive (CE) based in Korea is responsible for the day to day administration and promotion of KORIL-RDF's activities, including the evaluation of projects submitted for KORIL-RDF funding support. The two Cooperating Authorities, MOTIE and IIA are responsible for KORIL-RDF's operations.

The day-to-day operations of KORIL-RDF are reported to the Board of Directors (BOD) which consists of eight directors, four representing the Israeli side and four representing the Korean side. BOD meetings are held twice a year to evaluate and decide on projects for KORIL-RDF funding and other businesses.

Projects submitted for KORIL-RDF funding approval are subject to technical evaluations by both countries in order to obtain expert and balanced assessment on the quality of the project applications. The BOD is the overall deciding authority of KORIL-RDF.

The BOD approves Full-Scale Projects for KORIL-RDF funding; whereas, the CE is responsible for the day to day management and operation of KORIL-RDF and has the authority to decide on Mini-Scale and Feasibility Study Projects.

KORIL-RDF actively assists companies in both countries to identify suitable candidate for partnerships. KORIL-RDF only facilitates the matchmaking process. The success of any partnership depends on the ability of the two negotiating parties to come to an agreement to work together to achieve mutually beneficial objectives.

2. KORIL-RDF - Bio Convergence

2.1. Guidelines

KORIL-RDF assists the companies by awarding grants of no more than 50% of the eligible R&D project costs; to a maximum of USD 2,000,000

Up to 2 projects will be selected as a “pilot” after KORIL Board of Directors’ approval (Q2, 2021)

2.1.1. Eligible Companies’ condition

KORIL-RDF only funds joint development projects undertaken by **private sector companies from Korea and Israel**.

Companies eligible for KORIL-RDF funding are Korean and Israeli firms, which are registered and operate in Korea and Israel, respectively. Subsidiaries of firms headquartered and owned outside Korea and Israel may be eligible for KORIL-RDF support, when KORIL-RDF is satisfied that the subsidiary is registered in either Korea or Israel; that the proposed innovation has a global product mandate; and that the project or technology will be substantially produced in and exported from either or both Korea and Israel.

Public sector organizations, such as universities and institutions are eligible to participate as subcontractors and/or consultants.

2.1.2. Eligible Segments

- **Advanced Engineered Drug Delivery & Diagnostics Systems (Bio-nanorobotics)**
- **Advanced therapeutics discovery systems**
- **Tissue Engineering – 3D bio-printing & Cyborg tissues**
- **Bio Sensors & hybrid devices, Bio-electronics & electroceuticals**

2.1.3. Project cost

Salaries for direct R&D manpower, consumable materials, equipment, consulting services, subcontractors, project associated travel, outlays to meet regulatory requirements, and other expenses that are directly related to the joint R&D project.

It is possible to recognize depreciation or leasing costs of capital equipment required for the specific R&D project; however, the cost of outright capital equipment is not eligible.

KORIL-RDF funding is intended to support the companies’ development costs up to the point of product commercial readiness. **Manufacturing, sales and marketing costs are not eligible for KORIL-RDF funding.**

At least 30% of the actual R&D cost of any individual joint project must be spent in Korea and in Israel. Thus, the ratio limitation will be either 3:7 or 7:3.

2.1.4. Others

The companies applying for KORIL-RDF funding are required to demonstrate that they themselves have, or have ready access to the resources, infrastructure, and match-funding required to complete the development project and to realize commercialization.

The primary criteria for KORIL-RDF support is that the project must be the development of an innovative & commercializable technology or technological support.

These joint R&D projects must be innovative. Technology and knowledge applications, product customization,

Clinical trials (only early stages: 1-2nd stage), prototype beta-site testings, systems integration, etc., are examples of types of projects which can be considered.

KORIL acquires no equity in the companies supported and no intellectual property rights in their products. Our foundation does not interfere in formulating or managing the relationship between the partnering companies.

Bio-convergence Full scale project proposals should be jointly written in English by Korean and Israeli companies.

Project Selection Procedure

Step	Action	Executor
		Full-scale Bio Convergence Project
1	Receipt of Project Proposal	Korea and Israel Offices
2	Project Proposal Evaluation -Technological and Fiscal-	Korea and Israel Offices & Experts
3	On-site Interview	Korea and Israel Offices & Experts
4	Project Approval or Otherwise	Board of Directors

2.1.5. Bio Convergence Full-scale Project

A Bio Convergence Full-scale Project is defined as one in which the total recognized cost is over USD 400,000. The maximum duration of such project is three years. KORIL-RDF grants contribute to a maximum of USD 2,000,000 or 50% of actual project cost, whichever is lower.

***Fourth year is possible without added funding and with the approval of KORIL-RDF**

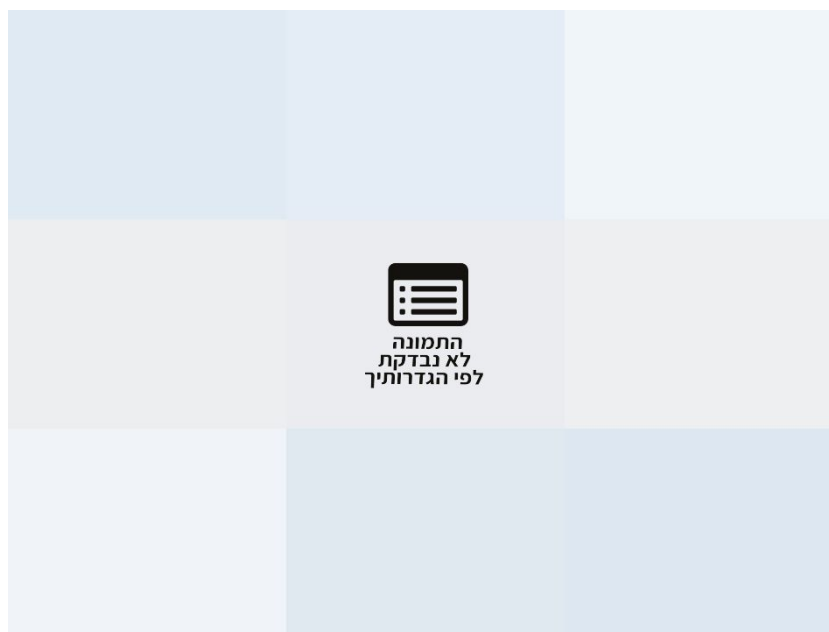
The grant size will vary as determined by the BOD according to the evaluation grades for the project. (See 3.2. Evaluation and Approval)

The BOD of KORIL-RDF is mandated to make decisions regarding the approval or rejection of funding for Bio Convergence Full-scale Project proposals. The BOD meets twice a year to evaluate and decide on Full-scale Projects for funding, and to perform other necessary businesses.

The Board's review and decisions regarding proposals are based primarily on confidential technological evaluations and due diligence performed by the IIA of Israel, MOTIE of Korea and the BOD of KORIL-RDF. **Strict adherence to the Proposal Preparation Guidelines as detailed in Section 3 is crucial for proper evaluation in this process.**

Following approval, Full-scale Project is implemented under the Cooperation and Project Funding Agreement. (See Annex 3 of CPFA format for Mini & Full-scale Projects)

Project Selection Procedure (Full-scale Project)



The receipt of the Bio Convergence Full-scale Project proposal is by the 31st of December, 2020 – 12:00 IST, 19:00 KST

Technological Segments for Bio Convergence Full-scale Project proposal:

1. Advanced Engineered Drug Delivery & Diagnostics Systems (Bio-nanorobotics):

re-engineering living material and biological circuits to create programmable bio-vehicles or bio-engineered nano-robotics devices to carry out specific tasks in the body for therapeutics delivery and diagnostics. This field is based on capabilities in engineering of biological systems, nanorobotics, molecular machines, biosensors genetic engineering, synthetic biology, computational biology and nanotechnology.

2. Advanced therapeutics discovery systems:

Highly scalable biological model platforms to facilitate drug screening. One example in this area is the Organ-on-a-Chip platform, microfluidic cell culture devices that recreate the tissue-tissue interfaces, physical microenvironment, and vascular perfusion of living human organs. This field includes capabilities in MEMS (Micro Electro Mechanical Systems), engineering, robotics, nanotechnology, advanced microfluidics and 3D Bio-printing, artificial intelligence, Big-Data mining and high throughput screening.

3. Tissue Engineering – 3D bio-printing & Cyborg tissues:

this field is focused on engineering functional, multiscale, vascularized 3D tissues composed of living human cells that can be seamlessly integrated into the human body for regenerative medicine. Advanced tissue engineering can be combined with cyborg tissues, part-living and the other part-electronic devices, which can monitor, regulate, stimulate and respond to various micro-environmental changes and signals in the body. This field is based on combined capabilities in synthetic biology and genetic engineering, advanced biomaterials, nano-electronics, biochips, engineered processes and printing technologies.

4. Bio-electronics & electroceuticals and Bio Sensors & hybrid devices

this field is based on miniaturized implantable devices to deliver electrical stimulation to specific nerves in order to control wide range of physiological functions. It also includes development of integrated biological component systems (receptor/organ/DNA/etc.) with electronic interface enables low priced, miniature devices for enhanced performance of continuous monitoring and diagnostics than currently existed in chemical/optical technologies sensing.

3. PROPOSAL PREPARATION GUIDELINES

3.1. Proposal Contents

3.1.1. Bio Convergence Full-scale Projects

Proposals for Bio Convergence Full-scale Projects should be prepared and submitted jointly by both companies to KORIL-RDF offices, simultaneously via an e-mail **and to the Israel Innovation Authority [online system](#) by 12:00 IST on the final submission deadline. 31st of December, 2020 (refer the “How to submit a proposal in the IIA system” attachment)**. Bio Convergence Full-scale Project proposals should be written in conformance with, but not limited to, the outline shown below and should be supported by any relevant official company documentation.

***A proposal should be written in English.**

1. COVER PAGE

- a) Refer to Proposal Cover Page Format

※ Signatures of both companies' officials are needed for actual submission. Without signatures, it will not be considered as a valid report.

2. OBJECTIVES OF PROJECT – Executive Summary

- a) A clear and concise statement of specific objectives of the product, solution or process. In this part kindly state under which Bio Convergence segment the product, solution or process is related to.

