

Incentive Track 29 – Technological Innovation Laboratory Program

1 General

- 1.1 The Israel Authority for Technological Innovation (hereinafter: “the Innovation Authority”) directly and indirectly assists and encourages technological innovation in the Israeli industry through a variety of tracks, tools, and activities carried out by it.
- 1.2 Incentive Track 29 – The Technological Innovation Laboratory Program (hereinafter: “the incentive track”) will enable specializing companies, through innovation laboratories, to implement open innovation processes and help them to grow and establish themselves in Israel and strengthen Israel’s unique innovation environment, and thus strengthen and promote the industry in Israel in particular and the Israeli economy in general, and assist start-ups in unique technological industries that need access to technological infrastructures such as advanced means of production or development, or market knowledge and marketing channels, or unique knowledge or expertise for product formulation and testing, proof of technological feasibility, carrying out pilots, marketing preparation, etc.
- 1.3 The innovation laboratories, as defined in clause 2.16 below, will be set up and operated by corporations with a unique technological infrastructure, knowledge, and expertise in Israel or abroad that are not currently available to Israeli entrepreneurs.
- 1.4 Assistance granted as part of the incentive track will be given to the innovation laboratories and laboratory companies operated as part of it.
- 1.5 As part of this incentive track, it will be possible to operate sub-tracks, which will be detailed in this incentive track’s appendices. The sub-tracks will enable the establishment of innovation laboratories in designated areas, including in collaboration with a government entities, for the purpose of making such entities’ assets and/or services and/or information available to the innovation laboratory and associated companies. The incentive track’s terms will apply to the sub-tracks unless otherwise stated in the body of the sub-track.

2 Definitions

In this incentive track, the following terms will be defined as follows unless stated otherwise in the Innovation Law or the (body of the incentive track) outline of the incentive track description. The meaning of a term that has not been expressly defined in this track will be as defined in the Innovation Law:

2.1 “Periphery”

Development Areas A and B, which were determined pursuant to clause 40D of the Encouragement of Capital Investments Law of 5719 (1959);

2.2 “The Website”

The Innovation Authority’s website;

2.3 “Relevant Government Entity”

The government entity with which the sub-track set forth in the appendix is carried out, detailed in the incentive track appendix.

2.4 "The Committee" or the "Research Committee"

As defined in clause 3 below, which will serve as the research committee (as defined in the Innovation Law) for the purposes of this incentive track;

2.5 "Recognized Expenses"

2.5.1 Expenses for the establishment of the technological infrastructure and ongoing operation of an innovation laboratory, in respect of which the committee has determined in the regulations that they may be considered;

2.5.2 Expenses for conducting research, development, marketing, commercialization, and other recognized laboratory project activities for which the committee has determined regulations that may be considered.

2.6 "Laboratory Company"

A private company duly incorporated in Israel and operating according to the laws of the State of Israel, which acts to promote the implementation and commercialization of the laboratory project;

2.7 "Specializing Company"

A corporation, whether duly incorporated in the State of Israel and operating according to the laws of the State of Israel or not, with a unique technological infrastructure, knowledge, and expertise in Israel or abroad that are not currently available to Israeli entrepreneurs;

2.8 "Manufacturing Industry Company"

A company specializing in the physical or chemical transformation of materials or components into new products using machinery, among others, from the following industries, : textiles, wood, plastics, rubber and its products, food and beverages, metal and its products, building materials, electrical equipment, and motor vehicles.

2.9 "Technological Innovation"

As this term is defined in the Innovation Law;

2.10 "The Innovation Law"

The Encouragement of Research, Development, and Technological Innovation in Industry Law of 5744 (1984);

2.11 "Entrepreneur"

An individual or individuals with a technological idea who wish/es to develop it into a commercial product as part of a laboratory company;

2.12 "Supplementary Financing"

Financing by anyone other than the Innovation Authority or the State, supplementing the approved budget to 100%;

2.13 “Sub-Track”

One of the incentive track’s sub-tracks, which will be specified in the appendices.

