



## INVESTMENT GUIDELINES

**Shaw Rocket Fund**  
PO Box 88017 Walden PO  
Calgary, Alberta  
T2X 4V6  
(587) 899-4517  
[info@rocketfund.ca](mailto:info@rocketfund.ca)  
[www.rocketfund.ca](http://www.rocketfund.ca)

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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 that is reflective of the world they live in today, in a safe and appropriate environment. We believe that children deserve stories and experiences that demonstrate equity, diversity, and inclusion with authenticity. Our goal is for children and youth throughout Canada and around the world to have access to and benefit from engaging Canadian-made 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. The Shaw Rocket Fund’s investment is 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 needs of the intended audience in Canada and abroad. We are committed to supporting the Canadian children’s media sector to the best of our ability.

### 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.

Shaw Communications 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 enriches and educates the audience and tells stories that are of great interest to Canadian children, while offering safe experiences on various platforms.
- The **Partnership Stream** is for audiovisual programming content that demonstrates the potential for global reach through a safe multi-platform experience with strong complementary components and strategic partnerships where children in Canada and around the world have access to this vibrant high-quality Canadian-made programming.
- The **Complementary Content Stream** is for all Complementary Content (including non-programming digital content as defined by the CRTC<sup>1</sup>, complementary video content, websites,

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<sup>1</sup> Broadcasting Regulatory Policy CRTC 2016-343, Section 39



social media, etc.) (“**Complementary 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, and how proposals exhibit equity, diversity and inclusion. 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**

- 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, you must contact the Rocket Fund for direction prior to submitting an application or proposal.
- All productions and Complementary Content (when applicable) that the Rocket Fund invests in must have a robust audience development plan to support the discoverability of their project with the intended target audience (“Audience Development Plan”) and must meet the requirements set out in the Audience Development Plan Template.
- 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 through social media support. On occasion, the Rocket Fund will provide a contribution towards an 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 (outside platform or distribution expenses).
- Equity, diversity, and inclusion are of utmost importance to the Rocket Fund. All Eligible Applicants must demonstrate how their projects value and showcase equity, diversity, and inclusion in an authentic way throughout the content itself, as well as the production team involved. To further its commitments to the Canadian children’s media industry, establish a baseline for equity, diversity and inclusion data collection, and measure progress, the Rocket Fund will collect information related to the identity and representation of individuals associated with investment applications through the Rocket Fund Self-Identification Questionnaire.
- 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.
- The Rocket Fund strives to limit barriers and increase accessibility of its funding programs and applications to all Producers and encourages any Producer that may require additional assistance to draft or submit their application to contact the Rocket Fund office at [admin@rocketfund.ca](mailto:admin@rocketfund.ca).
- 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>2</sup>, or any non-Canadian corporation; and
- (2) derives its primary source of income from the creation of audiovisual programs and/or associated non-programming digital content 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 general 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 two (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” services, (iv) through theatrical release, and (v) any digital platforms including social media

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<sup>2</sup> As defined in the *Immigration Act*.

with proven audience reach. 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 in the form of an Audience Development Plan, that meets the criteria set out in the Audience Development Plan Template.
- Have a meaningful plan for relevant Complementary Content, such as digital or interactive content, based on the Eligible Program that is intended to enhance the viewer's experience with the Eligible Program.
- Have a meaningful and appropriate COVID-19 safety production plan.
- Be closed captioned and have descriptive video as required by the CRTC<sup>3</sup>.
- At a minimum, conform to the Canadian Association of Broadcasters' (CAB) guidelines on television violence, advertising to children, and sex-role portrayals,<sup>4</sup> as well as the CRTC's notice of television violence,<sup>5</sup> and any other CRTC policies or regulations.

Other requirements:

- Principal photography or voice record cannot commence prior to the application deadline date (unless otherwise agreed to by the Rocket Fund prior to submitting an application).
- Rocket Fund does not accept applications for a subsequent season of a series where the Rocket Fund did not invest in any prior season(s).

## 2.3 “Eligible Complementary Content”

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

- Be new or updated digital or interactive content e.g. games, apps or non-programming digital content<sup>6</sup>, websites, or additional audiovisual content (i.e. digital shorts), new audio production (i.e. podcast) or other content related to audience development or discoverability (i.e. social media).
- 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 Complementary 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.