3. KOREAN & ISRAEL COMPANY INFORMATION (Separate documents within proposal)

- a) Detailed company profiles: Use “Company Information Format”
- b) Market position
- c) R&D background
 - General
 - International cooperation
 - Similar R&D projects (Government funded and/or others)
- d) Financial information (Include cash flow status, etc.)
- e) Major shareholders, Total paid-in-capital
- f) Company capabilities (Human resources, facilities, experiences, IP for project)
- g) Resumes – key personnel to the project (should include each individual's role in the project)
- h) Others (pertinent company/product brochures)

4. INNOVATION

- a) R&D goal (Quantitative index, etc.)
- b) Idea/concept behind the innovation (utilize sketches, diagrams, tables to illustrate)
- c) Current solutions vs. innovation
- d) Technical requirements & definitions (Spec sheet)
- e) Commercial value in market (related standards/ emerging standards)
- f) Patent information (past, current and future patents)
- g) Others, if necessary

5. R&D PROJECT ANALYSIS & PLAN

- a) Analysis of the problem

- Specific issues or difficulties, which need to be resolved/overcome in order to achieve the project's objectives
- Address general technical or economic constraints which must be overcome
- Scope of analysis must be consistent with the project budget and timetable
- Confirm that critical technologies required for the project are firmly in hand
- b) General project plan
 - A chronological schedule of all activities presented in a graphical form (GANTT chart) for the duration of entire project, complete up to market-ready product/technology
 - The plan should clearly indicate the estimated time required to completion of each task/activity in addition to milestones
- c) Details of project activities
 - Identification and detailed description of each task or activity (according to the chronological schedule provided under b) General project plan)
 - Specify each company's roles and assignments according to each activity
 - Describe problem-solving strategies – resolving issues and the basis for selecting the preferred solution (supply sufficient support material to justify approach)
 - **Testing details should show what is being tested, how many tests are needed, test objectives, methodology, expected results, etc.**
 - Compliance with industry standards: the product/processes' ability or inability to meet applicable standards
- d) Others, if necessary

6. MARKET & COMMERCIALIZATION PLAN

- a) Current market size/situation
 - Expected growth of market over effective sales window (provide support material)
- b) Companies' market position
 - Past sales record in the same or similar product line
- c) Existing marketing/sales channel
- d) Target customers
 - Specific industries to be affected (provide support material)
 - How are customer/market needs served by product / process
- e) Business model/commercialization strategy (How to make money)
- f) Sales forecast (estimated market share) by each company
- g) Sales & cost comparisons
 - Manufacturing costs vs. selling price
 - Alternative or similar product / processes' pricing
- h) Plan of Joint Commercialization Activities (With reference to activities, if any, indicated in category I. of General Budget Guidelines)
- i) Others, if necessary

7. COOPERATION & BENEFITS

- a) Previous relationship between partners, if any (otherwise, describe motivation for this joint project)
- b) R&D & commercial role share of each company
 - Development, production and marketing roles
 - External resources for commercialization
- c) Commercial agreements summary
 - Profit share, marketing regions, IP ownership, etc.
 - Completed or in progress
 - Binding or non-binding
- d) Benefits from joint R&D for each company
 - Technical mode and extent of cooperative activity between companies
 - Commercial aspects rendering mutual benefits
- e) Others, if necessary

8. BUDGET

- a) Separate budget for each company's activities for the duration of the project

- See budget table format & General Budget Guidelines to complete this section of the proposal

3.2. General Budget Guidelines

A. Project Duration and Start and Finish Date

Only duration of the project up to, but NOT including, actual production and sales should be included in the budgets. KORIL-RDF's funding of the project begins from the effective start date of the project, which may be from the date the proposal is received by KORIL-RDF, signed by the CEO of each company.

Expenses incurred by the companies prior to the effective start date and after the effective finish date cannot be recognized by KORIL-RDF.

- Followed by the approval of the Board of Directors, the companies will agree upon the official start and finish date of the project. This date will be inserted into Annex A (the official budget) of the CPFA signed by all three parties (both companies together with KORIL-RDF), in order to determine **the official start date and finish date** for funding purposes.

Example)

Official Project term (start and finish date): 1 May 2020 to 30 October 2022

B. Direct Labor

- Actual current eligible salary expenses consist all of the employers' cost and the taxable components (salary plus social ("fringe") benefits of employees expected to work on the project). Typically, in addition to the engineering and technical personnel, the staff includes prototyping and R&D related documentation.

NOT to be included are corporate executives (exception b.), secretarial staff, legal staff, administrative staff or staff engaged in marketing and sales activities; such expenses are included in the overhead allowance.

- a) Salary expenses will be recognized only for the percentage of time devoted by the employee to the project ("employment percentage") out of the total work time. Employment percentages will be calculated according to time monitoring systems (e.g. monthly time sheets filled in by the employees, time clock, job-code software, etc.). The employment percentage shall be defined as the hours invested in the project divided by the total working hours during the project duration.
 - b) It is required that advanced authorization be given for employment percentages for any and all managers. **Employment percentages for the managers (i.e. CEO, GM, MD, etc.) of small companies (SMEs) engaged in R&D activities shall not be greater than 50%;** excluding managers of small companies who are engaged only in the designated project. **The maximum employment percentage of those managers will be 75%.**
- The maximum monthly employment percentage is **100%**. Currently, the maximum recognized annual cost per full-time employee is **USD 100,000**.

% time on project during the duration period is equal to the product of:

$$\begin{array}{ccccccc} \text{Gross Annual Salary} & & \text{\% on Project} & & \text{Participating Months} & & \\ \text{(include social benefits)} & \times & \text{(Direct Labor)} & \times & \text{(Months of} & = & \text{Cost To} \\ & & & & \text{Participation/Project} & & \text{Project USD} \\ & & & & \text{Duration)} & & \end{array}$$

Example)

If your Annual Salary is USD 80,000, % on Project is 60%, and the Period duration is 6 months, your Cost to Project will be : $80,000 \times 60\% \times 6 / 12 = 24,000$

I. DIRECT LABOR	Gross Annual Salary USD	% on Project	Participating Months	Cost to Project USD	Qualifying Cost USD Column for Official Use Only
Name, Title, Role (TBD if yet unknown)					
1. Soohorang, Project Manager, Engineer for software development	80,000	60%	6 / 12	24,000	

- **Overhead (O/H):** Include all indirect labor cost, secretarial services, legal staff, etc. 25% of Direct labor's subtotal is O/H.

C. Equipment

- Depreciation, rental or leasing expenses of equipment necessary for R&D project use. List each item, including purchase price, intended date of purchase and % of time to be used on the project during designated period. Give the schedule for equipment depreciation. Only depreciation or lease expenses incurred over the duration of the project will be recognized.

Example)

II. EQUIPMENT This budget item refers to depreciation allowance on capital equipment employed and NOT TO CAPITAL EXPENDITURES		Total Purchase Costs (Cost X Units)	% Time on Project	Annual Depreciation Rate (Life – Years)	Cost to Project USD	Qualifying Cost USD Column for Official Use Only
Item Description	No. of Units					
1. Server	1	2,000	70%	(3 years) – 1/3	466.66	
Subtotal, Purchased Equipment					466.66	
LEASED EQUIPMENT		Total Purchase Costs (Cost X Months X Units)	% Time on Project		Cost to Project USD	Qualifying Cost USD Column for Official Use Only
Item Description	No. of Units					
1. Data Logger	2	200 X 5 X 2 = 2,000	100%		2,000	
Subtotal, Leased Equipment					2,000	
TOTAL EQUIPMENT COST (Purchased Equip. Subtotal + Leased Equip. Subtotal)					2,466.66	

D. Expendable Materials & Supplies

- List each major item under expendable materials and supplies and give purchase price. Provide a separate table for detailed breakdown, if necessary.
 - a) Materials used for other functions within the company will not be recognized without special authorization.
 - b) Materials must be specifically accounted for, and not as a percentage of general expenses.
 - c) Materials which are company-manufactured will only be recognized with specific authorization (including their cost-calculation)

E. Travel

- Both foreign and domestic travel must be reported and a brief description of the objectives of the trip and its relation to the project should be available at the company for inspection during auditing of the fiscal reports.
 - a) The eligible international destinations are between Korea & Israel. Other destinations will only be authorized and listed in the official project budget upon satisfactory explanation by the partners regarding project R&D requirement for said destination.
 - b) Eligible expenses are airfare, lodging and ground travel.
 - c) The company must fill out a travel report for each trip. The report will include details of the expenses according to the specific category.
 - d) Travel expenses will be eligible only for those specific employees designated in the approved work program, thus only R&D personnel can be recognized for the travel expenses.
 - e) Only travel that is connected exclusively with the project will be eligible.
 - f) **The funding for travel is capped at USD 5,000 per person per trip.**

Example)

IV. TRAVEL EXPENSES	Cost per Person per Trip USD	No. of Trips	No. of People per Trip	Cost to Project USD	Qualifying Cost USD Column for Official Use Only
FOREIGN TRAVEL					
Destination & Purpose					
1. Seoul, Korea – Kick off Meeting	2,500	1	2	5,000	
Subtotal, Foreign Travel				5,000	
DOMESTIC TRAVEL	Cost per Person per Trip USD	No. of Trips	No. of People per Trip	Cost to Project USD	Qualifying Cost USD Column for Official Use Only
Destination & Purpose					
1. Pusan, Korea – Facility Inspection	500	2	3	3,000	
Subtotal, Domestic Travel				3,000	
TOTAL TRAVEL (Foreign Travel Subtotal + Domestic Travel Subtotal)				8,000	

F. Subcontractor

Public sector organizations, such as universities and institutions are eligible to participate as subcontractors and/or consultants.

- This section should identify each subcontractor by name, the specific service to be performed and the cost for each service. Provide the basis for the costs.
 - a) Subcontractor who provides other functions within the company will not be recognized without special authorization.
 - b) Subcontractor must be specifically accounted for, and not as a percentage of general expenses.
 - c) **Subcontractor shall not be executing more that 20% of the total project expenditures of each partner, unless specific need is shown and authorization obtained.**

KORIL-RDF is not a party of the contracts of the participant and subcontractor (consultant).

G. Consultant

Public sector organizations, such as universities and institutions are eligible to participate as subcontractors and/or consultants.

- This section should identify each consultant by name, the nature of activity, number of hours and hourly rate. (Refer to F. Subcontractor, these guidelines apply to this section)

KORIL-RDF is not a party of the contracts of the participant and subcontractor (consultant).

H. Other Expenses

- Typical "Other Expenses" include items such as regulatory activities, standards certification, field trials.
- Patent related activities and expenses are authorized to a maximum of USD 20,000.

I. Joint commercialization Cost

- Qualifying period should be within the project period.
- Maximum funding amount for joint commercialization will be USD 30,000 which gives USD 15,000 to each partner. (The ratio of joint commercialization must be 50:50)
- Eligible items will be seminar, conference, exhibition registration and booth rental fees for joint participation and presentation, travel costs related to joint commercialization activities (max. USD 5,000 per person), printing brochures & posters, etc.

Both the applicant companies must share the commercialization cost, hence, the commercialization cost must be included in both companies' budget items. Any expenses beyond the qualified through the items will not be recognized.

*TRAVEL						
#	Destination & Purpose	Cost per Person per trip	No. of Trips	No. of People per Trip	Cost To Project	Qualifying Cost
		USD	No.	No.	USD	Official Use Only
1						
Subtotal, Travel						
*INCIDENTALS						

#	Item Description (Cost X Units)	Total Purchase Costs		Cost To Project	Qualifying Cost
				USD	Official Use Only
1					
Subtotal, Incidentals					
TOTAL JOINT COMMERCIALIZATION (Travel Subtotal + Incidentals Subtotal)					

J. General & Administrative (G&A)

Calculated at 5% of the Total Subtotal Before G&A Expenses. To include all indirect costs for rent, facilities, etc.

K. Others

Any unspecified and/or undecided items marked as TBD as submitted in the proposal budget (such as employees in Direct Labor, subcontractor, and consultant) must be explicitly named on the official authorized budget prior to signing CPFA.

KORIL-RDF will not sign a CPFA with “TBD” items unless specially authorized.

4. AFTER SUBMISSION – EVALUATION AND APPROVAL

4.1. Documentary Evaluation

A proposal must be prepared and submitted jointly by both companies to KORIL-RDF offices, simultaneously via e-mail and to the Israel Innovation Authority [online system](#) by 12:00 IST on the 31st of December 2020 (refer the “How to submit a proposal in the IIA system” attachment). After the submission, the evaluation process will be done by both KORIL-RDF offices.

Documentary evaluation criteria will be:

- Company background - If the companies are not from the Bio Convergence area – they will need to show the ability to acquire the necessary knowledge, development capabilities and more
- The contents of the proposal (Innovation, Commercialization, Cooperation & Benefit, Budget)
- Relevance to the segments of the “Bio Convergence Full Project”
- Synergy between the partners and the complementary contribution of each side to the project (showing the multidisciplinary development)

4.2. Due Diligence (Onsite Interview)

After documentary evaluation, onsite interview will be held. Technical experts from corresponding field and KORIL-RDF will carry out the onsite interview as well as Fiscal evaluation.

The companies shall be requested to revise their initial proposals or to submit additional information based on the result of the onsite interview.

Two technical reports from each country written by evaluators will be submitted to KORIL-RDF, containing a final grade after the onsite interview.