2.14 “Grant”

All the following:

- 2.14.1 Financing provided by the Innovation Authority to the innovation laboratory in order to establish the technological infrastructure as specified in clause 7.1 below;
- 2.14.2 Financing provided by the Innovation Authority to the innovation laboratory for the operation of the innovation laboratory as specified in clause 7.3 below;
- 2.14.3 Financing provided by the Innovation Authority to a laboratory company, in order to finance the implementation of an approved laboratory project, as specified in clause 8 below;

2.15 “Innovation Laboratory”

A corporation duly incorporated in Israel and operating for profit according to the laws of the State of Israel, the purpose of which is to provide corporations legally incorporated in Israel and operating according to the laws of the State of Israel, including laboratory companies, access to technological infrastructures and/or market understanding and marketing channels and/or unique knowledge and/or expertise toward their success;

2.16 “Bidder”

A corporation that is a specializing company or is held, whether directly or indirectly, by one or more specializing companies together, at a rate of 30% or more (on a fully diluted basis), which submits a bid as part of a competitive process for the establishment and operation of an innovation laboratory, as detailed in this incentive track;

2.17 “Laboratory Project”

A project approved by the committee according to the terms of this incentive track, based on a plan as defined in the Innovation Law;

2.18 “Execution Period”

The length of time approved by the Committee for a particular laboratory project.

2.19 “The Concession Period”

The period approved for the selected bidder to operate the laboratory.

2.20 “Approved Budget”

The total budget of a laboratory project consisting of the grant and supplementary financing, as approved by the committee.

3 The Committee

3.1 Committee Composition

- 3.1.1 Head of the Innovation Authority – committee member and chairperson;

- 3.1.2 Director General of the Innovation Authority – a member and acting committee chairperson;
- 3.1.3 Three Innovation Authority employees appointed by the Innovation Authority’s Director General – members;
- 3.1.4 An employee of the Ministry of Economy and Industry who holds an academic degree related to the committee’s work, appointed by the Director General of the Ministry of Economy and Industry – a member;
- 3.1.5 A representative of the Budget Commissioner in the Ministry of Finance appointed by the Minister of Finance – a member;
- 3.1.6 A representative of the Accountant General at the Ministry of Finance appointed by the Minister of Finance – a member;
- 3.1.7 Four representatives of the public – members.

3.2 Acting Committee Chairperson

- 3.2.1 One committee member from amongst the Innovation Authority’s employees, appointed by the Authority’s director and director general, will be authorized to act as the Authority’s acting director general in the capacity of acting committee chairperson.
- 3.2.2 This Authority employee may serve as acting committee chairperson, subject to the Authority’s prior written authorization prior to the committee’s specific discussion.

3.3 The Committee’s Functions and Powers

The committee has the authority to make any decision necessary for the operation of the incentive track, as long as it does not contradict the Innovation Law’s terms, regulations, rules, procedures, and provisions prescribed thereunder, including:

- 3.3.1 To examine bids submitted as part of competitive procedures for the establishment and operation of innovation laboratories according to the prerequisites and criteria, to receive clarifications in their regard, rank them, choose from amongst them, and approve their operation.
- 3.3.2 To take every action necessary for the examination and evaluation of the bidders’ bids, including regarding the way the innovation laboratory is operated and execution of the laboratory project.
- 3.3.3 To determine the conditions for setting up and operating an innovation laboratory, including milestones and timetables. The milestones can also be based on compliance with the presentations presented by a bidder as part of the competitive process.
- 3.3.4 To approve or disqualify, in whole or in part, according to the regulations determined by the committee, any change that an innovation laboratory requests to make to its original bid.
- 3.3.5 To monitor the innovation laboratory’s performance and decide whether to establish conditions and milestones for it, cancel the approval granted to it, or discontinue its support according to the terms of clause 13 below.