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<sup>3</sup> Broadcasting Regulatory Policy CRTC 2016-343, Section 121

<sup>4</sup> *Voluntary Code Regarding Violence in Television Programming, Broadcast Code for Advertising to Children and Code on Sex-Role Portrayal for Television Programming.*

<sup>5</sup> CRTC Public Notice 1997-80, *Classification System for Violence in Television Programming.*

<sup>6</sup> Broadcasting Regulatory Policy CRTC 2016-343, Section 39

- Be released or activated within an appropriate timeframe of the Eligible Program first being made available (domestically or internationally) to the intended audience, 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.<sup>7</sup>
- Not be libelous or in any other way unlawful.
- Any game, app, website or other interactive content must be certified safe through the Rocket Online Safety Program.<sup>8</sup>

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<sup>7</sup> Within the meaning of the *Criminal Code*.

<sup>8</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, which includes equity, diversity and inclusion, as well as the strength of the Audience Development 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 in an inclusive manner. Preference will be given to productions that 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;
- Authentic reflection of equity, diversity and inclusion;
- Strength of the Audience Development Plan;
- Audience reach; and
- Cross-cultural and linguistic representation, including of official language minority communities (OLMCs).

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 great interest to Canadian children; and
- 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 two (2) final draft episodic scripts.
  - If new to the Rocket Fund, a demo is recommended, especially for animation.
  - For series renewals, two (2) completed episodes.
- A comprehensive plan for relevant Complementary 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, Crave, 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 audiovisual 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 in the form of an Audience Development Plan (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 expectations for 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 Audience Development Plan must be tailored for the intended audience, be robust and meet the criteria set out in the Audience Development Plan Template. Rocket Fund will allow discoverability and promotional expenses to be included in the production budget as demonstrated in the Audience Development Budget Template.

### **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 very high quality and unique creative content, demonstrate a multi-platform entertainment experience, provide for strong complementary components, have high global export potential and demonstrate equity, diversity and inclusion authentically.

### **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 complementary multi-platform components (e.g. digital media experience(s), social platforms, merchandising, etc.);
- A business plan that demonstrates a return on the Rocket Fund's investment within three (3) years; and
- A strong third-party strategic partner that will enable 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 the strategic partner of the Eligible Applicant must be in a financial position to negotiate and support the financing and recoupment proposal.

The recoupment proposal must be meaningful and achievable, and include 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; and
- Demonstrates clearly, to Rocket Fund's satisfaction, how the Rocket Fund will recoup its investment.

Revenue streams that include broadcaster licensing and distribution fees must be detailed for both domestic 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 robust and achievable Canadian and international discoverability/multi-platform strategy in the form of an Audience Development Plan (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 discoverability and is included in the Audience Development 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 Audience Development Plan must be tailored for the intended audience, be robust and meet the criteria set out in the Audience Development Plan Template. Rocket Fund will allow discoverability and promotional expenses to be included in the production budget as demonstrated in the Audience Development Budget Template.

### 3.3 Complementary Content Stream

The Rocket Fund will accept investment applications for original Complementary 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 Complementary Content budget. No maximum dollar investment has been established; however, the Rocket Fund expects to invest no greater than \$50,000 per Complementary Content application. The Rocket Fund may invest a higher dollar amount if the Complementary Content application demonstrates recoupment potential.

#### 3.3.1 Application Requirements

Applications must:

- Include a detailed production and/or marketing and promotion plan demonstrating the feasibility of the Complementary Content;
- Include a detailed budget; and
- Demonstrate how the Complementary Content complements the Eligible Program that the Complementary Content is based on.

Applications for digital or interactive Complementary Content are evaluated on the following:

- Quality and originality of creative content;
- Quality of user experience (interest to the intended user and replayability);
- Knowledge of the required online safety and privacy standards for children;
- Integration of innovative technology and technological durability;
- Feasibility of the production timeline and budget;
- Experience of the Producer and digital production team.

Preference will be given to applications that:

- Reflect equity, diversity and inclusion with authenticity;
- Provide a greater market opportunity and monetization potential.

#### 3.3.2 Discoverability and Promotion Requirements

The Rocket Fund believes in supporting the discoverability of the Eligible Program it invests in by Canadian children and children around the world. Therefore, Rocket Fund requires that the Eligible Applicant submit the following for all Complementary Content with the exception of Complementary Content related specifically to audience development or discoverability:

- A detailed and achievable discoverability/multi-platform audience development strategy that is appropriate for the target audience as well as indicating how it will be implemented and financed; and
- Monetization potential of the content, when applicable.

