



## INVESTMENT GUIDELINES

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## 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 Certified Independent Production Fund (CIPF) that is a permanent, independently governed, not-for-profit corporation 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 \$220 million into over 865 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 equity investments through application streams:

- The **Audiovisual Stream** is for audiovisual programming content that reflects Canadian diversity, enriches and educates the audience, and tells stories that are of great interest to Canadian children while offering experiences on various platforms.
- The **Partnership Stream** is for audiovisual programming content that demonstrates 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 Content Stream** is for non-programming digital content (“**Digital Content**”) that is based on and accompanies the audiovisual programming from the Audiovisual or Partnership Streams to fully support the audiovisual programming in which the Rocket Fund invests.



## **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. Preference will be given to investment proposals that include a strong financing plan and demonstrate the program's discoverability with the intended audience along with appropriate sales and recoupment potential.

## **Specifics**

- The Rocket Fund investments are considered on a project-by-project basis. Investment in audiovisual programming is dependent on the number of episodes, the financial needs of the production and the exploitation / recoupment potential of the production 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 productions 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 productions and Digital Content 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 the Rocket Fund's commitment to champion Canadian children's audiovisual 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 audiovisual programming; 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.
- The applicant must demonstrate how Canadians will be able to discover and access the audiovisual programming in a meaningful manner.
- The terms and conditions of any platform licence must be reasonable and the rights granted must not encumber the Rocket Fund's rights or recoupment potential.
- Any revenue generated over and above the amounts used to finance a project must be shared with the Rocket Fund in accordance with the Revenue Share Policy expressed in Schedule A.
- All decisions with respect to applications and proposals will be made by the Rocket Fund Board of Directors at their sole and absolute discretion and will be final.

**THESE GUIDELINES MAY BE MODIFIED AT ANY TIME WITHOUT NOTICE.**



## 2. ELIGIBILITY

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

### 2.1 “Eligible Applicants”

Eligible Applicants for each of the application streams must:

- (1) be an incorporated Canadian company which is neither owned nor “controlled in fact” by any non-Canadian individual or permanent resident<sup>1</sup>, or any non-Canadian corporation; and
- (2) derives its primary source of income from the creation of audiovisual programs and, unless otherwise waived by the Rocket Fund at its sole discretion, has an arm’s length relationship to conventional broadcasters, discretionary services and/or on-demand services regulated by the CRTC.

### 2.2 “Eligible Program”

To qualify as an Eligible Program for both the Audiovisual Stream and the Partnership Stream, the production must:

- Be targeted to children (under 13), youth (under 18) or a family audience. For greater clarity, youth programming must be relevant and speak directly to a teen/youth audience and incorporate a teen/youth point of view (as opposed to a young adult audience). In respect to family, variety, documentary and magazine programming, the production must clearly demonstrate relevance to children or teen/youth rather than a general audience.
- Be audiovisual programming 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 the 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 global recoupment potential for the Rocket Fund.

- Be made available in a meaningful way to the targeted Canadian audience on any platform that is available to Canadians within 2 years of completion, including, but not limited to, (i) a Canadian broadcaster, (ii) any subscription video-on-demand services, (iii) any “over-the-top”

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<sup>1</sup> As defined in the *Immigration Act*.



services, (iv) through theatrical release, and (v) any digital platforms including social media. Any program licence(s) must conform to the Rocket Fund's Revenue Share Policy expressed in Schedule A.

- 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 a meaningful plan for Digital Content based on the Eligible Program that is intended to enhance the viewer's experience with the Eligible Program.
- Be closed captioned and have descriptive video as required by the CRTC<sup>2</sup>.
- At a minimum, conform to the Canadian Association of Broadcasters' (CAB) guidelines on television violence, advertising to children, and sex-role portrayals,<sup>3</sup> as well as the CRTC's notice of television violence,<sup>4</sup> and any other CRTC policies or regulations.