4.3. Project Approval

- The Board of Directors will make final decision upon Full-scale Project. The Board of Directors are composed of eight (8) in total, four (4) from each country.
- Up to 2 projects will be selected as a “pilot” after KORIL Board of Directors’ approval (Q2, 2021) The project will last up to 3 years, 4th year is optional without added funding, with the approval of KORIL-RDF.
- The maximum grant is USD 2 Million per project and no more than 50% of the joint R&D budget.

4.4. Approved Project – Agreements

A. Cooperation and Project Funding Agreement (CPFA)

Once the proposal is approved by the BOD, the CPFA is signed among two partner companies and KORIL-RDF in order to disburse the approved grant.

The CPFA describes the work plan, project budget, reporting requirements, disbursements due to the companies and repayment obligation to KORIL-RDF from sales or other income resulting from the project.

B. Agreement Between Partner Companies (Full-scale Project)

The companies are requested to submit the copy of IP and Commercialization Agreement(s) regarding the product to be jointly developed. A signed copy of this (these) agreement(s) must be submitted to KORIL-RDF prior to the signing

of the CPFA.

The agreement should contain:

- The assignment of responsibilities between two companies for the various functions required in the commercialization of the developed product such as production, marketing and sales, etc.
- The basis upon which revenues and profits from commercialization of the developed product(s) will be shared between the companies.
- The ownership distribution of the Intellectual Property (IP) to be generated by the project.
- The specification and transfer price of products, components or services which will be sold by one company to the other.

KORIL-RDF is not a party of this agreement.

4.5. Ongoing Project – Change Request and Authorization

As stated in the CPFA 4.5:

*“The Participant shall not make substantial transfers of funds from one official budget item to another, change key personnel or their duties and responsibilities or re-schedule their time allocated to the proposed work hereunder **without prior written approval by KORIL-RDF**, which approval shall not be unreasonably withheld.”*

In order to enable changes stated above to be authorized in accordance with KORIL-RDF regulations, the following procedures have been established.

A. Work Plan Change Request

An official request letter to CE, KORIL on company letterhead, signed by both companies.

Clearly set out the items approved original version to be changed along with the reason for the change. The requested change should be listed alongside to enable KORIL-RDF to review appropriately and determine the validity of said requests.

The request must be submitted via e-mail to both Korean and Israel offices of KORIL. At the same time, the Israeli company needs to submit the request in the IIA's online system, in their “Personal Zone”.

B. Budget Adjustment Request

An official request letter to CE, KORIL on company letterhead, signed by both companies.

Present the original official authorized project budget (from signed CPFA). Clearly designate the specific items originally approved which are to be changed along with the reason for change. List the requested changes alongside to enable KORIL-RDF to review appropriately and determine the validity of said requests.

The request must be submitted via e-mail to both Korean and Israel offices of KORIL. At the same time, the Israeli company needs to submit the request in the IIA's online system, in their “Personal Zone”.

5. REPORT GUIDELINES

5.1. General

All technical reports must be prepared jointly by both companies and submitted to both KORIL-RDF offices in Korea and Israel, simultaneously. At the same time, the Israeli company needs to submit the reports in the IIA's online system, in their "Personal Zone".

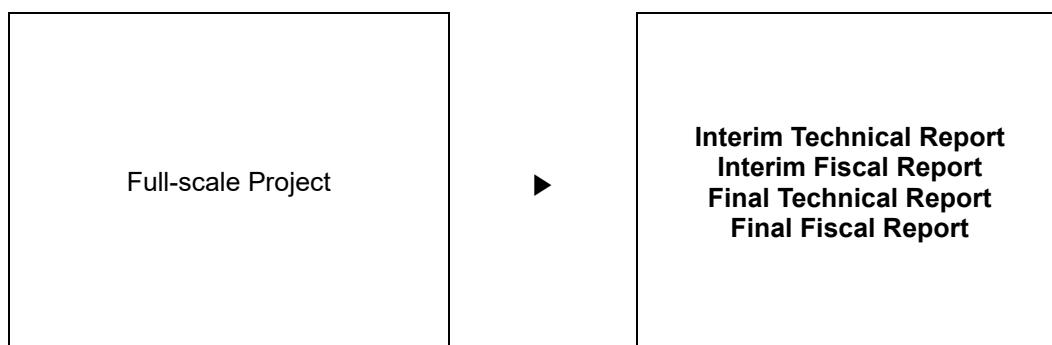
Fiscal reports are to be prepared by each partner company as per guidelines according to its official budget and submitted to the respective KORIL-RDF country office together with the joint technical report.

All such reports must be submitted to and approved by KORIL-RDF prior to the transfer of all grant payments except for the initial grant payment made on execution of the Cooperation and Project Funding Agreement (CPFA).

- **Full-scale Project:** The Technical and Fiscal Reports for Interim and Final **Evaluation are to be submitted within 30 days following the expiration of the Interim and Final segment of the project.**

The Interim segment is the mid-way point of the entire project period. In the case of projects, which exceed two (2) years, **submission of the Interim Reports should be within 60 days of the ending of the Interim Segment.**

Likewise, Final Technical and Fiscal Reports are **to be submitted within 60 days** following the completion date of the project or final project period for those projects with multiple periods.



5.2. Technical Report

Technical reports submitted to KORIL-RDF will be treated as confidential to the extent described in the Confidential Disclosure Agreement (CDA). Nonetheless, proprietary or commercially sensitive information should be identified as such.

The purpose of the technical report is to enable KORIL-RDF to monitor project progress and to justify any adjustments or modifications incurred by the project to the original work plan (as detailed in Annex C of the CPFA); furthermore, to provide KORIL-RDF a viable basis for continued disbursement of the grant award.

Results of unusual interest should be highlighted.

Technical report forms can be down-loaded from the KORIL-RDF website (www.koril.org).

5.2.1. Technical Report Outline



Refer to the detailed information about Part I & II below.

Part I

- I. **Cover Page** – Refer to Technical Report cover page (sample)

※ Signatures of both companies' officials are needed for actual submission. Without signatures, it will not be considered as a valid report. This shall be deemed a material breach for which KORIL-RDF shall be entitled to terminate the Agreement pursuant to Clause 9.2 in CPFA (Mini & Full-scale project)

- II. **Table of Contents**

- III. **Objectives** – State overall objectives of the project and of the work performed during the segments covered by the report.

- IV. **Summary of Accomplishments** (including inventions) – This should discuss and update on the methods and results of the investigations/development. The summary should be self-sufficient and understandable to someone who reads nothing else in the report.

- V. **Results** – Describe with reference to the Program Plan, the results obtained during the reporting segment on an activity-by-activity basis. Identify and describe results that represent significant variation from the Program Plan. Discuss any activities/tasks that may have been eliminated or added to the Program Plan, and give the reasons for the changes. Indicate how much modifications will affect the nature of the product being developed in terms of features, specifications, performance, etc.

- VI. **Graphical Comparisons of Results versus Program Plan** – Using the Program Plan (Annex C of CPFA), show the project status graphically and explain any deviations from the plan.

- VII. **(For Interim Reports Only)** Outline plans for next project segment showing any rescheduling or additions to activities on the Program Plan and indicate which, if any, of the originally planned activities/tasks are being terminated or redirected. Discuss the impact of rescheduled activities on original plan, and whether additional time will be needed to complete project. (Note: if additional time is needed, a separate written request should

be jointly submitted by the companies).

- VIII. **Cooperation between the Companies** – Discuss the activities conducted during the reporting segment that have enabled the companies to keep abreast of each other's progress. Has the division of tasks and responsibilities between the two companies been integrated to mutual benefit? Any problems that have developed in this regard should be noted, along with the details of corrective measures that have been taken or are planned.
- IX. **Market and Commercialization Plans** – Identify any important changes that have developed during the segment covered by the report. Explain the impact on overall Program Plan and budget.
- X. **Published Reprints** – Attach a copy of any reprint that is based, in whole or in part, on the work conducted on the KORIL-RDF project. Include a report on any inventions or patents filed. Technical and user manuals do not have to be submitted.

Part II

- I. Part II should describe the outcome of the project in commercial terms, including the market acceptance of the products/processes developed, current sales and cash flow forecasts, new product opportunities and any further activities planned jointly by the project partners. Compare the current sales and cash flow forecasts with those made in the proposal, explain the differences.
- II. Must provide an accurate and concrete commercial plan to include detailed action items such as, but not limited to, the following;
 - A. List of target clients
 - B. Marketing strategy or plan
 - C. Sales forecast
 - D. Schedule for product launching
 - E. A plan to overcome any new unforeseen obstacles
- III. **Must be submitted within 60 days following the completion date of the project**

5.2.2. Informal Report

KORIL-RDF welcomes any additional informal reporting of significant project events, positive or otherwise. In the event of a favorable variations or unforeseen problems, our early awareness will enable us to work with the Project Manager or team in any necessary rescheduling or program activities. As a contributor to the project, KORIL-RDF may request for informal reports, without prior notice, in attempt to be kept informed of the project's status.

5.3. Fiscal Report

The purpose of the fiscal reports is to enable KORIL-RDF to monitor actual expenditures on the project and to assist in decisions relating to the continued funding of the project.

Fiscal report forms can be down-loaded from the KORIL-RDF website (www.koril.org). All expenses incurred on a KORIL-RDF-supported project must be itemized. Expenditures in all categories should be shown along with the Approved Project Budget for the relevant segment, as per Annex A of the CPFA.

KORIL-RDF recognizes expense variations from budget of up to 10% within any of the major budget categories: Direct Labor, Subcontracts, Consultants, etc., with the understanding that the total amount does not change.

However, during the course of the project, should the actual expenses relating to any budget category be expected to exceed the 10% variation allowed or a need to transfer between budget line-items occurs, **an official request for an amendment to the budget must be submitted by the company. Clear and complete reasons and explanations with before and after comparison of each budget item should substantiate this request.**

5.3.1. Report Outline

I. **Cover Page** – Refer to Fiscal Report cover page (sample)

※ Signature of the CEO is needed for actual submission. Without signatures, it will not be considered as a valid report. This shall be deemed a material breach for which KORIL-RDF shall be entitled to terminate the Agreement pursuant to Clause 9.2 in CPFA (Mini & Full-scale project),

II. **Total Actual Expenditures** – Compare against the approved budget amount (taken from Annex A of the CPFA)

III. **Direct Labor** – Report on percentage time for employees engaged in the project, whom should be clearly identified (see Budget Guidelines for details)

IV. **Equipment** – An itemized worksheet must be included in the report indicating dates of purchase and/or commencement of lease and percentage use on the project (see Budget Guidelines for details)

V. **Travel** – Both foreign and domestic travel must be reported in detail (see Budget Guidelines for details). A brief description of the objectives of the trip and its relation to the project should be available at the company for inspection during auditing of the fiscal reports.

VI. **All Other Budget Items** – The expenses reported must be itemized in accordance with and in reference to the original budgets submitted as part of the Cooperation Project Funding Agreement. (see CPFA attachment)

5.4. Project Completion

5.4.1. Commercialization Report

Commercialization is to be reported to KORIL-RDF on a semiannual calendar basis commencing from the completion date of the project. Reports are **due within three months following the end of each semiannual period**. Standard reporting format is to be used. Refer to Commercialization Report Sample.

Commercialization activities can be in the form of any of, but not limited to, the three primary categories as defined in the CPFA.

