



INVESTMENT GUIDELINES

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1. OVERVIEW

1.1 Mission

The Shaw Rocket Fund will invest in and champion quality Canadian children's content by working with strategic partners and creators.

We are strong believers that quality media fuels the imaginative minds of our kids and that their lives are enriched through interaction with creative content. With the number of access points and experiences constantly evolving, kids are immersed in their media more than ever. Our goal is to ensure that children in Canada and around the world can access and benefit from engaging Canadian content on all platforms and we accomplish this with strong partnerships throughout the children's media industry.

The Shaw Rocket Fund Guidelines reflect our response to the changing Canadian and global media environment for the benefit of the Canadian children's media sector. The Rocket Fund's investment is first and foremost, based on providing children (the audience) the best media experiences on various platforms and we support programming that can best demonstrate how to meet the demands of the intended audience in Canada, and abroad.

1.2 Background

The Shaw Rocket Fund ("Rocket Fund") is a permanent, independently governed, not-for-profit corporation that is dedicated to investing in the Canadian children's media industry by stimulating the creation of high quality Canadian children's, youth and family media content through equity investment and industry initiatives.

We are a proud equity investor that fosters strong business partnerships to help ensure the continued creation of rich Canadian media experiences for children and their families, while promoting a safe digital environment. As a not-for-profit organization, we reinvest the recoupment of our investments in media content into creating new and original kids programming, demonstrating a strong social enterprise framework. Since 1998, the Rocket Fund has proudly invested over \$218 million into over 870 original Canadian children's and family media productions.

Shaw Communications, Shaw Pay Per View Ltd., a division of Shaw Cablesystems GP, and Shaw Direct contribute to the Rocket Fund.

1.3 Investment Overview

The Rocket Fund allocates its investments through three investment streams:

- The **Canadian Investment Stream** is for audiovisual programs that reflect Canadian diversity, enrich and educate the audience, and tell stories that are of great interest to Canadian children while offering experiences on various platforms.
- The **Partnership Investment Stream** is for audiovisual programs that demonstrate the potential for global reach through a multi-platform experience with strong complimentary components and strategic partnerships where children in Canada and around the world have access to this vibrant high-quality Canadian-made programming.



- The **Digital Investment Stream** is for digital content that is based on and accompanies the audiovisual programs from the Canadian or Partnership Investment Streams to fully support the audio visual programming that the Rocket Fund invests in.

What We Look For

Our primary focus in evaluating investment proposals is the strength of the creative content and its ability to resonate with the intended child, youth, and/or family audiences. Only investment proposals that include a strong supporting financing plan and demonstrate the program's discoverability, appropriate sales and recoupment potential will be considered for investment.

Specifics

- The Rocket Fund investments are considered on a project-by-project basis. Investment in audiovisual productions is dependent on the number of episodes, the financial needs of the production and the exploitation / recoupment potential of the program as well as the reasonability of the request. The Rocket Fund will consider a higher than average dollar investment or higher percentage of the budget in programs where the investment proposal demonstrates, at the Rocket Fund's sole discretion, exceptional eligibility criteria. If a higher investment is desired, we recommend you contact the Rocket Fund for direction prior to submitting an application or proposal.
- All programs that the Rocket Fund invests in must have a robust discoverability plan for the intended target audience, and meet the requirements set out in the Rocket Fund Discoverability Toolkit.
- As part of Rocket Fund's commitment to champion Canadian children's programming, the Rocket Fund, to the best of its ability, promotes the content it invests in including social media support. On occasion the Rocket Fund will provide a contribution towards a promotional initiative where the producer clearly demonstrates that the initiative 1) will substantially increase the awareness of the program; 2) will increase revenue potential; and /or 3) adds a specific value and benefit for the intended audience; and where such initiative would not be possible through traditional financing means.
- The Rocket Fund participation in international co-ventures and treaty co-productions will be based on the eligible Canadian costs. However, the global financing and worldwide recoupment potential will be evaluated and applicants must demonstrate reasonable global recoupment potential of the Rocket Fund investment.
- There is no limit to the number of investments the Rocket Fund makes in any fiscal year to a specific company or group of related companies. Should any one company receive funding for multiple projects, preferred recoupment will be expected.
- If a Canadian broadcast licence is provided, all rights being licensed must be detailed. If Non-Broadcast Rights are being licensed, any revenue generated therefrom must be shared with the Rocket Fund in accordance with our Rights Policy and Revenue Share Policy expressed in Schedules A and B, respectively.
- If a non-traditional broadcast platform is involved, the terms and conditions must be reasonable; it must demonstrate how Canadians will be able to discover and access the content in a meaningful way, and the rights granted must not encumber the Rocket Fund's rights or recoupment potential.