Discoverability and promotion plans will vary depending on the nature of the content. The Audience Development Plan must be tailored for the intended audience, be robust and meet the criteria set out in the Audience Development Plan Template. Rocket Fund will allow discoverability and promotional expenses to be included in the Complementary Content production budget, when appropriate, as demonstrated in the Audience Development Budget Template.

Complementary Content applications submitted for a subsequent season, with the exception of Complementary Content related to audience development or discoverability, must present results of their Audience Development Plan and promotion strategy through previous seasons. Those

results could include the following non-exhaustive list of key performance indicators: increase in traffic to website, number of downloads and number of followers on social media channels, and can include screenshots of Google analytics, social media analytics, or game analytics.

### **3.3.3 Rocket Online Safety Program**

Online safety of children is paramount. Therefore, any digital or interactive Complementary Content in which the Rocket Fund invests must be certified as being technologically safe for children through the Rocket Online Safety Program.

### **3.3.4 Recoupment**

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

The Eligible Applicant must provide projections of revenue streams with quantifiable metrics when applicable. 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 years 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 Complementary Content soliciting the Rocket Fund investment, the licence agreement(s) must demonstrate the following:

- Rights are limited to Canada and the term of the Canadian licence for the associated audiovisual programming unless otherwise agreed to by the Rocket Fund.
- When the licence term expires, the applicant shall have the right to exploit the Complementary Content in Canada.
- If a broadcaster or platform holds the rights to the Complementary Content exclusively in Canada:
  - Revenue must be shared with the Complementary Content producer to ensure Rocket Fund recoupment; and
  - If a broadcaster does not exploit the Complementary Content rights within the first six (6) months of completion, then the producer must have the option to subsequently exploit the Complementary Content on a non-exclusive basis. If the Complementary 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](https://rocketfund.ca).

Eligible Programs will be evaluated on creative quality, financial strength, reflection of equity, diversity and inclusion, the values and benefits that a program will provide to the target audience, as well as the strength of the Audience Development Plan. Preference will be given to productions that 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 12am ET (9pm PT / 10pm MT) on the deadline day. Deadline dates are on the Rocket Fund website and the online application portal can be found at: [application.rocketfund.ca](https://application.rocketfund.ca).

The Eligible Applicant will be asked to submit a list of company shareholders and key creative personnel with their online application through the Rocket Fund Online Self-Identification Questionnaire. After the application is submitted, individuals will be sent a link and asked to complete the Rocket Fund's Online Self-Identification Questionnaire. This allows Rocket Fund to collect self-identification information directly and confidentially as set out in the Rocket Fund Self-Identification Terms of Use. Information regarding the Rocket Fund Self-Identification process can be found on the Rocket Fund website.

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, at its sole discretion, there has been a material change to the financing and/or creative elements prior to finalizing a Production Investment Agreement, the investment may be put on hold and may need to be re-evaluated by the Rocket Fund Board of Directors.

#### 4.1.2 Complementary Content Stream:

Applications for Complementary 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 Complementary Content applications will be evaluated on the basis of innovation, creativity, quality, and added value that the Complementary 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 Audience Development Plan.

The Eligible Applicant will be asked to submit a list of company shareholders and key creative personnel with their online application for Rocket Fund's Online Self-Identification Questionnaire. After the application is submitted, individuals will be sent a link and asked to complete the Rocket

Fund's Online Self-Identification Questionnaire. This allows Rocket Fund to collect self-identification information directly and confidentially as set out in the Rocket Fund Self-Identification Terms of Use. Information regarding the Rocket Fund Self-Identification process can be found on the Rocket Fund website.

Once the Rocket Fund commits to invest in the Complementary Content, if the Rocket Fund determines, at its sole discretion, there has been a material change to the financing and/or creative elements prior to finalizing a Complementary Content Production Investment Agreement, the investment may be put on hold and may need to be re-evaluated by the Rocket Fund Board of Directors.

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

The Partnership Stream Proposal Process has been designed to only require the preparation of a complete proposal for the Board of Directors' consideration if and when the Eligible Program meets all of the Partnership Stream criteria. The steps below allow for a tiered review process to control the amount of effort required from both the Eligible Applicant and Rocket Fund while allowing for a customized approach for each proposal.