Other requirements:

- Principal photography of the production 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 submitting an application).
- If applying for a subsequent season of a series where the Rocket Fund did not invest in prior season(s), the applicant must provide a compelling case for the Rocket Fund's participation and receive written acceptance of the application by the Rocket Fund prior to submitting.

## 2.3 “Eligible Digital Content”

To qualify as Eligible Digital Content, the Digital Content must:

- Be new or updated digital or interactive content, e.g. games, apps, websites. Digital audiovisual programs (i.e. web series, digital shorts) are not considered Digital Content for the purposes of Rocket Fund investment and are to be submitted under the Audiovisual Stream.
- Be based on and tied to an Eligible Program that: (i) has received an investment from the Rocket Fund, or (ii) an application for the Eligible Program is submitted to the Rocket Fund at the same time as the Digital Content application.
- 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 Eligible Program first being made available (domestically or internationally) unless otherwise agreed to by the Rocket Fund.

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<sup>2</sup> Broadcasting Regulatory Policy CRTC 2016-343, Section 121

<sup>3</sup> *Voluntary Code Regarding Violence in Television Programming, Broadcast Code for Advertising to Children and Code on Sex-Role Portrayal for Television Programming.*

<sup>4</sup> CRTC Public Notice 1997-80, *Classification System for Violence in Television Programming.*



- 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.<sup>5</sup>
  
- Not be libelous or in any other way unlawful.
  
- Must be certified safe through the Rocket Online Safety Program.<sup>6</sup>

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<sup>5</sup> Within the meaning of the *Criminal Code*.

<sup>6</sup> See Rocket Online Safety Program Guidelines for certification detail.



## 3. INVESTMENT STREAMS

### 3.1 Audiovisual Stream

Investments in the Audiovisual Stream are meant for Eligible Programs that have appeal foremost to Canadian children. Investment decisions will be based on creative quality, financial strength, the values and benefits that a program will provide to its target audience as well as the strength of the discoverability plan.

#### 3.1.1 Creative Requirements

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

Applications are evaluated on the following:

- Quality and originality of its creative content;
- Potential for a long shelf life;
- Audience reach;
- Reflection of Canadian diversity;
- Cross-cultural and linguistic representation, including of official language minority communities (OLMCs); and
- Priority for the broadcaster/platform to make the production available to the intended audience in a meaningful manner.

Preference will be given to applications that:

- Educate and enrich the audience;
- Promote positive role-modelling;
- Respond to an underserved audience;
- Tell stories that are of interest to Canadian children; and/or
- Are distinct in creativity or exploitation.

To evaluate the creative applications, 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 plan for Digital Content that is associated with the Eligible Program. For series renewals, the Rocket Fund requires an updated plan that outlines what has been created, its success with the audience, and future plans as the Eligible Program continues in the marketplace.



### **3.1.2 Financing Requirements**

Applications must include:

- A meaningful and achievable financing plan; and
- An agreement for making the production available on a platform clearly accessible to the Canadian target audience.

The terms of distribution or platform licence agreements e.g. Canadian Broadcaster, Netflix, CraveTV, YouTube, must accord with the Rocket Fund Revenue Share Policy expressed in Schedule A.

### **3.1.3 Discoverability and Promotion Requirements**

The Rocket Fund believes that the discoverability of the productions it invests in by Canadian children is of the utmost importance, especially where a production is made available on multiple platforms. Therefore, the Rocket Fund requires that Eligible Applicants 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 financed;
- Sales projections for the Canadian exploitation of the production, 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 production, a detailed and current audience status report that identifies the appeal of the production with the intended audience in Canada.

Discoverability and promotion plans will vary depending on the nature of the production's content. The plan must be tailored for the intended audience, be robust and meet the criteria set out in the Rocket Fund Discoverability Toolkit. Subject to the agreement of other financiers of the production, the Rocket Fund will allow reasonable discoverability and promotional expenses to be included in the production budget.