1. **Gross Sales** – Include all product revenues from the “sale, leasing, or other marketing or commercial exploitation of the Innovation, including service or maintenance contracts.” Repayments are made at the stated repayment rate (in the CPFA); generally at 2.5% of the Gross Sales.
Please note that the “Date of First Sale” is important for those agreements in which the repayment rate changes following the first year of sales. The date of first sale will be used to determine when to implement the change in repayment rate.
If the repayment rate changes during the current reporting period, the gross sales amount must be allocated into two amounts, i.e., sales during and subsequent to the first year of commercialization.
The appropriate repayment rates shall then be applied. The form allows for both sales and repayment information to be reported.
2. **Revenues resulting from sales patented inventions** – Covered in Clause 8 and Annex D of the CPFA. The grant repayment rate on these revenues is 2.5% and repayment becomes due as detailed in Subsection 4 of Annex D.
3. **Revenues derived from license Agreements** – Described in Annex E of the CPFA, are subject to repayment to KORIL-RDF at the rate of 30%.

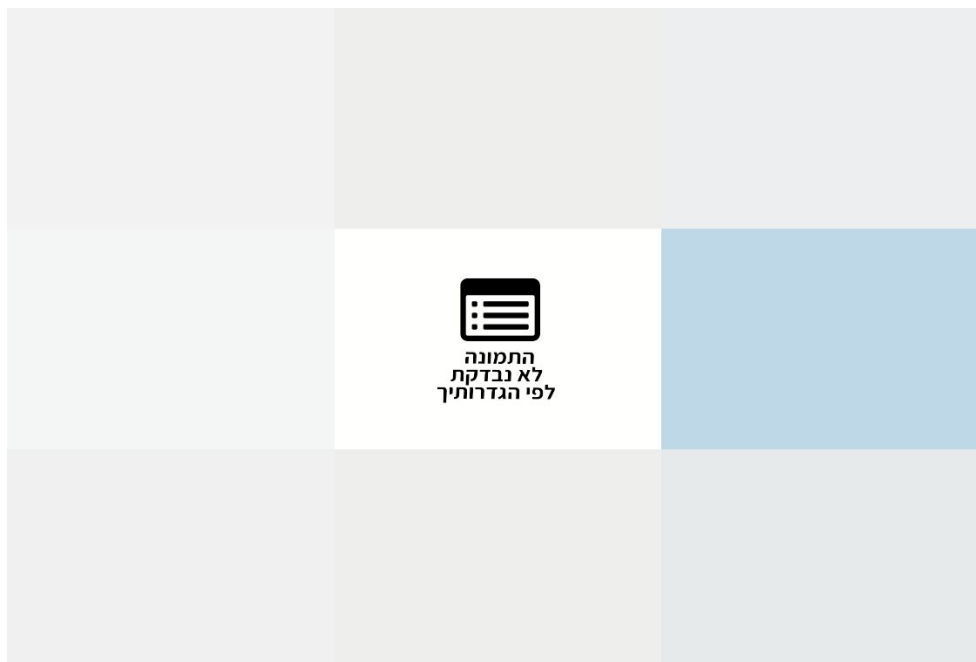
It should be noted that cumulative repayments and royalties due to KORIL-RDF, from any and all source of revenues, are not to exceed 100% of the grant funds actually awarded to the participants.

For more details regarding the regulations for commercialization activities, refer to CPFA attachment Clause 3, and Annex D and E.

5.4.2. Repayment of Grant

KORIL-RDF Grant is subject to repayment, up to but not beyond the total funded amount. Repayments are made at the stated repayment rate generally at 2.5% of the gross sales.

Companies may repay the Grant in any amount in the years following the first commercial transaction as set out below until the maximum percentages as stated below have been satisfied in which event no additional payments to KORIL-RDF shall be required.



- The Participants may repay the Grant and any other sums in USD at the rate of 2.5% ("Repayment Rate") per year of the Gross Sales for that year, until 100% of the Grant and Other Sums have been repaid.
- The Participants may repay the Grant and other Sums in any amount in the years following the first commercial transaction as set out below, until the maximum percentages as stated below have been satisfied in which event no additional payments to KORIL-RDF on account of the Grant and Other sums shall be required for that respective year, excepting interest payments that may be applicable to be repaid in accordance with clause 3.9 of CPFA.

Years Following the First Commercial Transaction	Maximum Percentage of Grant and Other Sums to be Repaid
Year 1	50%
Year 2	60%
Year 3	70%
Year 4	80%
Year 5	90%
Year 6+	100%

6. CONTACT INFORMATION

- Homepage : www.koril.org
- **Korea Office (Headquarters)**
E-mail : koril@koril.org
Tel : +82-2-6009-8250
Fax : +82-2-6009-8254
Address : Korea Technology Center (KOTEC 17F), 305, Teheran-ro, Gangnam-gu, Seoul 06152, Korea
- Israel Office
E-mail : Ella.Heller@innovationisrael.org.il
Tel : +972-3-5118143
Address : Israel Innovation Authority, Technology Park, Derech Agudat Sport, Ha'poel 2 Jerusalem 9695102Israel
- Please send your joint R&D proposal to
Korea Office : Ms. Soo Mee Chin, Team Manager, susan74@koril.org
Israel Office : Ms. Ella Heller, Israel Manager, Ella.Heller@innovationisrael.org.il

<Attachments>

1. CPFA (Mini & Full-scale project)
2. Technical Report Cover Page
3. Fiscal Report Cover Page
4. Commercialization Report
5. How to Submit a Proposal in the IIA System
6. Request For Budget Adjustment

<Att 1>

COOPERATION AND PROJECT FUNDING AGREEMENT

(CPFA for Mini & Full-scale projects)

This Agreement is made on **[DATE]**, by and among

- (1) **KOREA-ISRAEL INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION**, a company incorporated in Korea and having its principal place of business at Korea Technology Center (KOTECH) 17F, 305 Teheran-ro, Gangnam-Gu, Seoul, Korea, 06152 ("KORIL-RDF", which expression shall where the context so admits include KORIL-RDF's successors in title and assigns);
- (2) **ISRAELI COMPANY** a company incorporated in Israel and having its principal place of business at II Address ("ISRAELI COMPANY", which expression shall where the context so admits include **ISRAELI COMPANY's** successors in title and assigns); and
- (3) **KOREAN COMPANY** a company incorporated in Korea and having its principal place of business at **Ko Address** ("KOREAN COMPANY", which expression shall where the context so admits include **KOREAN COMPANY's** successors in title and assigns).

ISRAELI COMPANY and **KOREAN COMPANY** shall hereinafter collectively be referred to as the "Participants" and individually as the "Participant".

■ **WHEREAS:**

- (A) The Ministry of Foreign Affairs for the Government of the State of Israel and the Ministry of Knowledge Economy of Korea, did, on November 25th, 1998, sign an Agreement concerning bilateral cooperation in private sector industrial research and development through the establishment of a Korea-Israel Industrial R&D program.
- (B) The Ministry of Trade, Industry & Energy (MOTIE) of Korea has been provided authority to make a grant of USD 1,000,000 annually starting from 2000, to the Korea-Israel Industrial Research and Development Foundation. As of May 2013, this amount has been increased to a grant of USD 2,000,000.
- (C) The Ministry of Economy and Industry (MoEI) of Israel has been provided authority to make a yearly grant of the equivalent of USD 1,000,000 annually starting 2000, to the Korea-Israel Industrial Research and Development Foundation. As of May 2013, this amount has been increased to a grant of USD 2,000,000.
- (D) KORIL-RDF has examined and duly approved the Proposal (as hereinafter defined) and is willing to provide certain funding for the implementation of the Proposal on the terms and conditions hereinafter set forth.

NOW IT IS HEREBY AGREED, in accordance with the terms and subject to the conditions herein as follows:

1. DEFINITIONS & GENERAL TERMS

1.1 In this Agreement unless the context shall otherwise require the following words and expressions shall have the following meanings:

"Advance"	shall have the meaning ascribed to it in paragraph 1 of Annex B
"Agreement"	means this agreement, as amended, revised, modified, supplemented, notated or otherwise altered from time to time
"Approved Program Plan"	means the approved program plan set forth in Annex C
"Approved Project Budget"	means the approved project budget set forth in Annex A
"Grant"	shall have the meaning ascribed to it in Clause 2.1
"Gross Sales"	shall have the meaning ascribed to it in Clause 3.2
"Innovation"	means any products, processes, inventions, technology, discoveries, improvements, modifications, methods, software, specifications, or any form of technical information developed or arising from the Proposal.
"Other Sums"	means any sums of money other than the Grant actually awarded to the Participants by KORIL-RDF in connection with the subject matter of the Proposal
"Projected Expenditure"	means the aggregate of all dollar figures under the heading "Cost To Project" in the Approved Project Budget, as contained in Annex A, for both ISRAELI COMPANY and KOREAN COMPANY as may be amended from time to time.
"Proposal"	means the Proposal, dated the [PROPOSAL DATE] , stamped with KORIL-RDF's approval on the [DATE APPROVED] , as set forth in Schedule 1. For the avoidance of doubt, should any provision of the said Proposal be inconsistent with any other provision of this Agreement, the provisions otherwise set forth in this document shall prevail.
"Qualifying Cost"	means, in relation to each Qualifying Item, the dollar figure as reflected opposite such Qualifying Item in the Approved Project Budget as contained in Annex A.
"Qualifying Item"	means the item as listed under the heading "Qualifying Item" in the Approved Project Budget, as contained in Annex A.
"Repayment Rate"	shall have the meaning ascribed to it in Clause 3.1(a) whichever is applicable.
"KORIL-RDF's Pro rata share"	means the percentage of the actual expenditures of the project in the implementation of the Proposal which KORIL-RDF provides under this Agreement.

- (a) any reference to any statute or statutory provision includes a reference to that statute or statutory provision as from time to time amended, extended, consolidated or replaced by the same and any regulations, instruments or subordinate legislation made there under;
 - (b) any reference in this Agreement to "writing" or cognate expressions includes a reference to telex, cable, facsimile transmission or comparable means of communication;
 - (c) words importing the singular number shall include the plural and vice versa, words importing the masculine shall include the feminine and neuter gender and vice versa, and words importing persons shall include bodies corporate, unincorporated associations and partnerships;
 - (d) reference to Clauses, Schedules and Recitals are reference to Clauses, Schedules and Recitals of this Agreement; and
 - (e) the headings to the Clauses and paragraphs are inserted for ease of reference only and shall not affect the interpretation thereof or of this Agreement.
- 1.2 The Recitals, Schedules and the Annexes to this Agreement are incorporated into and form an integral part of this Agreement.
- 1.3 The Participants shall be bound and obliged jointly and severally and any reference to the obligations and liabilities of the Participant(s) shall mean the joint and several obligations and liabilities of the Participants, as herein provided.
- 1.4 The Chief Executive of KORIL-RDF is empowered by its Board of Directors to execute this Agreement and to perform all acts under the terms hereof on behalf of KORIL-RDF.

2. PROJECT FINANCING

- 2.1 KORIL-RDF hereby agrees to fund the implementation of the Proposal by the Participants by providing a grant (the "Grant") of **fifty per cent. (50%)** of the actual expenses incurred for each Qualifying Item up to **fifty per cent. (50%)** of the Qualifying Cost for such Qualifying Item, provided that in respect of all Qualifying Items, the aggregate amount of the Grant shall not **exceed USD [TOTAL APPROVED GRANT] or 50% of the Projected Expenditure, whichever is lesser.**
- 2.2 The Grant shall be provided to the Participants at the times as set forth in the manner as set forth in Annex B.
- 2.3 The Participants shall bear the expenditures incurred for the implementation of the Proposal in a timely fashion in excess of those provided under the Grant.
- 2.4 Notwithstanding anything above, KORIL-RDF shall have the right to revoke the award of the Grant and/or terminate this Agreement at any time if there shall have been any adverse material change (as reasonably determined by KORIL-RDF) in the implementation of the Proposal. In the event of any such revocation, the Participants shall forthwith return to KORIL-RDF any unexpended portion of the Advance. If not repaid forthwith, such sum shall bear interest in accordance with Clause 3.9.