##### **Step 1: Partnership Introductory Meeting**

Eligible Applicants to schedule a meeting (teleconference or in-person when possible) 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 (the "Partnership Criteria") prior to submitting a proposal or any materials. 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: Partnership Initial Assessment**

If the Rocket Fund determines that the production could meet the Partnership Criteria, Eligible Applicants will be asked to submit via email relevant documents required for a preliminary assessment such as:

- (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) Draft financing plan including the ask needed from Rocket Fund and identifying what elements of the financing are confirmed.
- (3) Identify a strategic partner that will help leverage the production in the marketplace.

The Rocket Fund will evaluate the documents received and determine at its sole discretion if the production has the potential to meet the Partnership Criteria and if a preliminary Partnership application is warranted. 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 3: Partnership Initial Application**

If the Rocket Fund determines that the production shows significant potential to meet the Partnership Stream criteria, Eligible Applicants will receive a written invitation by Rocket Fund to complete a preliminary application through 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) All available creative materials including those submitted in Step 2 (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 3.

The Rocket Fund will evaluate the documents provided and determine at its sole discretion if the production meets the Partnership Criteria 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 4: Partnership Proposal**

For those productions that the Rocket Fund determines meet the Partnership Stream criteria, the Rocket Fund will work with Eligible Applicants to create 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 third-party strategic partner's involvement in the production;
- (3) A comprehensive Complementary Content plan, including appropriate digital and interactive content, that outlines its release of such content alongside the production;
- (4) A robust and meaningful Audience Development Plan for the discoverability of the production;

- (5) A detailed marketing plan including an assessment of market potential and a strong multi-year production and exploitation strategy;
- (6) Sales estimates for all avenues of exploitation for all rights over a three- to five-year period;
- (7) Clearly demonstrate how Rocket Fund will recoup its investment within three to five years of completion of the production;
- (8) Chain of title documentation which demonstrates the producer holds the necessary rights to develop, produce and fully exploit the production;
- (9) A comprehensive corporate profile which demonstrates the company's role in the Canadian children's production sector; and
- (10) Any information on all other partners involved (creative and financial).

The Eligible Applicant will be asked to submit a list of company shareholders and key creative personnel with their online application for Rocket Fund's Online Self-Identification Questionnaire. After the application is submitted, individuals will be sent a link and asked to complete the Rocket Fund's Online Self-Identification Questionnaire. This allows Rocket Fund to collect self-identification information directly and confidentially as set out in the Rocket Fund Self-Identification Terms of Use. Information regarding the Rocket Fund Self-Identification process can be found on the Rocket Fund website.

Rocket Fund and the 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 to the Rocket Fund Board of Directors for their consideration. In the event that the Rocket Fund and the 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.

Due to the collaborative nature of the Partnership Stream, the timeline between application and Board of Directors decision can take months depending on the nature of the production and at what stage it is presented to Rocket Fund. Rocket Fund endeavours to make a decision at each Step as quickly as possible; however, 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 or other Rocket Fund agreements 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 Complementary Content, when applicable, 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 a COVID-19 safety production plan 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, Complementary Content, when appropriate, 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 or interactive Complementary Content associated with an Eligible Program, whether or not such content received Rocket Fund investment as Eligible Complementary Content, must be certified technologically safe for children through the Rocket Fund Online Safety Program.

## 1.2 Complementary Content Stream

- (1) The Rocket Fund investments are by way of the acquisition of an undivided copyright interest in the Eligible Complementary Content when applicable. As such, Rocket Fund is entitled to certain ongoing rights in such Eligible Complementary Content as set out in the Rocket Fund Production Investment Agreement including profit participation in perpetuity.
- (2) The producer must be able to demonstrate how the Eligible Complementary Content will be made available in a meaningful way to the intended Canadian audience when applicable, to the satisfaction of the Rocket Fund.
- (3) Eligible Complementary Content, when applicable, 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 Complementary Content when applicable, 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 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 Production Investment Agreement is not executed within six (6) 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 a COVID-19 safety production plan for the Rocket Fund's consideration.
- (7) When appropriate, Eligible Complementary 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 Complementary 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 or interactive Complementary Content receiving Rocket Fund investment must be certified technologically safe for children through the Rocket Fund Online Safety Program.