### **3.1.4 Recoupment Requirements**

The Rocket Fund expects Eligible Applicants 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 throughout the world including all subsidiary rights and other platform rights as set out in the Production Investment Agreement and these Guidelines.



## 3.2 Partnership Stream

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

### 3.2.1 Criteria

Productions in the Partnership Stream must demonstrate all of the following three key elements:

- Unique and distinctive creative content with potential for above-average global audience reach, with strong complimentary components (e.g. digital media, social platforms, merchandising, etc.);
- A business plan that demonstrates a meaningful return on the Rocket Fund's investment within three years; and
- A strong strategic partner that can work with the Eligible Applicant to create and deliver on that global reach and business plan.

### 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 associated with Eligible Programs receiving investment from the Partnership Stream, including all subsidiary rights and other platform rights as set out in the Production Investment Agreement and these Guidelines. The parent company and/or a partner of the Eligible Applicant must be in a financial position to negotiate and support the financing and recoupment proposal.

Proposals must include a meaningful recoupment proposal outlining the following:

- The worldwide revenue streams from all rights associated with the production, 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.);
- The shared rights, financing and worldwide revenue splits which affect the Rocket Fund investment and recoupment for co-ventures or treaty co-productions; and
- Demonstrates clearly how the Rocket Fund will recoup its investment.

Revenue streams that include broadcaster licensing and distribution fees must be detailed for both local and international distribution, 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 Revenue Sharing Policy as expressed in Schedule A.

### 3.2.3 Discoverability, Sales, Marketing and Promotion Requirements

The promotion and global discoverability of a production is of the utmost importance to its potential success, especially where made 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 financed;
- A robust marketing and export strategy that includes market research and examples of comparable productions 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 production, 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 investment in a subsequent production based on a previously produced production, a detailed and current sales status report that identifies where the production 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. Subject to the agreement of other financiers of the production, the Rocket Fund will allow reasonable discoverability and promotional expenses to be included in the production budget.

### 3.3 Digital Stream

The Rocket Fund will accept investment applications for original Digital Content that is based on and accompanies Eligible Programs that the Rocket Fund has agreed to invest in through the Audiovisual Stream or Partnership Stream. 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 application 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;
- Include a detailed budget that includes an appropriate allocation of funds towards marketing and promotion; and
- Demonstrate how the Digital Content compliments the Eligible Program that the Digital Content is based on.

#### 3.3.2 Discoverability and Promotion Requirements

The Rocket Fund believes that the discoverability of the Digital Content it invests in for children is of the utmost importance. Therefore, Rocket Fund requires that the Eligible 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 financed; 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. Subject to the agreement of other financiers of the Digital Content, the Rocket Fund will allow reasonable discoverability and promotional expenses to be included in the Digital Content production budget.



### **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 Digital Content being applied for warrant a different recoupment strategy.

The Eligible Applicant must provide projections of revenue streams with quantifiable metrics. Revenue streams that include platform licensing and distribution fees must be detailed for both local and international distributions, and account for all significant expenses and must be based on the Rocket Fund Revenue Sharing Policy expressed in Schedule A. Allowable distribution fees and expenses will be negotiated on a case-by-case basis.

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 Broadcaster or Platform Involvement**

If a 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 associated audiovisual programming 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 rights to the Digital Content exclusively in Canada:
  - Revenue must be shared with the Digital Content producer to ensure Rocket Fund 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 date the associated audiovisual programming is first made available, then the six-month term will be extended to the date that is six (6) months after the date the associated audiovisual programming is first made available (for a series, based on the first episode).



## 4. APPLICATION / EVALUATION PROCESS

### 4.1 Application Process

#### 4.1.1 Audiovisual Stream:

Two deadlines will be held per year for the Audiovisual Stream, in accordance with the application process as detailed on the Rocket Fund website: [rocketfund.ca](http://rocketfund.ca)

Eligible Programs will be evaluated on creative quality, financial strength, the values and benefits that a program will provide to the target audience as well as the strength of the discoverability plan. Preference will be given to productions that reflect Canadian diversity, enrich or educate the audience and/or tell stories that are of great interest to Canadian children.