- All decisions with respect to applications will be made by the Rocket Fund Board of Directors at their sole and absolute discretion, and will be final.



2. ELIGIBILITY

The following requirements must be met in order for an application to be considered:

2.1 Eligible Program

An Eligible Program must:

- Be targeted to children (under 13), youth (under 18) or a family audience. For greater clarity, youth programming must be relevant and speak to a teen/youth audience (as opposed to a young adult audience). In respect to family, variety, documentary and magazine programming, the program must clearly demonstrate clear relevance to children or teen/youth rather than the general audience.
- Be an audiovisual production of any length, such as a series, feature length movie, movie-of-the-week, web-series, pilot, or one-off. The production can be animated and/or live-action, fiction or non-fiction, e.g. documentaries, variety, and magazine.
- Not be news reporting, actualities, or sports, as defined by the CRTC.
- Qualify as either:
 - a Canadian program certified by CRTC or CAVCO that meets a minimum of six out of ten (6/10) Canadian content certification points;
 - a treaty co-production certified by Telefilm Canada; or
 - a co-venture certified by the CRTC (treaty co-productions and co-ventures must demonstrate preferred recoupment potential for the Rocket Fund).
- Be made available in a meaningful way to the targeted Canadian audience within 2 years of completion, on any platform that airs children's programming, including a Canadian broadcaster or subscription video-on-demand service. Any program licence(s) must conform to the Rocket Fund's Rights Policy (Schedule A) and Revenue Share Policy (Schedule B).
- Have a meaningful (multi-platform) discoverability strategy appropriate for the target audience, that meets the criteria set out in the Rocket Fund Discoverability Toolkit.
- Have relevant associated digital content, e.g. website, apps, webisodes, games, etc. that clearly support the audiovisual programming. A meaningful and robust plan must demonstrate how the digital content enhances the viewing experience of the intended target audience. Associated digital content must be certified safe through the Rocket Online Safety Program¹.
- Be closed captioned and have descriptive video.
- At a minimum, conform to the Canadian Association of Broadcasters' (CAB) guidelines on television violence, advertising to children, and sex-role portrayals,² as well as the CRTC's notice of television violence,³ and any other CRTC policies or regulations.

¹ See Rocket Online Safety Program Guidelines for certification detail.

² *Voluntary Code Regarding Violence in Television Programming, Broadcast Code for Advertising to Children and Code on Sex-Role Portrayal for Television Programming.*

³ CRTC Public Notice 1997-80, *Classification System for Violence in Television Programming.*



Other requirements:

- Principal photography cannot be completed prior to the application deadline date and cannot be scheduled to commence later than six (6) months of the deadline date (unless otherwise agreed to by the Rocket Fund prior to application).
- Worldwide copyright in the completed production must be owned and controlled by a Canadian citizen or permanent resident⁴ or by a provincially or federally incorporated corporation, and be an eligible company⁵.
- Ownership and control of the Canadian distribution rights of the production must remain with a Canadian company.⁶
- If applying for a subsequent season of a series where Rocket Fund did not invest in prior season(s), the applicant must provide a compelling case for Rocket Fund's participation prior to application.

2.2 Eligible Digital Content

Eligible Digital Content must:

- Be new or updated digital or interactive content, e.g. games, webisodes, apps.
- Be based on and tied to an Eligible Program the Rocket Fund has committed to invest in.
- Be of high quality and clearly demonstrates how the content will enhance the viewing experience for a children's, youth, or family audience.
- Be made available to the audience in a meaningful way within 6 months of completion or within 6 months of the first airdate of the Eligible Program (domestically or internationally) unless otherwise agreed to by the Rocket Fund.
- Be Canadian content, which means:
 - Canadians own the underlying rights;
 - Canadians developed the content in a meaningful way;
 - The content is produced in Canada, with at least 75% of the costs spent in Canada; and
 - The content is and remains through its production and exploitation under Canadian ownership and control.
- Not contain excessive violence, sexual violence, sexual exploitation, obscenity, indecency or child pornography.⁷
- Not be libelous or in any other way unlawful.
- Must be certified safe through the Rocket Online Safety Program.