3. REPAYMENT OF GRANT

Sale of products of the Innovation

3.1 Each Participant shall, jointly and severally, make payments to KORIL-RDF based on Gross Sales derived from the sale, leasing or other marketing or commercial exploitation of the Innovation, including service or maintenance contracts, commencing with the first such commercial transaction. Such payments shall be based on the following:

- (a) The Participants may repay the Grant and any Other Sums in US Dollars at the rate of 2.5% ("Repayment Rate") per year of the Gross Sales for that year, until 100% of the Grant and Other Sums have been repaid.
- (b) The Participants may repay the Grant, and other sums, in any amount in the years following the first commercial transaction as set out below, until the maximum percentages as stated below have been satisfied in which event no additional payments to KORIL-RDF on account of the Grant and Other Sums shall be required for that respective year, excepting interest payments that may be applicable to be repaid in accordance with clause 3.9

Years Following the First Commercial Transaction	Maximum Percentage of Grant and Other Sums to be Repaid
Year 1	50%
Year 2	60%
Year 3	70%
Year 4	80%
Year 5	90%
Year 6+	100%

- 3.2 The term "Gross Sales" shall mean the gross invoiced sales value of the products of any Innovation sold by the Participant. In the computation of the Gross Sales, no costs incurred by the Participant in the development, design, manufacture, sale, distribution or exploitation of the products shall be deducted from the Gross Sales. In any sale or disposal of any products of the Innovation or part thereof otherwise than in an arm's length transaction or otherwise than for money, the Gross Sales shall be the fair market value (if higher) of such products in the relevant country of sale or disposal. The term "Gross Sales" shall also include all specific export incentives or bonuses paid to the Participant on account of sale of the products of Innovation for export, but shall not include sums paid for commissions, brokerage, value added and sales taxes on the sale of the finished product, or transportation and associated insurance costs, if same have been included in the gross sales price.
- 3.3 The Innovation shall be deemed to have been sold, marketed or otherwise commercially exploited if the Innovation, or any improvement, modification or extension of it is put to the benefit of a third party, whether directly or indirectly, and whether standing alone or incorporated into or co-joined with other hardware or processes, and for which benefit the said third party gives something of value. This provision shall not apply to transactions between the Participants or between the Participants and their parents or subsidiaries. Should such parent or subsidiary resell the Innovation separately identified or incorporated in a system, the Gross Sales price shall be the price to third parties from the parent or subsidiary making the sale, such Gross Sales price being defined by the same criteria as sales are defined for purposes of "Gross Sales" in Clause 3.2.
- 3.4 If the Innovation is a part of a product sold, marketed or otherwise commercially exploited, the Gross Sales price for purposes of payments according to Clause 3 shall be the Gross Sales price of that product multiplied by a factor whose numerator is the manufacturing cost of the Innovation and whose denominator is the manufacturing cost of the product. Notwithstanding the aforesaid, if there shall have been established a market price for the Innovation, such price shall be the basis for payments according to Clause 3, notwithstanding the incorporation of the Innovation in another product.

3.5 In the event a Participant obtains a patent in accordance with Clause 8 in respect of an Innovation and such patent is licensed to other third parties for the sales of any products embodying the Innovation or made by practicing the Innovation, unless such Participant is making payments to KORIL-RDF under the other sub-clauses of Clause 3, the Participant shall pay to KORIL-RDF a grant repayment on sales of such products, in accordance with Annex D.

3.6 Assignment of technology or Innovation:

Should any portion of the Innovation or technology developed in whole or in part under this Agreement be assigned or sold outright to a third party, one-half of all proceeds of the assignment or sale as received by the Participants shall be applied to repay KORIL-RDF until there has been full repayment to KORIL-RDF of sums actually received by Participants hereunder, in equivalent dollars valued at time of repayment.

3.7 Licensing of technology or Innovation:

If any Innovation or any technology developed under this Agreement becomes the subject of any licensing, the Participant shall pay to KORIL-RDF a grant repayment in accordance with Annex E.

3.8 All payments due to KORIL-RDF under this Agreement shall be calculated on a semiannual calendar basis, and statements, consistent with generally accepted accounting procedures and with the standard accounting procedures of the Participant and signed by an officer of the Participant, rendered with payment within 90 calendar days following the end of each semiannual period. Payments to KORIL-RDF under Clause 3 shall commence at the end of the semiannual period during which the first sale or commercialization was made.

3.9 This Clause 3 shall survive termination of this Agreement, and to the extent of any obligation to make royalty payments under this Agreement, such obligation shall continue for the life of the last-to-expire patent issued on any invention made in whole or in part arising from the implementation of the Proposal. All payments due to KORIL-RDF and not paid by the participants under this Agreement shall bear interest at 1% more than the average prime rate prevailing at Citibank, Seoul for the Korean participant, and 1% more than the average prime rate prevailing at Citibank, Tel Aviv for the Israeli participant, during the period from the date payment was due until the date payment is completed.

4. CONDUCT OF THE PROJECT

4.1 Each Participant agrees to implement the Proposal in accordance with good standards relevant to such undertakings, and shall expend funds received hereunder only in accordance with such Proposal and the requirements of this Agreement.

4.2 Each Participant agrees to comply with the Approved Program Plan, Annex C, for the Innovation in accordance with the Approved Program Plan. Each Participant shall, in furtherance of the implementation of the Proposal, carry out the tasks and contribute all necessary funds, resources and facilities for the implementation of the Proposal.

4.3 **[ISRAELI COMPANY]** hereby appoints **[NAME]** as the Israel Project Manager and **[KOREAN COMPANY]** hereby appoints **[NAME]** as the Korean Project Manager for the implementation of the project during the period of this Agreement and in accordance with the Approved Program Plan.

4.4 The participant shall not make any transfer of KORIL funds between themselves under any circumstances. Grant funds shall be disbursed directly from KORIL-RDF to the appropriate partner company.

4.5 The Participant shall not make substantial transfers of funds from one official budget item to another, change

key personnel or their duties and responsibilities or re-schedule their time allocated to the proposed work hereunder without prior written approval by KORIL-RDF, which approval shall not be unreasonably withheld.

4.6 Should any key person be absent from his work or should such absence be expected for 90 days or more, or should there be any significant reduction in the total personnel force assigned under the Proposal, the Participant shall forthwith notify KORIL-RDF.

4.7 Each Participant shall: -

- (a) cooperate in ensuring that the implementation of the Proposal is carried out on its part by properly qualified personnel;
- (b) procure that authorized representatives of KORIL-RDF are allowed reasonable access to the work carried out by it in connection with the Proposal and to the, records, accounts, reports and any form of documentation relating to, and personnel involved in the implementation of the Proposal from time to time; and
- (c) promptly notify KORIL-RDF if there is any unforeseen technical or scientific problem which is likely to cause a material delay or difficulty in achieving any of the objectives of the Proposal or result in any material increase in the costs of implementing the Proposal.

4.8 If at any time the Participant believes that:-

- (a) there is no reasonable likelihood of success of the project of the Proposal;
- (b) substantial costs will have to be additionally incurred or amount of funding will have to be additionally provided to complete the implementation of the Proposal;
- (c) there has been a failure to achieve any of the material steps or milestones as set out in the Approved Program Plan and the Proposal; or
- (d) the objectives of the Proposal have been substantially achieved by research outside the Proposal,

KORIL-RDF and the Participants shall negotiate in good faith to re-define the Proposal or terminate this Agreement.

5. REPORTING REQUIREMENTS

5.1 The Participant shall submit to KORIL-RDF, in writing, the following reports: -

- (a) First fiscal and technical interim reports within 30 days of the expiration of the first interim segment of the project (60 days allowed for projects over 24 months). Project segments can begin no earlier than the date the proposal is received, as proposed by the participants and approved by KORIL-RDF. (Only applicable for Full-Scale Projects)
- (b) Final fiscal and technical reports within 60 days following revocation of the Grant or termination of this Agreement or completion of the implementation of the Proposal, whichever is earlier.

Such reports shall be in form and substance as provided in Formats for Technical and Fiscal Reports, KORIL-RDF Handbook, Chapters IV. A. and B.

The Participant shall give a presentation to KORIL-RDF on the fiscal and technical reports and on the progress of the implementation of the Proposal upon or as soon as practicable after the submission of the above reports to KORIL-RDF.

5.2 The Participants covenants with KORIL-RDF to:

- (a) provide, at its expense, briefings on the progress of the work hereunder within 45 days following request by KORIL-RDF. Such briefings shall accord with the form and depth as KORIL-RDF may reasonably request;
- (b) promptly notify KORIL-RDF in writing of any change in its name or principal business activities; and
- (c) shall not effect carry out or permit any form of re construction, re organization, amalgamation, take over or substantial change of its shareholders affecting its existing constitution or structure of shareholdings without first obtaining KORIL-RDF's written consent such consent not to be unreasonably withheld.

5.3 Upon being notified by the Participant in accordance with Clause 5.2(c) in giving its consent, KORIL-RDF shall be entitled to impose any conditions it deems fit, provided that such conditions accord with the intent and purposes of this Agreement.

5.4 Any failure by the Participant to comply with Clause 5.1 and 5.2 shall be deemed a material breach for which KORIL-RDF shall be entitled to terminate the Agreement pursuant to Clause 9.2.

6. PUBLICATIONS

6.1 In any publication in scientific or technical journals of data or other information derived from the work under the Proposal, or any publication related to such work, but not including product literature or manuals, the support of KORIL-RDF shall be acknowledged.

6.2 To the extent so required the Participants shall permit KORIL-RDF free dissemination of such publications or information under Clause 6.1 subject to the limitation of Clause 7. The Participants shall be deemed hereby to waive any claim with respect to such dissemination for infringement of any copyright it may have or may obtain.

6.3 The Participants shall furnish to KORIL-RDF two (2) copies of all publications resulting from KORIL-RDF-supported work as soon as possible after publication.

7. PROPRIETARY INFORMATION

7.1 Proprietary information, clearly identified as such, submitted to KORIL-RDF in the Proposal, in any report or verbally, or obtained by the observation of KORIL-RDF personnel pursuant to any request or briefing, shall be treated by KORIL-RDF as confidential. At the request of either Participant, the parties may separately enter into a confidential disclosure agreement. The foregoing restriction shall not apply to:

- (a) information which at the time of disclosure is generally available to the public;
- (b) information which after disclosure becomes generally available to the public through no fault of KORIL-RDF;
- (c) information which KORIL-RDF can show was in its possession prior to the disclosure and which was not acquired directly or indirectly from any Participant;
- (d) information which KORIL-RDF can show was received by it after the time of disclosure from any party without any obligation of confidentiality and which was not acquired directly or indirectly from any Participant(s); and

- (e) information which KORIL-RDF is compelled by order of a court of competent jurisdiction or other authority having jurisdiction over KORIL-RDF to disclose.

7.2 The confidentiality obligations set out in this clause shall survive the termination of this Agreement.

7.3 Nothing contained in this Clause 7 shall restrict the right of KORIL-RDF to make public the fact of KORIL-RDF's support for the project, and the identification of the Participants therein. However, the details of any such publication shall be subject to approval by the Participants.

8. PATENTS

8.1 If either Participant elects to apply for letters patent on any or all inventions resulting in whole or in part from the implementation of the Proposal, such Participant shall, at its own expense, so apply in Korea and in Israel, and in such other countries and at such times, as it may deem appropriate.

9. TERM, EXPIRATION & TERMINATION

9.1 The effective date of this Agreement shall be the date of signing of this Agreement. Unless sooner terminated by KORIL-RDF hereunder, this Agreement shall continue to be binding until each Participant has completed and settled all its obligations and liabilities under this Agreement.