- 3.3.6 To examine, approve, or reject requests for laboratory projects, including budgets submitted, in whole or in part, and determining the conditions for their approval.
- 3.3.7 To monitor a laboratory project's performance and decide whether to establish conditions and milestones, cancel the approval granted to it, or discontinue its support according to the terms of clause 13 below.
- 3.3.8 To approve an extension of a laboratory project without any additional budget until the approved budget has been fully utilized.
- 3.3.9 To approve a contraction of a laboratory project's time period due to the approved budget being fully utilized and the plan's objectives, as approved by the committee, realized.
- 3.3.10 To grant the innovation laboratory or specializing company rights to the new knowledge to be developed in the laboratory project, according to clause 11 of this incentive track and regulations to be determined by the committee.
- 3.3.11 To determine and publish regulations for the implementation of this incentive track, including (the work schedule of the committee).The committee's work schedule
- 3.3.12 To initiate surveys, studies, and any other activity that may assist in the operation of this incentive track.

3.4 Remuneration

The committee members from among the public will be entitled to remuneration for their participation in a committee meeting, according to the regulation to be determined by the Innovation Authority's council for this purpose.

4 The Bidders Selection Process for Operating Technological Innovation Laboratories

4.1 General

- 4.1.1 A bidder for operating an innovation laboratory will be selected in a competitive process according to this incentive track's terms (hereinafter: "the competitive process"). Notice of the competitive process will be announced on the website and in the press (hereinafter: "the announcement"), according to the following terms.
- 4.1.2 As part of this incentive track, the bidder/s that have received the highest mark/s in the competitive process will be selected for the operation of the innovation laboratories. In any announcement published by the Innovation Authority, it will be noted whether this is a competitive process for the selection of laboratories concerning this incentive track or by that of the sub-tracks, and the maximum number of innovation laboratories the committee will be authorized to approve in such process. In addition, the Innovation Authority will be entitled to limit the areas of activity in which the innovation laboratory can operate. Likewise, the Innovation Authority will be entitled to give preference to a manufacturing industry company participating in a competitive process, if the competitive process is not restricted to the manufacturing industry; this preference will also be included in the published announcement.

- 4.1.3 A bidder for operating an innovation laboratory will be selected by the committee according to the terms detailed in this incentive track.
- 4.1.4 **Clarification stage:** As part of the announcement, it will be possible to ask questions and request clarifications (hereinafter: the “questions”) regarding the competitive process up to the date published in the announcement, or later, as will be noted on the website. The Authority reserves the right, at its sole discretion, to respond to questions submitted after the said date in cases justified by special circumstances. Answers to such clarification questions will be posted on the website until a published time, while disclosing as little information as possible about the person submitting the question. The Authority will have discretion regarding disclosing the request’s content. The Authority’s responses will form an integral part of the competitive process.
- 4.1.5 It should be clarified that one bidder can submit several bids for several innovation laboratories in the same competitive procedure. Each bid will stand alone, and the bidder will be required to comply with all the conditions and regulations stipulated in the incentive track in relation to each of the bids. It should also be clarified that in any case, only one of a bidder’s bids, at most, will be eligible for election as part of the competitive process.
- 4.1.6 The committee is not obligated to complete the selection process within a certain time; however, if these proceedings do not end after 180 days from the final date for bid submission, a bidder may cancel their bid. A written notice of the cancelation of a bid for the selection of an innovation laboratory will be delivered to the Innovation Authority.
- 4.1.7 Without subtracting from the foregoing and any support or right granted to the Innovation Authority, the bid/s with the highest score/s among those that did not win the competitive process will remain in force for an additional 180 days after the competitive process’s conclusion, in the event that one or more of the selected bidders retracts their bid or breaches their obligations, or any other case in which the selected bid does not come to fruition. In such circumstances, the committee will be entitled (but not obligated), at its sole discretion, to declare the bidder next in line after the selected bidder, who was not selected, as the selected bidder of the competitive process.
- 4.1.8 The committee may not consider any unreasonable bid..
- 4.1.9 **Request clarification from the bidders:** At any stage during the course of the examination and evaluation, the committee or anyone acting on its behalf may refer to the bidders in order to obtain clarifications about their bids or remove any ambiguities that may arise during the bid’s examination.
- 4.1.10 If no bid is submitted as part of the competitive process, it will be possible to embark on a new competitive process.
- 4.1.11 For the removal of any doubt, it is hereby clarified that the competitive processes as described in the incentive track are subject to the Innovation Law and the regulations, rules and procedures promulgated thereunder, as well as the provisions of this incentive track and/or any applicable sub-track and the rules and procedures promulgated thereunder, and the specific provisions regarding the competitive process posted on the website, and the provisions of the Mandatory Tenders Law, 5752-1992 and/or its regulations.