⁴ As defined in the *Immigration Act*.

⁵ As defined by the *Income Tax Act*.

⁶ As defined by the *Immigration Act* or the *Income Tax Act*.

⁷ Within the meaning of the *Criminal Code*.



2.3 Eligible Applicant

Eligible Applicants must either be:

- (1) An independent Canadian producer:
 - An incorporated production company which is neither owned nor “controlled in fact” by any non-Canadian individual or permanent resident⁸, or any non-Canadian corporation; and
 - Derives its primary source of income from production and has an arm’s length relationship to conventional broadcasters, specialty channels, pay TV services or regulated VOD services; or

- (2) A broadcaster-affiliated company, only if:
 - The production demonstrates a clear benefit to the Canadian children’s production sector as well as for the intended Canadian audience:
 - It drives the children’s production industry in a meaningful way;
 - The content is unique and innovative or is part of a brand/franchise, and
 - Is able to demonstrates its additionality (would not otherwise be produced through traditional means).
 - The production has tangible export value; and
The Rocket Fund is given a preferred recoupment position.
 - Eligibility will be at the Rocket Fund’s sole discretion.

⁸ As defined in the *Immigration Act*.



3. INVESTMENT STREAMS

3.1 Canadian Stream

Investment proposals in this Stream are meant for Eligible Programs that have appeal foremost to Canadian children. With the focus on the creative content and how it reaches and resonates with its intended Canadian audience, this Stream offers a more streamlined application approach for the producer in regards to the financial and international exploitation requirements.

3.1.1 Creative Requirements

Projects should speak to or reflect Canadian diversity, enrich or educate the audience and/or tell stories that are of great interest to Canadian children. The Rocket Fund's primary focus of any investment is the strength of the creative content and the potential of the program to resonate with children today.

Proposals are evaluated on the following:

- Quality and originality of its creative content;
- Promotion of positive role-modeling;
- Audience reach and / or responsiveness to an underserved audience;
- Cross-cultural and linguistic representation, including of Official Language Minority Communities;
- Originality and/or potential for a long shelf life; and
- Priority for the broadcaster/platform that will air the program.

Preference will be given to proposals that:

- Reflect Canadian diversity;
- Educate and enrich the audience;
- Tell stories that are of interest to Canadian children; and/or
- Are distinct in creativity or exploitation.

To evaluate the creative proposals, we require:

- A comprehensive creative package, in final draft form, which captures the total viewing experience for the intended audience on all platforms:
 - For series, at minimum, a bible and 2 final draft episodic scripts.
 - If new to the Rocket Fund, a demo is recommended, especially for animation.
 - For series renewals, 2 completed episodes.
- A comprehensive digital content plan that outlines its release alongside the audiovisual program. For series renewals, we require an updated plan that outlines what has been created, its success with the audience, and future plans as the audiovisual production continues in the marketplace.



3.1.2 Financing Requirements

Applications must include:

- A meaningful and achievable financing plan; and
- An agreement for the exhibition of the program on a Canadian platform clearly accessible to the Canadian target audience.

If a Canadian broadcast licence forms part of the financing, all rights being licensed must be detailed. If Non-Broadcast Rights are being licensed, any revenue generated therefrom must be shared with the Rocket Fund in accordance with our Rights Policy and Revenue Share Policy expressed in Schedules A and B, respectively.

If an Eligible Program is set to be made available on a platform, e.g. Netflix, CraveTV, YouTube, the terms of any resultant licence agreement must accord with our Rights Policy and Revenue Share Policy expressed in Schedules A and B, respectively.