The Rocket Fund online application portal opens four (4) weeks prior to the deadline date and closes at 6pm MT (5pm PT / 8pm ET) on the deadline day. Deadline dates are on the Rocket Fund website, and the online application portal can be found at: [application.rocketfund.ca](http://application.rocketfund.ca)

The Board of Directors endeavours to make investment decisions between 8 and 10 weeks after the deadline date. The decisions of the Rocket Fund Board of Directors are at its sole and absolute discretion and are final.

Once the Rocket Fund commits to invest in a production, 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 may need to be re-evaluated by our Board of Directors.

#### 4.1.2 Digital Content Stream:

Applications for Digital Content will follow the process and timeline of the Audiovisual Stream (i.e. two deadlines per year, with an endeavour to make investment decisions within 8 to 10 weeks after the deadline date), whether as part of the Audiovisual Stream or the Partnership Stream.

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

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 may need to be re-evaluated by our Board of Directors.

The Production Investment Agreement for the Eligible Program that the Digital Content supports must be executed prior to the Digital Content Production Investment Agreement.



#### 4.1.3 Partnership Stream

The Rocket Fund will, at its discretion, accept from Eligible Applicants individual investment proposals for the Partnership Stream. Due to the nature of the Partnership Stream application process, Rocket Fund will work directly with Eligible Applicants on their proposal to assist in navigating through the various stages of the proposal process.

Should the Rocket Fund determine at its sole discretion that the Eligible Program does not meet the Partnership Stream criteria, the application process will come to an end and the Eligible Program will not be presented to the Rocket Fund Board of Directors. In such instances, the Eligible Applicant has the option to submit an application through the Audiovisual Stream for that same Eligible Program.

##### 4.1.3.1 Proposal Process

**Step 1:** Eligible Applicants to schedule a meeting (teleconference or in-person) with the Rocket Fund to discuss their production and determine if it has the potential to meet the Partnership Stream criteria set out in Section 3.2.1 prior to submitting a proposal. Should the Rocket Fund determine that the production does not meet the Partnership Stream criteria, the Partnership Stream application process for the production will come to an end.

**Step 2:** If the Rocket Fund determines that the production could meet the Partnership Stream criteria, Eligible Applicants will receive a written invitation by Rocket Fund 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 production;
- (2) Available creative materials (bible, outlines, scripts, etc.);
- (3) Demonstrate the involvement of a strategic partner;
- (4) A financing plan;
- (5) A proposed recoupment structure; and
- (6) Evidence of Rocket Fund recoupment potential.

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

The Rocket Fund will evaluate the documents and determine at its sole discretion if the production meets the Partnership Investment criteria set out in Section 3.2.1 and if a full investment proposal is warranted. Should the Rocket Fund determine that the production does not meet the Partnership Stream criteria at this step, the Partnership Stream application process for the production will come to an end.

**Step 3:** For those productions that the Rocket Fund determines meet the Partnership Stream criteria, the Rocket Fund will invite Eligible Applicants to submit an investment proposal for the Board of Directors' consideration. Rocket Fund will work in partnership with Eligible Applicants to prepare a robust presentation which will include the evaluation of the following documentation and any other documentation that the Rocket Fund determines will best support the investment proposal:

- (1) A complete creative package (as agreed to by Rocket Fund and the Eligible Applicant);
- (2) Confirmation of the benefits as well as the terms of the strategic partner's involvement in the production;
- (3) A comprehensive Digital Content plan that outlines its release alongside the production;
- (4) A robust and meaningful discoverability plan;



- (5) 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 within three years of investment;
- (6) A comprehensive corporate profile which demonstrates the company's role in the Canadian children's production sector; and
- (7) Any information on all other partners involved (creative and financial).