9.2 Notwithstanding Clause 9.1, KORIL-RDF may terminate the Agreement forthwith by written notice ("Termination Notice") to the Participants in any of the following circumstances:

- (a) if any Participant has committed any material breach of any of its obligations under this Agreement and (in the case of a breach which is capable of remedy) has failed to remedy the same within a period of thirty (30) days after receipt of written notice giving full particulars of the breach and requiring it to be remedied;
- (b) if any Participant makes any arrangement or composition with its creditors or goes into liquidation (except for the purposes of amalgamation or reconstruction in such manner that the company resulting therefrom effectively agrees to be bound by or assume the obligations imposed on that Participant under this Agreement) or if an encumbrancer takes possession of, or a receiver or administrative receiver is appointed over, the whole or any substantial part of the property or assets of such Participant; or
- (c) if any Participant ceases, or threatens to cease, to carry on business.

In the event of any such notice, the Participants shall cease to have any rights of any kind to the funding provided by KORIL-RDF.

9.3 Notwithstanding any other provision in this Agreement to the contrary, on the occurrence of the event stated under Clause 9.2(a), KORIL-RDF shall not be obliged to provide any further funding of the Grant after the issue of the Termination Notice until and unless the said default is cured and so demonstrated to the reasonable satisfaction of KORIL-RDF.

9.4 The Participant may not terminate this Agreement or abandon the project under the Proposal without the prior written consent of KORIL-RDF, which consent shall not be unreasonably withheld.

9.5 If upon termination of this Agreement for any reason, the budgeted sum has not been fully expended, the Participants shall forthwith return to KORIL-RDF such KORIL-RDF's pro rata share of such unexpended portion. If not repaid forthwith, such sum shall bear interest in accordance with Clause 3.9.

- 9.6 Termination of this Agreement shall be without prejudice to any rights or remedies available or accrued to any of the parties at the time of termination, or which thereafter may accrue.

10. FINANCIAL RECORDS

- 10.1 Each Participant shall maintain the business and financial records and books of account for the work hereunder separate and apart from other business records of the Participant. Such books and records shall be in the usual and accepted form in accordance with standard accounting practices of the applicable jurisdictions.
- 10.2 Books and records of the work hereunder shall show the Participant's contribution. Upon request by KORIL-RDF, the Participant shall provide evidence of his compliance hereunder.
- 10.3 KORIL-RDF may, through an authorized representative and/or auditor, examine, or cause to be examined, the annual/quarterly audited financial statements, general ledger, trial balance, financial books, vouchers, records and any other documents of the Participant relating to this Agreement at reasonable times and intervals during the term of this Agreement and for the period of one (1) year following termination, or for so long as payments under Clause 3 are due, or may become due KORIL-RDF, whichever shall be the later.
- 10.4 The audited accounts of each Participant and the reports by the auditors of the Participant shall be submitted to KORIL-RDF within 30 days of receipt of the audited accounts by the Participant.

11. SUITS AGAINST KORIL-RDF

- 11.1 Each Participant shall defend all suits brought against KORIL-RDF, its officers or personnel, indemnify them for all liabilities and costs and otherwise hold them harmless on account of any and all claims, actions, suits, proceedings and the like arising out of, or connected with or resulting from the performance of this Agreement by the Participants, or from the manufacture, sales, distribution or use by the Participants of the Innovation, whether brought by the Participant(s) or its personnel or by third parties.
- 11.2 Each Participant agrees that persons employed by it in connection with the research project shall be deemed to be solely its own employees and that no relationship of master and servant shall be created between such employees and KORIL-RDF, either for purposes of tort liability, social benefits, or for any other purpose. Each Participant shall indemnify KORIL-RDF and hold it harmless from court costs and legal fees, and for any payment, which KORIL-RDF may be obliged to make on a cause of action based upon an employee-employer relationship as aforesaid.

12. LIMITATIONS ON PAYMENTS

- 12.1 Notwithstanding anything to the contrary under this Agreement, the Participants' total obligation hereunder (excluding the liability to pay interest under Clause 3.9) for payments to KORIL-RDF shall not exceed the Grant and Other Sums actually provided by KORIL-RDF to the Participants hereunder.

13. MISCELLANEOUS

- 13.1 KORIL-RDF makes no representation, by virtue of its funding the work hereunder, or receiving payments or royalties as a result of this Agreement, as to the safety, value or utility of the Innovation or the work undertaken, nor shall the fact of participation of KORIL-RDF, its funding or exercise of its rights hereunder be deemed an endorsement of the Innovation or of the Participants, nor shall the name of KORIL-RDF be used for any

commercial purpose or be publicized in any way by the Participant except within the strict limits of this Agreement.

- 13.2 The Participant may not assign this Agreement or any of the work undertaken pursuant to it without the prior written consent of KORIL-RDF, which consent shall not be unreasonably withheld. The provisions hereof shall be binding upon and inure to the benefit of the parties, their successors and permitted assigns.
- 13.3 This Agreement shall be construed under the laws of the Republic of Korea. The forum for the resolution of any dispute arising from this Agreement shall be the State of Israel or the Republic of Korea as the moving party may elect. Execution of this Agreement shall be taken as submission to the forum selected pursuant to this Clause.
- 13.4 Unless the parties to a dispute shall agree otherwise, the dispute shall be referred to arbitration under the rules of the Israel Arbitration Law if the forum is Israel, and under the Arbitration Rules of the Korean Commercial Arbitration Board if the forum is in Korea which rules are deemed to be incorporated by reference into this Clause. All arbitration proceedings shall be in the English language. The decision of the arbitrator shall be final and binding on all the parties.
- 13.5 Each Participant undertakes to comply with all applicable laws, rules and regulations of the Republic of Korea, and those of the State of Israel, and will apply for and obtain all necessary licenses and permits for carrying out of its obligations hereunder.
- 13.6 Each party shall bear its own legal and other costs and expenses incurred by it in connection with this Agreement. Under Israeli law, no stamp duty is required on KORIL-RDF Cooperation and Project Funding Agreements.
- 13.7 Any demand, consent, notice or other communication ("notice") authorized or required to be made hereunder shall be in writing and may be given by facsimile, courier, post, e-mail or hand to a party addressed as follows:

- (a) **KORIL-RDF, Korea-Israel Industrial Research and Development Foundation**
Korea Technologies Center (KOTECH 17F), 305, Teheran-ro, Gangnam-Gu
Seoul, Korea #06152
Facsimile : 82-2-6009-8254
Attn : Chief Executive
- (b) **ISRAELI COMPANY**
[IL ADDRESS]
Facsimile : **[123-456-7890]**
Attn : **Il Name**
- (c) **KOREAN COMPANY**
[KO ADDRESS]
Facsimile : **[123-456-7890]**
Attn : **Ko Name**

or such other address as the recipient may designate by notice given in accordance with the provision of this Clause .

A notice:

- (a) if delivered by facsimile transmission shall be deemed to be received on the date of transmission on production of a transmission report by the machine from which the facsimile was sent which indicates that the notice was sent in its entirety to the facsimile number of the recipient;
- (b) if delivered by courier, shall be deemed to be received upon receipt by the addressee;
- (c) if sent by prepaid registered post (airmail, if appropriate), shall be deemed to have been received on the second day after the day on which it was posted if sent to an address within the country of posting and on the seventh day after the day on which it was posted if sent to an address outside the country of posting; and
- (d) if delivered by hand during normal business hours on a business day, shall be deemed to be given on that day, or in any other case of hand delivery, shall be deemed to be given on the business day following the date of delivery.

13.8 Nothing herein shall create a partnership, joint venture or agency between the parties.

13.9 Save as otherwise specifically provided herein, this Agreement shall not be altered, changed, supplemented or amended except by written instruments signed by all parties or their authorized representatives.

13.10 No remedy conferred by any of the provisions of this Agreement is intended to be exclusive of any other remedy which is otherwise available at law, in equity, by statute or otherwise, and each and every other remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity, by statute or otherwise. The election of any one or more of such remedies by a party shall not constitute a waiver by such party of the right to pursue any other available remedies.

13.11 The provisions contained herein shall constitute the entire agreement between the parties with respect to the subject matter and the Schedule and Annexes, and shall supersede any pre-existing or other agreement, and merge all prior negotiations and discussions or any oral and written communications between the parties concerning the subject matter hereof. No party shall be bound by any statements, inducements, conditions, representations or warranties (whether oral or written) with respect to the subject matter hereof by any party or its agents or representatives other than as expressly set forth herein or subsequently set forth in writing executed by both parties hereto.

13.12 If any of the terms or provisions in this Agreement or the Schedules or Annexes shall be held to be illegal, invalid or unenforceable by any court of competent jurisdiction, in whole or in part, it shall not invalidate the rest of this Agreement which shall remain full force and effect as if such terms or provisions had not been a part of this Agreement. Such terms or provisions held to be illegal, invalid or unenforceable by any court of competent jurisdiction in any state or city shall not affect their legality, validity and enforceability in other states or cities.

13.13 No failure to exercise and no delay in exercising on the part of the parties hereto any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right, power, or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Any waiver by either party of a breach of any provision of this Agreement shall not be considered as a waiver of any subsequent breach of the same or any other provisions.

13.14 This Agreement may be signed in multiple counterparts, each of which is an original and all of which, taken together, constitutes one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement the day and year first above written.

Signed for and on behalf of
**KOREA-ISRAEL INDUSTRIAL RESEARCH
AND DEVELOPMENT FOUNDATION**

By: _____
Name: **CE Name**
Title: Chief Executive

Signed for and on behalf of
ISRAELI COMPANY

By: _____
Name: **II Name**
Title: **CEO**

Signed for and on behalf of
KOREAN COMPANY

By: _____
Name: **Ko Name**
Title: **CEO**

ANNEX A - APPROVED PROJECT BUDGET <KOREAN COMPANY>

Company Name:				
Official Project Term:	Date	Month	Year	
	Start Date			
	Finish Date			
Total Project Durations:			Months	
Total Project Budget:			USD	

#	QUALIFYING ITEM	SPECIFICATIONS			TOTALS	
I. DIRECT LABOR						
#	Name/Title/Role	Gross Annual Salary	% On Project	Participating Months	Cost To Project	Qualifying Cost
	(TBD if yet unknown)	USD	%	Months/Project Duration	USD	Official Use Only
1						
Subtotal, Direct Labor						
DIRECT LABOR OVERHEAD (O/H)						
Calculated @25% of Total Direct Labor					Cost To Project	Qualifying Cost
*Includes all indirect labor overhead expenses and social benefits					USD	Official Use Only
		X25%		-		
Subtotal, Direct Labor Overhead (O/H)						
TOTAL DIRECT LABOR (Direct Labor Subtotal +Direct Labor Overhead Subtotal)						
II. EQUIPMENT						
*PURCHASED EQUIPMENT						
#	Item Description (Cost X Units)	Total Purchase Costs	% Time On Project	Annual Depreciation Rate	Cost To Project	Qualifying Cost
			%	(Year/Life)	USD	Official Use Only
1						
Subtotal, Purchased Equipment						
*LEASED EQUIPMENT						
#	Item Description (Cost X Months X Units)	Monthly Cost	% Time On Project		Cost To Project	Qualifying Cost
			%		USD	Official Use Only
1						
Subtotal, Leased Equipment						
TOTAL EQUIPMENT COST (Purchased Equip. Subtotal + Leased Equip Subtotal)						
III. EXPENDABLE MATERIALS & SUPPLIES						
#	Item Description (Cost X Units)	Total Purchase Costs	% Time On Project		Cost To Project	Qualifying Cost
			%		USD	Official Use Only
1						
TOTAL EXPENDABLE MATERIALS & SUPPLIES						
IV. TRAVEL EXPENSES						
*FOREIGN TRAVEL						
#	Destination & Purpose	Cost per Person per trip	No. of Trips	No. of People per Trip	Cost To Project	Qualifying Cost
		USD	No.	No.	USD	Official Use Only
1						
Subtotal, Foreign Travel						
#	Destination & Purpose	Cost per Person per trip	No. of Trips	No. of People per Trip	Cost To Project	Qualifying Cost
		USD	No.	No.	USD	Official Use Only