3.1.3 Discoverability and Promotion Requirements

The Rocket Fund believes that the discoverability of the programs it invests in by Canadian children is of the utmost importance, especially where content is available on multiple platforms. Therefore, Rocket Fund requires that the applicant submit:

- A detailed and achievable discoverability/multi-platform strategy (including appropriate digital media components, social media strategy) that is appropriate for the target audience as well as indicating how it will be implemented and paid for;
- Sales projections for the Canadian exploitation of the program, which addresses any potential ancillary and digital rights (e.g. games, licensing, music) and, if applicable, an export strategy; and
- For series renewals or for any investment in a subsequent production based on a previously produced program, a detailed and current audience status report that identifies the appeal of the program with the intended audience in Canada.

Discoverability and promotion plans will vary depending on the nature of the content. The plan must be tailored for the intended audience, be robust and meet the criteria set out in the Rocket Fund Discoverability Toolkit.

3.1.4 Recoupment Requirements

The Rocket Fund expects the applicant to propose a recoupment schedule with its application. As an equity investor, the Rocket Fund expects to recoup its investment from all available revenue streams generated from all rights in Canada (and throughout the world if applicable), including all subsidiary rights and other platform rights as set out in the Production Investment Agreement and these Guidelines.

3.1.5 Evaluation Process

Two deadlines will be held per year. The Board of Directors endeavors to make investment decisions between 8 to 10 weeks after the deadline date. The decisions of the Board of Directors are at its sole and absolute discretion, and are final.





Eligible investment proposals will be evaluated on the basis of creative quality, financial strength, the values and benefits that a program will provide to target audience as well as the strength of the Discoverability Plan.

Please note that once the Rocket Fund commits to invest in a program, if the Rocket Fund determines there has been a material change to the financing and/or creative elements prior to finalizing a Production Investment Agreement, the investment proposal may need to be re-evaluated by our Board of Directors.

Please ensure applications are completed in accordance with these Guidelines and our Application checklist. Incomplete applications will not be considered.



3.2 Partnership Stream

The Rocket Fund will accept individual investment proposals for Eligible Programs which bring strategic partnership opportunities, have high quality and unique creative content, demonstrates a multi-platform entertainment experience, provide for strong complimentary components, and have high global export potential.

Due to the nature of this application process, Rocket Fund will work directly with the applicant on the proposal to assist in navigating through the various stages of the proposal process.

3.2.1 Criteria

Programs in the Partnership Investment Stream must demonstrate the following:

- High quality and distinctive creative content;
- Potential for above-average global audience reach;
- Strong complimentary components (e.g. digital media, social platforms, merchandising, etc.);
- Brings a unique creative point of view or financial model;
- Strong strategic financial partners associated with the program, with a priority on international partnerships; and
- High probability of Rocket Fund investment recoupment.

3.2.2 Recoupment Requirements

As an equity investor, the Rocket Fund expects to recoup its investment from all revenue streams throughout the world generated from all rights, including all subsidiary rights and other platform rights as set out in the Production Investment Agreement and these Guidelines. The parent company or/and a partner must be in a financial position to negotiate and support the financing and recoupment proposal.

Revenue streams that include broadcaster licensing and distribution fees must be detailed for both local and international distributions, and account for all significant expenses. Allowable distribution fees and expenses will be negotiated on a case-by-case basis, and will be based on the Rocket Fund's Revenue Sharing Policy contained in Schedule B of these Guidelines.

Proposals must include a meaningful recoupment proposal outlining the following:

- The worldwide revenue streams from all rights associated with the program, including all subsidiary rights and other platform rights (as set out in these Guidelines and the Production Investment Agreement);
- All financial obligations (to creators, co-producers, other investors, etc.);
- Demonstrates clearly how the Rocket Fund will recoup its investment; and
- The shared rights, financing and worldwide revenue splits which affect the Rocket Fund investment and recoupment for co-ventures or treaty co-productions,



3.2.3 Discoverability, Sales, Marketing and Promotion Requirements

The promotion and global discoverability of a program is of the utmost importance to the success of a Canadian program, especially where content is available on multiple platforms therefore all proposals presented to the Board must include:

- A detailed and achievable Canadian and international discoverability/multi-platform strategy (including appropriate digital media components) that is appropriate for the target audience as well as indicating how it will be implemented and paid for;
- A robust marketing and export strategy that includes market research and examples of comparable programs that demonstrate audience appeal on a global scale;
- Detailed and meaningful worldwide sales projections provided by a bona fide distributor for the exploitation of the program, which addresses ancillary and digital rights (e.g. games, licensing, music) in all markets.
- Detailed, reasonable rollout strategy that speaks to the sales projections for all worldwide rights and the discoverability plan; and
- For series renewals or any for investment in a subsequent production based on a previously produced program, a detailed and current sales status report that identifies where the program is positioned in the marketplace, what sales have been accomplished to-date, and what potential sales are pending.