Rocket Fund and Eligible Applicant will negotiate the terms of investment for the production. Once the Rocket Fund and the Eligible Applicant agree on the terms of the investment, the investment proposal is finalized and presented the Rocket Fund Board of Directors for their consideration. In the event that Rocket Fund and Eligible Applicant cannot agree on the investment terms, the Partnership Stream application process for the production will come to an end and the investment proposal will not be presented to the Board of Directors.

It is the intent of the Rocket Fund to only present Partnership Stream proposals to the Board of Directors that have the highest probability of success. However, investment cannot be guaranteed as all decisions with respect to applications and proposals are made by the Rocket Fund Board of Directors at their sole and absolute discretion, with such decision being final.

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 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.



## SCHEDULE A - REVENUE SHARE POLICY

The Rocket Fund expects to recoup its investment from all available revenue streams generated from all rights throughout the world including all subsidiary rights and other platform rights (but excluding any revenue used to finance a program) as set out in the Production Investment Agreement, the Digital Content Production Investment Agreement and these Guidelines.

Agreements are subject to Rocket Fund approval and must at all times be in accordance with Rocket Fund's recoupment requirements as set out in the Rocket Fund commitment letter for the Eligible Program, and adhere to the following revenue sharing policies regardless of the entity that exploits the rights:

- (1) Third party or related party distributors and platforms that have been granted exploitation rights in and to the Eligible Program on behalf of the Eligible Applicant, will use best efforts to exploit the rights granted within Canada and throughout the world as the case may be, to generate a meaningful return on investment for Rocket Fund.
- (2) Distributors are entitled to deduct from gross revenues only the most current industry standard distribution fees and distribution expenses within established caps with no further deduction and are subject to Rocket Fund approval.
- (3) If a Canadian platform has been granted exhibition rights to the Eligible Program outside of the territory of Canada, an appropriate licence fee over and above the Canadian licence fee is expected.
- (4) Exhibition rights granted to any platform must not encumber the Rocket Fund's rights or recoupment potential by limiting the exploitation of the Eligible Program in any given territory.
- (5) For Canadian platforms that are non-revenue generating or are not able to utilize a revenue generating model (i.e. public broadcaster platforms) but may receive revenue as a result of the exhibition of an Eligible Program on their platform, such Canadian platform will be expected to share gross revenue if and when Gross Receipts, as defined in the Production Investment Agreement, reach a certain threshold, to be negotiated on a case-by-case basis.
- (6) Should a platform be granted rights over and above their exhibition rights, such rights will be considered distribution rights with the platform acting as the distributor on behalf of the Eligible Applicant and where the most current industry standard distribution fee and distribution expense deductions will apply. No further revenue or profit share entitlement from such rights will be allowed and in no event shall the platform retain in aggregate more than 50% of gross revenues.
- (7) In the event that a platform receives profit share or percentage of revenue from rights that are not licensed by the platform (e.g. a percentage of 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 Eligible Applicant's share of the revenues unless otherwise agreed to by Rocket Fund.
- (8) Gross revenues will be calculated from revenues actually received by the distributor or platform on behalf of the Eligible Applicant (Gross Receipts less reasonable and verifiable third-party deductions only, e.g. iTunes fees) without further deduction.

Rocket Fund reserves the right to withdraw its investment in an Eligible Program should Rocket Fund determine that the rights and revenue granted to any distributor or platform encumber Rocket Fund's rights and recoupment.