1						
Subtotal, Domestic Travel						
TOTAL TRAVEL (Foreign Travel Subtotal + Domestic Travel Subtotal)						
V. SUBCONTRACTS						
#	Name of Subcontractor	Description of Service			Cost To Project	Qualifying Cost
					USD	Official Use Only
1						
TOTAL SUBCONTRACT						
VI. CONSULTANTS						
#	Name of Consultant	Description of Service	Rate per	No. of Hours	Cost To Project	Qualifying Cost
			(USD/Hr.)	Hr.	USD	Official Use Only
1						
TOTAL CONSULTANT						
VII. OTHER EXPENSES						
#	Item Description	Description & Purpose			Cost To Project	Qualifying Cost
					USD	Official Use Only
1						
TOTAL OTHER EXPENSES						
VIII. JOINT COMMERCIALIZATION						
*TRAVEL						
#	Destination & Purpose	Cost per Person per trip	No. of Trips	No. of People per Trip	Cost To Project	Qualifying Cost
		USD	No.	No.	USD	Official Use Only
1						
Subtotal, Travel						
*INCIDENTALS						
#	Item Description (Cost X Units)	Total Purchase Costs			Cost To Project	Qualifying Cost
					USD	Official Use Only
1						
Subtotal, Incidentals						
TOTAL JOINT COMMERCIALIZATION (Travel Subtotal + Incidentals Subtotal)						
TOTAL SUBTOTAL BEFORE G&A EXPENSES						
GENERAL & ADMINISTRATIVE EXPENSES (@5% of figure above)						
TOTAL PROJECT PERIOD BUDGET						

ANNEX A (continued) – APPROVED PROJECT BUDGET <ISRAELI COMPANY>

Company Name:				
Official Project Term:	Date	Month	Year	
	Start Date			
	Finish Date			
Total Project Durations:		Months		
Total Project Budget:		USD		

#	QUALIFYING ITEM	SPECIFICATIONS			TOTALS	
I. DIRECT LABOR						
#	Name/Title/Role	Gross Annual Salary	% On Project	Participating Months	Cost To Project	Qualifying Cost
	(TBD if yet unknown)	USD	%	Months/Project Duration	USD	Official Use Only
1						
Subtotal, Direct Labor						
DIRECT LABOR OVERHEAD (O/H)						
Calculated @25% of Total Direct Labor					Cost To Project	Qualifying Cost
*Includes all indirect labor overhead expenses and social benefits					USD	Official Use Only
		X25%		-		
Subtotal, Direct Labor Overhead (O/H)						
TOTAL DIRECT LABOR (Direct Labor Subtotal +Direct Labor Overhead Subtotal)						
II. EQUIPMENT						
*PURCHASED EQUIPMENT						
#	Item Description (Cost X Units)	Total Purchase Costs	% Time On Project	Annual Depreciation Rate	Cost To Project	Qualifying Cost
			%	(Year/Life)	USD	Official Use Only
1						
Subtotal, Purchased Equipment						
*LEASED EQUIPMENT						
#	Item Description (Cost X Months X Units)	Monthly Cost	% Time On Project		Cost To Project	Qualifying Cost
			%		USD	Official Use Only
1						
Subtotal, Leased Equipment						
TOTAL EQUIPMENT COST (Purchased Equip. Subtotal + Leased Equip Subtotal)						
III. EXPENDABLE MATERIALS & SUPPLIES						
#	Item Description (Cost X Units)	Total Purchase Costs	% Time On Project		Cost To Project	Qualifying Cost
			%		USD	Official Use Only
1						
TOTAL EXPENDABLE MATERIALS & SUPPLIES						
IV. TRAVEL EXPENSES						
*FOREIGN TRAVEL						
#	Destination & Purpose	Cost per Person per trip	No. of Trips	No. of People per Trip	Cost To Project	Qualifying Cost
		USD	No.	No.	USD	Official Use Only
1						
Subtotal, Foreign Travel						
#	Destination & Purpose	Cost per Person per trip	No. of Trips	No. of People per Trip	Cost To Project	Qualifying Cost
		USD	No.	No.	USD	Official Use Only

1						
Subtotal, Domestic Travel						
TOTAL TRAVEL (Foreign Travel Subtotal + Domestic Travel Subtotal)						
V. SUBCONTRACTS						
#	Name of Subcontractor	Description of Service			Cost To Project	Qualifying Cost
					USD	Official Use Only
1						
TOTAL SUBCONTRACT						
VI. CONSULTANTS						
#	Name of Consultant	Description of Service	Rate per	No. of Hours	Cost To Project	Qualifying Cost
			(USD/Hr.)	Hr.	USD	Official Use Only
1						
TOTAL CONSULTANT						
VII. OTHER EXPENSES						
#	Item Description	Description & Purpose			Cost To Project	Qualifying Cost
					USD	Official Use Only
1						
TOTAL OTHER EXPENSES						
VIII. JOINT COMMERCIALIZATION						
*TRAVEL						
#	Destination & Purpose	Cost per Person per trip	No. of Trips	No. of People per Trip	Cost To Project	Qualifying Cost
		USD	No.	No.	USD	Official Use Only
1						
Subtotal, Travel						
*INCIDENTALS						
#	Item Description (Cost X Units)	Total Purchase Costs			Cost To Project	Qualifying Cost
					USD	Official Use Only
1						
Subtotal, Incidentals						
TOTAL JOINT COMMERCIALIZATION (Travel Subtotal + Incidentals Subtotal)						
TOTAL SUBTOTAL BEFORE G&A EXPENSES						
GENERAL & ADMINISTRATIVE EXPENSES (@5% of figure above)						
TOTAL PROJECT PERIOD BUDGET						

ANNEX B – PAYMENT OF GRANT

1. The first payment of the Grant (the "Advance") shall be disbursed to the Participants on the date of this Agreement such that that **USD** shall be paid to **ISRAEL COMPANY** and **USD** to **KOREAN COMPANY**
2. The second payment of the Grant, such that **USD** shall be paid to **ISRAEL COMPANY** and **USD** to **KOREAN COMPANY** shall be disbursed upon satisfaction of the following conditions: (Only applicable for Full-Scale Projects)
 - (a) Upon KORIL-RDF being reasonably satisfied with its first project review on the implementation of the Proposal by the Participants; and
 - (b) After receipt and approval of the first technical and fiscal reports by KORIL-RDF for the first interim period.
3. Final Payment of the Grant, such that **USD** shall be paid to **ISRAEL COMPANY** and **USD** to **KOREAN COMPANY** shall be disbursed upon satisfaction of the following conditions:-
 - (a) Upon KORIL-RDF being reasonably satisfied with its final project review on the implementation of the Proposal by the Participants; and
 - (b) After receipt and approval of the final technical and fiscal reports by KORIL-RDF.

Notwithstanding the above conditions, the Participants may by written notice to KORIL-RDF request the waiver of the satisfaction of any of the conditions. If at the required time of submission of the first technical and fiscal reports, work on the project prove to be materially behind the Approved Program Plan or the expenditures fall substantially below the Approved Project Budget, KORIL-RDF will review the project with the Participants and determine a suitable course of action with respect to further payments of the Grant.

ANNEX C- APPROVED PROGRAM PLAN

(see your approved project)

ANNEX D - ROYALTY PAYMENTS ON SALE OF PATENTED PRODUCTS

1. **ROYALTY RATE:** The Royalty Rate in accordance with Clause 3.5 shall be 2.5 %.
2. **ROYALTY BASE:**
 - (a) Where the product sold by the Third Party consists of the Innovation and such Innovation consists essentially of, or depends primarily on, a patented invention or inventions made in whole or in part during the performance of KORIL-RDF-supported work on the project, the Royalty Base shall be the selling price of the product as defined in Clause 3.2.
 - (b) Where the product sold consists of an assemblage of subsystems or entities, the Royalty Base shall be the selling price of the product multiplied by a fraction the numerator of which shall be the manufacturing cost of those subsystems or entities which incorporate a patented invention or inventions made in whole or in part on the implementation of the Proposal, and the denominator of which shall be the manufacturing cost of the product sold.

- (c) If, however, a market price shall have been established for any subsystem or entity which incorporates a patented invention or inventions made in whole or in part under this project and which is sold separately, sold as part of the Innovation, or sold as part of any other product, such market price shall be the Royalty Base.
3. **ROYALTY:** The Royalty due shall be the Royalty Rate multiplied by the appropriate Royalty Base.
4. **ROYALTY PAYMENTS:**
- (a) Save as provided in sub-paragraph (c) of this paragraph 4, no Royalty payments shall be made on sales between Participants and the Third Party.
 - (b) Each Participant shall make Royalty payments, as computed according to paragraphs 1., 2., and 3. of this Annex D, only when there is outstanding obligation of the Participant with respect to payments under Clause 3 of this Agreement.
 - (c) However, in no event shall the Participant's obligation with respect to payments be greater than the amounts indicated in Clause 3.1(b) of this Agreement. Should Participant's obligations for payment to KORIL-RDF under Clause 3.1(b) not be fully discharged, any such deficiency shall be made up from Royalty payments on sales of the products between the Participants and the Third Party under sub-paragraph (a) of this paragraph 4, if any.
5. **TERMS OF ROYALTY PAYMENTS:**
- The obligation to make Royalty payments in the full amount under this Agreement shall continue for the life of the last-to-expire patent issued on any invention made in whole or in part under this KORIL-RDF-supported project.
6. Royalty payments shall be made on a semiannual calendar basis; commencing at the end of the semiannual period during which any royalty first becomes due.
7. **DEFINITIONS**
- The terms "Royalty Rate", "Royalty Base" and "Royalty" shall have the meanings as respectively provided in paragraphs 1, 2 and 3 of this Annex D, and "Third Party" shall mean such third party person(s) who is granted the right for the sales of any products embodying the Innovation or made by practicing the Innovation under a license of a patent obtained for the Innovation.

ANNEX E - LICENSE AGREEMENTS

- 1. If any patented invention or inventions made in whole or in part during this project becomes the subject of any license agreement between the Participants, or either Participant, and a third party, such licensor-Participant shall pay to KORIL-RDF 30% of all payments received by it under such license agreement.
- 2. If any technology developed, but not including any patented invention or inventions made in whole or in part during this KORIL-RDF-supported project, becomes the subject of any license agreement between the Participants, or either Participant, and a third party, such licensor-Participant shall pay to KORIL-RDF 30% of all payments received by it under such license agreements.

3. In no event shall this Annex E be construed as requiring payments of any amounts greater than those indicated in Clause 3.1 of this Agreement.
4. "License Agreement" as defined in paragraphs 1. and 2. of this Annex E shall comprise only license agreements under which the Participants, or either Participant, cedes to third parties the rights to use any patents or technology arising from this KORIL-RDF-supported project for purposes of using said patents or technology for engendering sales or products developed hereunder. "License Agreements" shall not include any license agreements which the Participants, or either Participants, enters into as a necessary, common or convenient means by which said products are sold to end-users in the ordinary course of business.

SCHEDULE 1 - Project Proposal

Confidential Disclosure Agreement

PREAMBLE

Agreement made on **[DATE]** by and

AMONG

KORIL-RDF, Korea-Israel Industrial Research and Development Foundation

AND

ISRAELI COMPANY

AND

KOREAN COMPANY

(**ISRAELI COMPANY** and **KOREAN COMPANY** hereinafter referred to collectively as the "Proposer")

WHEREAS the Proposer intends to submit to KORIL-RDF its Proposal for the development of a technology or product (herein, the "Innovation") together with its request for certain funding by KORIL-RDF of the work; and

WHEREAS such Proposal and subsequent data disclosures in the course of the work, if financed, may contain proprietary or commercial confidential information (herein, Information").