Discoverability plans will vary depending on the nature of the content. The plan must be tailored for the intended audience, be robust and meet the criteria set out in the Rocket Fund Discoverability Toolkit.

3.2.4 Proposal Process

Step 1: Applicant to schedule a meeting (teleconference or in-person) with the Rocket Fund to discuss their project and determine if it meets the Partnership Investment Stream criteria prior to submitting a proposal.

Step 2: If the Rocket Fund determines that the program could meet the Partnership Investment Stream Criteria, Applicants are to fill out an application on the online application portal and include the following documents:

- (1) An initial creative proposal that includes a synopsis, mini-bible or some other short form element that clearly shows the creative vision and global appeal of the program;
- (2) Any other creative materials available (bible, outlines, scripts, etc.);
- (3) A financing plan; and
- (4) A proposed recoupment structure.

As the potential of each proposal varies, additional documentation may be required for Step 2.

The Rocket Fund will determine at this stage if the program meets the Partnership Investment Criteria and a full investment proposal is warranted.

Step 3: For those proposals that the Rocket Fund determines meet the Partnership Investment Eligibility Criteria, the Rocket Fund will work in partnership with the applicant to expand the proposal into a complete and robust proposal for the Board of Director's consideration. The proposal will include the following documentation and any other documentation that the Rocket Fund determines will best support the proposal:



- (1) A marketing plan including sales estimates for all avenues of exploitation, a strong multi-year production and exploitation strategy and a clear plan on how the Rocket Fund will recoup its investment;
- (2) A comprehensive digital content plan that outlines its release alongside the audiovisual program;
- (3) A robust and meaningful discoverability plan;
- (4) A comprehensive corporate profile which demonstrates the company's role in the Canadian children's production sector; and
- (5) Any information on all other partners involved (creative and financial).

Depending on demand, 3 or 4 board decision meetings will be held per year to review partnership proposals. Due to the collaborative nature of the Partnership Investment Stream, the timeline between application and Board of Directors decision may be longer than usual and Producers will need to take the extended process into consideration when first submitting their proposal to the Rocket Fund.



3.3 Digital Stream

The Rocket Fund will accept investment proposals for original digital content that is based on and accompanies Eligible Programs that the Rocket Fund has agreed to invest in, whether through the Canadian or Partnership Investment Streams. The Rocket Fund may invest up to a maximum of 75% of the total digital content budget. No maximum dollar investment has been established; however, the Rocket Fund expects to invest an average of \$50,000 per digital content application. Rocket Fund may invest a higher dollar amount if the digital content proposal demonstrates high recoupment potential.

3.3.1 Application Requirements

Applications must include:

- A detailed production plan demonstrating the feasibility of the production of the digital content; and
- A detailed budget that includes an appropriate allocation of funds towards marketing and promotion.

3.3.2 Discoverability and Promotion Requirements

The Rocket Fund believes that the discoverability of the digital content it invests in by children is of the utmost importance. Therefore, Rocket Fund requires that the applicant submit:

- A detailed and achievable discoverability/multi-platform strategy specific to the digital content that is appropriate for the target audience as well as indicating how it will be implemented and paid for; and
- Sales projections for the Canadian exploitation of the digital content and, if applicable, an export strategy;.

Discoverability and promotion plans will vary depending on the nature of the content. The plan must be tailored for the intended audience, be robust and meet the criteria set out in the Rocket Fund Discoverability Toolkit.

3.3.3 Rocket Online Safety Program

Online safety of children is paramount. Therefore any digital content that the Rocket Fund invests in must be certified as being technologically safe for children through the Rocket Fund Online Safety Program.

3.3.4 Recoupment

The Rocket Fund recoupment will be equal to the percentage of its investment in the digital content. For example, should the Rocket Fund invest 50% of the total digital budget, the Rocket Fund recoupment will be 50% of revenues generated from the exploitation of the digital content. The Rocket Fund will consider alternate recoupment proposals should the content being applied for warrant a different recoupment strategy.