## SCHEDULE B - TERMS AND CONDITIONS OF INVESTMENT

### 1.1 Audiovisual and Partnership Streams

- (1) The Rocket Fund investments are by way of the acquisition of an undivided copyright interest in the Eligible Program. As such, Rocket Fund is entitled to certain ongoing rights in the Eligible Program as set out in the Rocket Fund Production Investment Agreement including profit participation in perpetuity and a reasonable royalty in any Digital Content based on the Eligible Program, that the Rocket Fund did not invest in.
- (2) Should the Rocket Fund invest in the first season of a series or pilot, a reasonable profit participation in future productions will be required subject to terms set out in the Production Investment Agreement.
- (3) The producer must be able to demonstrate how the Eligible Program will be made available in a meaningful way to the intended Canadian audience, to the satisfaction of the Rocket Fund.
- (4) Eligible Programs 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) The Rocket Fund must participate in the revenue generated from all exploitation of the Eligible Program, whether exploited by the producer, broadcaster, platform, or distributor, and all parties exploiting those rights must respect the Rocket Fund's recoupment.
- (6) Eligible Applicants must sign and meet all of the requirements in the standard Production Investment Agreement (including proof of complete financing of the Eligible Program to the Rocket Fund's complete satisfaction, including tax credit calculations) within six months of investment approval. If the Production Investment Agreement is not executed within six months of Rocket Fund issuing the commitment letter, the Rocket Fund may expire its financial commitment at its sole and absolute discretion.
- (7) Eligible Applicants must provide appropriate insurances and, if requested by the Rocket Fund, a completion arrangement for the Rocket Fund's consideration.
- (8) Eligible Programs must include an acknowledgment of the participation of the Rocket Fund (including both logo and written credit) (i) on all versions of the Eligible Program, (ii) on all promotional and publicity material, and (iii) on websites, Digital Content and physical media. The written credit is to read: **Produced with the financial participation of the Shaw Rocket Fund.** The Rocket Fund logo must accompany the written credit unless otherwise agreed to by the Rocket Fund. Rocket Fund logos can be found on the Rocket Fund website: [rocketfund.ca](http://rocketfund.ca)
- (9) All Digital Content associated with an Eligible Program, whether or not such content received Rocket Fund investment as Eligible Digital Content, must be certified technologically safe for children through the Rocket Fund Online Safety Program.



## 1.2 Digital Content Stream

- (1) The Rocket Fund investments are by way of the acquisition of an undivided copyright interest in the Eligible Digital Content. As such, Rocket Fund is entitled to certain ongoing rights in the Eligible Digital Content as set out in the Rocket Fund Digital Content Production Investment Agreement including profit participation in perpetuity.
- (2) The producer must be able to demonstrate how the Eligible Digital Content will be made available in a meaningful way to the intended Canadian audience, to the satisfaction of the Rocket Fund.
- (3) Eligible Digital Content 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.
- (4) The Rocket Fund must participate in the revenue generated from all exploitation of the Eligible Digital Content, whether exploited by the producer, broadcaster, platform, or distributor, and all parties exploiting those rights must respect the Rocket Fund's recoupment.
- (5) Eligible Applicants must sign and meet all of the requirements in the standard Digital Content Production Investment Agreement (including proof of complete financing of the Eligible Program to the Rocket Fund's complete satisfaction, including tax credit calculations if applicable) within six months of investment approval. If the Digital Content Production Investment Agreement is not executed within six months of Rocket Fund issuing the commitment letter, the Rocket Fund may expire its financial commitment at its sole and absolute discretion.
- (6) Eligible Applicants must provide appropriate insurances and, if requested by the Rocket Fund, a completion arrangement for the Rocket Fund's consideration.
- (7) Eligible Digital Content must include an acknowledgment of the participation of the Rocket Fund (including both logo and written credit) (i) on all versions of the Eligible Digital Content, (ii) on all promotional and publicity material, and (iii) on websites and physical media. The written credit is to read: **Produced with the financial participation of the Shaw Rocket Fund.** The Rocket Fund logo must accompany the written credit unless otherwise agreed to by the Rocket Fund. Rocket Fund logos can be found on the Rocket Fund website: [rocketfund.ca](http://rocketfund.ca)
- (8) All Digital Content receiving Rocket Fund investment must be certified technologically safe for children through the Rocket Fund Online Safety Program.