Now therefore the parties hereto agree as follows:

- 1** The Proposer shall disclose the information to KORIL-RDF only in accordance with the regulations and requirements of KORIL-RDF and in the form prescribed.
- 2** KORIL-RDF agrees to use its best efforts to maintain the confidentiality of information so given and to make disclosure and use such information only for purposes of evaluating the Proposal in accordance with KORIL-RDF's practices and procedures or as may further be agreed in a Funding Agreement between the parties. In no event, however, shall KORIL-RDF be liable for inadvertent disclosure.
- 3** Information as to which the Proposer claims proprietary rights or which he deems to be commercially confidential shall be clearly identified as such in any submission by appropriate legend on the cover page and on each page on which such information appears.
 - 3.1** Unless the Proposer otherwise formally requests, such information may be incorporated in, and become part of, any award or grant instrument.
 - 3.2** KORIL-RDF shall not be liable on account of disclosure of any information unless KORIL-RDF's conduct shall constitute a deliberate appropriation of Proposer's proprietary rights.
- 4** KORIL-RDF's obligations pursuant to Secs. 2. and 3. above shall expire three years following the execution of this Agreement or expiration of the period of any Funding Agreement between the parties, whichever is later.

- 5 This Agreement shall not apply to any part of the information:
- 5.1 which has become, or becomes, part of the public domain or is publicly disclosed other than through the fault of KORIL-RDF; or
 - 5.2 which was in possession of KORIL-RDF or available to it from a public source prior to its disclosure by Proposer;
 - 5.3 which is subsequently made available to KORIL-RDF by a third party not under any confidential obligation to the Proposer; or
 - 5.4 which KORIL-RDF is compelled by order of a court of competent jurisdiction or other authority having jurisdiction over KORIL-RDF to disclose.
- 6 This Agreement is made in Korea and shall be governed by the laws of Korea.

Signed the day and date above first given

CE Name

Chief Executive
KORIL-RDF

[NAME]

CEO
IL COMPANY

[NAME]

CEO
KO COMPANY

<Att 2>

TECHNICAL REPORT COVER PAGE (SAMPLE)**To:** KORIL-RDF, Korea-Israel Industrial Research and Development Foundation**Project File No:** _____**Project Title:** _____**Company Name**

Israeli Company: _____

Korean Company: _____

Report Type:☐**Interim Report**☐**Final report****Project Start Date:** _____**Period Covered:** _____**Submitted by:**_____
(Israeli Company Name)_____
(Korean Company Name)**Project Manager:**_____
(Printed Name & Title)_____
(Printed Name & Title)_____
(Signature)_____
(Signature)**Company Official:**

(CEO or Equivalent)

(Printed Name & Title)_____
(Printed Name & Title)_____
(Signature)_____
(Signature)**Date Submitted:** _____

※ Signatures of both companies' officials are needed for actual submission. Without signatures, it will not be considered as a valid report. This shall be deemed a material breach for which KORIL-RDF shall be entitled to terminate the Agreement pursuant to Clause 9.2 in CPFA (Mini & Full-scale project), Clause 5.2 in CPFA (Feasibility Study project).

<Att 3>

FISCAL REPORT COVER PAGE (SAMPLE)*(Separate cover page to be submitted by each company)***To: KORIL-RDF, Korea-Israel Industrial Research & Development Foundation****Project File No:** _____**Project Title:** _____**Company Name:** _____**Report Type:** ☐ **Interim Report** ☐ **Final report****Project Start Date:** _____ **Period Covered:** _____

EXPENDITURE BUDGET	\$ ACTUAL	\$ TOTAL APPROVED (Per Annex A of CPFA)
Direct Labor	_____	_____
Overhead @ 25%	_____	_____
Total Direct Labor	_____	_____
Equipment	_____	_____
Materials & Supplies	_____	_____
Travel : Foreign	_____	_____
Domestic	_____	_____
Data Processing	_____	_____
Subcontracts	_____	_____
Consultants	_____	_____
Other Expenses	_____	_____
Total Expenditures	_____	_____
G&A @ 5%	_____	_____
Total Company Expenditure	_____	_____
Budget for Current Reporting Period:	_____	_____

Estimated Budget for Next Reporting Period (if relevant): _____

We confirm that this report is prepared from separate accounting records maintained for recording the entire project expenditures. The Project Manager's signature is his/her confirmation that all listed items and expenditures were within the framework of the project.

Submitted by:

Project Manager Official

Accounting Official

Authorized Company

(Printed Name)_____
(Printed Name)_____
(Printed Name)_____
(Signature)_____
(Signature)_____
(Signature)**Date Submitted:** _____

<Att4>

COMMERCIALIZATION REPORT (SAMPLE)*(For the current semiannual period)***To: KORIL-RDF, Korea-Israel Industrial Research & Development Foundation****Project File No:** _____**Project Title:** _____**Company Name:** _____

			Total Sales		Repayment Rate		Repayment Due
Period:	_____	to	_____	USD	_____	at	_____ % USD
Period:	_____	to	_____	USD	_____	at	_____ % USD
Date of First Sales	_____						

Forecasted Sales for the Periods:
 (Subsequent Four Semiannual Periods)

Has the technology developed in the project specified above been incorporated, in whole or in part, in products other than those originally proposed? ☐ YES ☐ NO

(If "YES," include sales of such products in the sales reported above)

Please furnish, as an attachment, a separate report on income derived from licensing or sales of technology.

The undersigned confirm that this report is prepared from accounting records in which all commercialization activity of the controlling Cooperation and Project Funding Agreement subject to repayments are recorded, and that this report is accurate and true in its contents.

Submitted by:

Accounting Official

Authorized Company

(Printed Name)_____
(Printed Name)_____
(Signature)_____
(Signature)**Date Submitted:** _____

<Att 5>

How to submit a proposal in the IIA (Israel Innovation Authority) system

Proposals for Feasibility study, Mini & Full-scale Projects should be prepared and submitted jointly by both companies to KORIL-RDF offices, simultaneously via an e-mail **and to the Israel Innovation Authority [online system](#) by 12:00 IST on the 31st of December, 2020**. The Projects proposals should be written in conformance with, but not limited to, the outline shown below and should be supported by any relevant official company documentation.

The Israeli company needs to register to the [IIA system](#) (companies that applied for the IIA's support before, use the same user) and upload the proposal in the following order:

1. When requesting to fill the "Track Name" – choose Bilateral Funds (קרנות דו לאומיות)
2. Fill the obligatory fields in Hebrew (will be mark with a red *)
3. In article 3 (Proposal details)
 - The Subject of the Proposal: copy the name of the proposal written in the Cover Page of the proposal
 - The start and end date of the project: write the same dates as in the Cover Page
 - Requested budget: the same budget as mentioned in the proposal (in INS)
 - Description of the Project – The same as written in the proposal
 - Project duration (in years) - The same as written in the proposal
 - Current Year of the Project – mention the total years of the proposed project
 - Country of Collaboration – choose KORIL (Korea)
4. In the attachments:
 - R&D request – upload the proposal (the same proposal that is submitted in the e-mail), in a WORD format
 - Budget – upload the excel budget form
 - Attestation Form – upload the signed Cover Page
 - Extra information and supporting documents (CVs and more) add as "other attachments"

After finishing uploading all the information and documents press "End and Send". the system will provide you a file number – send it the Israel office of KORIL (Ella.heller@innovationisrael.org.il)

***The application via the IIA system must be identical to the documents submitted by e-mail. If a difference will be found the proposal will be rejected.**

<Att 6>

REQUEST FOR BUDGET ADJUSTMENT (SAMPLE)

(Separate official request letter to be submitted)

■ REQUEST SUMMARY

Company Name:

Total Project Duration:

Months

(USD)

QUALIFYING ITEM	ORIGINAL (A)	ADJUSTED (B)	DIFFERENCE (B-A)
Direct Labor			
Equipment			
Materials & Supplies			
Travel			
Subcontract			
Consultants			
Other Expenses			
Joint Commercialization			
G&A			
TOTAL			

■ ADJUSTMENT DETAILS

QUALIFYING ITEM		SPECIFICATIONS			ADJUSTMENTS	
I .DIRECT LABOR		Gross Annual Salary USD	% on project	Participating Months	Adjusted Cost USD	Difference USD
Name, Title, Role						
1.						
2.						
3.						
4.						
Etc.						
Subtotal, Direct Labor						
DIRECT LABOR OVERHEAD (O/H)		Calculated @25% of Total Direct Labor *Includes all indirect labor overhead expenses and social benefits			Adjusted Cost USD	Difference USD
Subtotal, Director Labor						
Subtotal, Direct Labor Overhead (O/H)						
TOTAL DIRECT LABOR (Direct Labor Subtotal +Direct Labor Overhead Subtotal)						
II. EQUIPMENT		Total Purchase Costs (Cost X Units)	%Time On Project	Annual Depreciation Rate (Life - Years)	Adjusted Cost USD	Difference USD
This budget Item refers to depreciation allowance on capital equipment employed and NOT TO CAPITAL EXPENDITURES.						
Item Description	NO. of Units					
1.						
2.						
3.						
4.						
Etc.						
Subtotal, Purchased Equipment						

LEASED EQUIPMENT		Monthly Lease Cost	%time on project	Adjusted Cost USD	Difference USD	
Item Description	NO. of Units	(Cost X Months X Units)				
1.						
2.						
3.						
4.						
Etc.						
Subtotal, Leased Equipment						
TOTAL EQUIPMENT COST (Purchased Equip. Subtotal + Leased Equip Subtotal)						
III. EXPENDABLE MATERIALS & SUPPLIES		Total Purchase Costs	%time on project	Adjusted Cost USD	Difference USD	
Item Description	NO. of Units	(Cost X Units)				
1.						
2.						
3.						
4.						
Etc.						
TOTAL EXPENDABLE MATERIALS & SUPPLIES						
IV. TRAVEL EXPENSES		Cost per Person per trip(\$)	No. of trips	No. of People per Trip	Adjusted Cost USD	Difference USD
FOREIGN TRAVEL						
Destination & Purpose						
1.						
2.						
3.						
Etc.						
Subtotal, Foreign Travel						
DOMESTIC TRAVEL		Cost per Person per trip(\$)	No. of trips	No. of People per Trip	Adjusted Cost USD	Difference USD
Destination & Purpose						
1.						
2.						
3.						
Etc.						
Subtotal, Domestic Travel						
TOTAL TRAVEL (Foreign Travel Subtotal + Domestic Travel Subtotal)						
V. SUBCONTRACTS (TBD)		Description of Service		Adjusted Cost USD	Difference USD	
Name of Subcontractor						
1.						
2.						
Etc.						
TOTAL SUBCONTRACT						
VI. CONSULTANTS		Description of Service	Rate per (\$/Hr.)	No. of Hours	Adjusted Cost USD	Difference USD
Name of Consultant						
1.						
2.						
Etc.						
TOTAL CONSULTANT						
VII. OTHER EXPENSES		Description & Purpose		Adjusted Cost USD	Difference USD	
Item Description						
1.						

2.					
Etc.					
TOTAL OTHER EXPENSES					
VIII. JOINT COMMERCIALIZATION					
*TRAVEL					
Destination & Purpose	Cost per Person per trip	No. of Trips	No. of People per Trip	Adjusted Cost USD	Difference USD
	USD	No.	No.		
Subtotal, Travel					
*INCIDENTALS					
Item Description (Cost X Units)	Total Purchase Costs			Adjusted Cost USD	Difference USD
Subtotal, Incidentals					
TOTAL JOINT COMMERCIALIZATION (Travel Subtotal + Incidentals Subtotal)					
TOTAL SUBTOTAL BEFORE G&A EXPENSES					
GENERAL & ADMINISTRATIVE EXPENSES					
Calculated @ 5% of figure above: Total Subtotal Before G&A Expenses					
TOTAL ADJUSTED PROJECT BUDGET					