The applicant must provide projections of revenues streams with quantifiable metrics. Revenue streams that include broadcaster licensing and distribution fees must be detailed for both local and international distributions, and account for all significant expenses. Allowable distribution fees and expenses will be negotiated on a case-by-case basis, and will be based on the Rocket Fund's Revenue Sharing Policy contained in Schedule B of these Guidelines.



Recoupment projections must include calculated logic for profitability and loss projections for each revenue stream, with supportive and quantifiable evidence for the first calendar year, as well as reasonable projections for year 2 and 3.

3.3.5 Canadian Broadcaster or Platform Involvement

If a Canadian broadcaster or platform will be financially involved in or have rights to the digital content soliciting the Rocket Fund investment, the licence agreement(s) must demonstrate the following:

- Rights are limited to the term of the Canadian licence for the audiovisual program unless otherwise agreed to by Rocket Fund.
- When the licence term expires, the applicant shall have the right to exploit the digital content in Canada.
- If a broadcaster or platform holds the digital content rights exclusively in Canada:
 - Revenue must be shared with the digital content producer to ensure the Rocket Fund investment recoupment; and
 - If a broadcaster does not exploit the digital content rights within the first six (6) months of completion, then the producer must have the option to subsequently exploit the digital content on a non-exclusive basis. If the digital content is completed before the first airdate of the audiovisual program, then this term will be extended to the first 6 months after the first airdate of the audiovisual program (first airdate of the first episode of a series).

3.3.6 Evaluation Process

An investment proposal for digital content will follow the process and timeline of its corresponding audiovisual proposal, whether as part of the Canadian or Partnership Investment Streams. However, the Production Investment Agreement for the audiovisual programs must be executed prior to the Digital Content Production Investment Agreement.

Eligible investment proposals will be evaluated on the basis of creativity, quality, and added value that the digital content brings to the target audience of the audiovisual program, and the Rocket Fund's recoupment potential. We conduct a detailed analysis on all supporting documentation, including the legal and commercial components of the program, as well as a detailed review of the Discoverability Plan.

Please note that once the Rocket Fund commits to invest in the digital content, if the Rocket Fund determines there has been a material change to the financing and/or creative elements prior to finalizing a Digital Content Production Investment Agreement, the investment proposal may need to be re-evaluated by our Board of Directors.

Please ensure applications are completed in accordance with these Guidelines and our Application checklist. Incomplete applications will not be considered.

THESE GUIDELINES MAY BE MODIFIED AT ANY TIME WITHOUT NOTICE.



SCHEDULE A - RIGHTS POLICY

The Rocket Fund expects to participate reasonably in the revenue generated from the exploitation of the Canadian Non-Broadcast Rights, Original Digital Content Rights, and Distribution Rights tied to the Eligible Program whether exploited by the producer, broadcaster, platform, or distributor. Canadian broadcast or platform licence agreements for an Eligible Program that the Rocket Fund has committed to invest in must at all times be in accordance with the principles set forth in this Schedule A.

Where the Eligible Program does not have a Canadian Broadcaster, the platform licence agreement for an Eligible Program that the Rocket Fund has committed to invest in must also, at all times, be in accordance with the following principles modified only to take into account the rights normally licensed by such platform:

1.1 Broadcast Rights

1.1.1 Canadian Broadcast Right

- (1) For the purposes of the Rocket Fund investment, a Canadian Broadcast Right is defined as the telecast of the program on a CRTC regulated television system, whether on a traditional scheduled broadcaster or a video-on-demand (VOD) service, only, and cannot include any Canadian Non-Broadcast Rights, Interactive Digital Content, or Distribution Rights, as defined below.
- (2) The licence fee paid for the Canadian Broadcast Right must be clearly separate from any amounts paid for any other rights being acquired by the broadcaster, including the Canadian Non-Broadcast Rights, Interactive Digital Content and Distribution Rights, if any.
- (3) Canadian broadcasters may only licence Canadian rights.
- (4) The licence agreement cannot:
 - Restrict the producer's ability to exploit any non-Canadian rights;
 - Restrict the producer's ability to exploit the Non-Broadcast Rights or Distribution Rights in Canada that the broadcaster does not licence or acquire;
 - Include an ownership, repayment or recoupment position in the Eligible Program;
 - Buyout any Non-Broadcast Rights or Distribution Rights (a revenue share is acceptable); and
 - Include co-terminus rights.

1.1.2 Canadian Platform Right

- (1) In instances where the Eligible Program is being made available in a meaningful way to the targeted Canadian audience in manner other than by a Canadian Broadcast Right or a Canadian Broadcaster, for the purposes of the Rocket Fund investment and for Rocket Fund Rights Policy, such availability shall be defined as a Canadian Platform Right.
- (2) The Rocket Fund's Rights Policy shall be used as a benchmark in assessing whether the agreement for the Canadian Platform Right meets the threshold of the principals set forth in this Schedule A.



1.1.3 Canadian Non-Broadcast Right

- (1) For the purpose of the Rocket Fund investment, Canadian Non-Broadcast Rights are defined as any rights associated with making the program available on a platform accessible by Canadians, but cannot include the Canadian Broadcast Right, the Canadian Platform Right or Distribution Rights.
- (2) Canadian broadcasters or platforms may only license or acquire Canadian Non-Broadcast Rights.
- (3) Should a Canadian broadcaster or platform acquire any Canadian Non-Broadcast Rights on an exclusive basis, such rights must be made available to the audience within twelve (12) months following the first air date of the program (if a series then from the first air date of the first episode) or such rights will then become non-exclusive with producer.
- (4) Should a platform acquire any Canadian Non-Broadcast Rights on an exclusive basis, such rights must be made available to the audience within 2 years following completion of the Eligible Program.

1.2 Distribution Rights

- (1) For the purposes of the Rocket Fund investment, Distribution Rights of the Eligible Program include the following traditional distribution rights:
 - a. Home entertainment distribution (e.g. DVD, Blue Ray, or other tangible compact video device).
 - b. Theatrical distribution.
 - c. Non-theatrical distribution (e.g. hotel, educational, airline).
 - d. Any other Subsidiary Rights as set out in the Production Investment Agreement, including merchandising, live stage, derivative and format rights.
- (2) Canadian broadcasters or platforms may only acquire Canadian Distribution Rights.
- (3) Should the Canadian broadcaster or platform acquire Canadian Distribution Rights, the broadcaster/platform will need to assume the role of a distributor with industry standard distribution fee and expense caps and no further revenue share from such rights. Broadcaster or platform will have the same requirement to report and remit revenue to the producer as any other distributor.
- (4) Canadian Distribution Rights acquired by a Canadian broadcaster or platform must make the Eligible Program available to the Canadian public within 12 months of final delivery of the Eligible Program to the broadcaster or platform, or such rights will revert back to the producer without restriction.



1.3 Original Digital Content Rights

In respect to digital/interactive content based on the Eligible Program, the Rocket Fund will expect the following terms in the agreements with broadcasters or platforms for such content:

- (1) Broadcasters or platforms may negotiate non-exclusive or exclusive rights to digital interactive content based on the Eligible Program in Canada during the term for its Canadian Broadcast Right or for the initial term of the platform release, as the case may be. A 50/50 gross revenue share for these rights must be negotiated with the producer.
- (2) Upon the expiry of the term of the licence, and licence extensions if any, the producer shall have the right to exploit the digital/interactive rights in Canada.
- (3) If exclusive rights to the digital/interactive content are not exploited by the broadcaster or platform within 12 months of the first air date of the program (if a series then from the first air date of the first episode), then the producer may subsequently exploit these rights on a non-exclusive basis.
- (4) An appropriate participation in the revenues generated from any derivative digital/interactive content is expected as set out in the Production Investment Agreement and these Guidelines, as the case may be.



SCHEDULE B - REVENUE SHARE POLICY

The Rocket Fund expects to participate reasonably in the revenue generated from the exploitation of the Canadian Non-Broadcast Rights, Original Digital Content Rights, and Distribution Rights tied to the Eligible Program regardless of which entity exploits such rights. Broadcast, platform, and or distribution agreements for an Eligible Program that the Rocket Fund has committed to invest in must at all times be in accordance with the following revenue sharing principles:

- (1) The Rocket Fund does not accept a “buyout” licence fee:
 - from a Canadian broadcaster or platform for an Eligible Program’s Non-Broadcast Rights, or
 - from a Canadian broadcaster, platform or distributor for an Eligible Program’s Distribution Rights.
- (2) Revenue share for any of the Non-Broadcast Rights between broadcaster/platform and producer is limited to a 50/50 revenue share of the Gross Receipts, as defined in the Production Investment Agreement. The revenue share for Non-Broadcast Rights will be calculated from revenues actually received by the broadcaster/platform for producer (Gross Receipts less reasonable and verifiable third party deductions only, e.g. iTunes fees) without further deduction.
- (3) The Rocket Fund does not accept a broadcaster/platform revenue share from the revenue generated from the Distribution Rights if exploited by the broadcaster/platform, and if by producer / third party distributor only from net revenue after recoupment, as set out below.
- (4) In the event that a broadcaster or platform receives profit share or percentage of revenue from the Non-Broadcast Rights or Distribution Rights that are not licensed by the broadcaster or platform (e.g. a percentage of Canadian merchandising revenue), as the case may be, such revenue share must be after recoupment by all parties including related parties as set out in the agreed recoupment schedule, and then out of producer’s share of the revenues.
- (5) Broadcaster or platform revenue share is limited to the exploitation of Canadian Non-Broadcast Rights of the Eligible Program, and shall not include any international revenue from any rights unless otherwise agreed to by the Rocket Fund.



SCHEDULE C - TERMS AND CONDITIONS OF INVESTMENT

1.1 Canadian and Partnership Investment Streams

- (1) If a binding Canadian licence agreement for the Eligible Program is provided at the time of application, the Rocket Fund will provide the successful Eligible Applicant a 60 day grace period, from the date of the Rocket Fund commitment letter, for the Eligible Applicant to furnish the Rocket Fund with a Canadian program licence agreement(s) that is in accordance with the principles outlined in our Rights Policy and Revenue Share Policy, set out in Schedule A and Schedule B of these Guidelines, respectively.
- (2) If a Canadian licence agreement does not form part of the financing, producer must be able to demonstrate how the Eligible Program will be made available to the intended Canadian audience in a meaningful way, to the satisfaction of Rocket Fund.
- (3) Eligible Applicant must provide proof of complete financing of the production to the Rocket Fund's complete satisfaction, including tax credit calculations, within six months of investment approval. Binding short form agreements will be accepted. If financing is not confirmed within six months, the Rocket Fund may expire its financial commitment at its sole and absolute discretion.
- (4) Eligible Program must meet the Rocket Fund recoupment requirements for its investment as approved by the Board of Directors and set out in the Rocket Fund commitment letter.
- (5) Eligible Applicant must sign and meet all of the requirements in the standard Production Investment Agreement.
- (6) Eligible Applicant must provide appropriate insurances and a completion arrangement (completion bond or corporate guarantee) for the Rocket Fund's consideration.
- (7) Eligible Program must acknowledge the participation of Shaw Rocket Fund with its logo and written credit on all versions of the production, and on all promotional and publicity material including websites, digital content and physical media. The written credit should read: **Produced with the financial participation of the Shaw Rocket Fund.** The Rocket Fund logo should accompany the written credit unless otherwise agreed to by the Rocket Fund.
- (8) With the exception of some series, the production must be contracted and commence delivery within 20 months from the date of the Rocket Fund's commitment letter. '
- (9) All associated digital content, whether such content received Rocket Fund investment or not, must be certified technologically safe for children through the Rocket Fund Online Safety Program.

1.2 Digital Investment Stream

Successful Eligible Applicants will be required to:

- (1) Sign and meet all of the requirements in the Digital Content Production Investment Agreement within six months of the Rocket Fund board approval of investment. If the agreement is not completed within six months, the Rocket Fund may expire its financial commitment at its sole and absolute discretion.





- (2) Acknowledge the participation of Shaw Rocket Fund with its logo on all versions of the digital content and on all promotional and publicity material.
- (3) All digital content that the Rocket Fund invests in must be certified technologically safe for children through the Rocket Fund Online Safety Program.