4.2 Prerequisites

The bidder must meet all the following prerequisites cumulatively to the satisfaction of the research committee, as of the bid's submission date. It should be clarified that it is sufficient to fail to comply with one of the prerequisites in order to disqualify the entire bid.

- 4.2.1 The bidder is an Israeli corporation duly registered in Israel and operates according to the laws of the State of Israel.
- 4.2.2 A specializing company, whether the bidder itself or one of the bidders' shareholders, has at least 100 employees as of the bid's submission date, and its sales volume is at least NIS 100 million in the calendar year preceding the year in which the competitive process was published. It should be clarified that it is not possible to combine the number of employees and sales volumes of several specializing companies in order to meet this prerequisite.
- 4.2.3 The bidder or any of its shareholders are not limited accounts holders and are not in the process of receivership, freezing of proceedings, liquidation, etc.
- 4.2.4 The bidder meets the requirements of the Regulations for The Encouragement of Research and Development in Industry (Conditional Approvals – Minimum Wage) of 5771 (2011).
- 4.2.5 The total holdings – direct and indirect – of shareholders in a bidder that is a non-profit entity, local authority, or academic or non-academic research institution will not exceed 33% (on a fully diluted basis) and will not be the bidder's controlling shareholders together or separately.

4.3 Bid to Serve as an Innovation Laboratory

A bid to serve as an innovation laboratory will be submitted by a bidder in accordance with the dates specified in the announcement – as updates from time to time on the website – by filling out a bid form in the wording to be determined by the committee in the track's regulations and posted on the website, and such bidder will attach all the following documents to its bid (which will all be available for download on the website) cumulatively:

- 4.3.1 For the purpose of proving the bidder's compliance with the prerequisite in clause 4.2.1 – the bidder's certificate of incorporation.
- 4.3.2 For the purpose of proving the bidder's compliance with the prerequisite in clause 4.2.2 – the specializing company's authorized affidavit, certified by an attorney, according to wording to be determined by the committee in the track's regulations.
- 4.3.3 For the purpose of proving the bidder's compliance with the prerequisite in clause 4.2.3 – the bidder's authorized affidavit signature and that of each of its shareholders, certified by an attorney, that none of them has a limited account and is not in receivership, etc., according to wording to be determined by the committee in the track's regulations.
- 4.3.4 For the purpose of proving the bidder's compliance with the prerequisites as required in clause 4.2.4 – a declaration that the bidder and its controlling shareholders fulfill their obligations regarding the protection of the rights of employees employed by the bidder

under the Minimum Wage Law of 5747 (1987), and that they undertake to continue to protect these rights as stated, throughout the relevant period.

- 4.3.5 A commitment, signed by the bidder and verified by an attorney, to comply with the requirement of this incentive track according to wording to be determined by the committee in the track's regulations.
- 4.3.6 A forecast of expected sources and uses for the establishment of the innovation laboratory's technological infrastructure and ongoing operation for a period of three years, according to a format to be determined by the committee in the track's regulations.
- 4.3.7 A bidder may attach a detailed list of the confidential information in the bid and the reasons for such confidentiality, accompanied by a redacted copy of the bid, as described in clause 4.5 below.

4.4 Criteria

The committee will only examine and consider bids that have met the prerequisites according to the following criteria. Wherever it is noted that a specializing company will be considered, the specializing companies holding the bidder will be considered (in case there is more than one specializing company holding the bidder):

4.4.1 The scope and quality of the bidder's experience and that of its shareholders (20%)

The score for this criterion will be awarded based on the committee's impression of the scope and quality of the bidder's experience and that of its shareholders, considering the specializing company's holdings in the bidder, as follows:

- 4.4.1.1 Preference will be given to a specializing company with a greater number of years of experience and a greater scope of activity in the innovation laboratory's proposed field.
- 4.4.1.2 Preference will be given to a larger (global) market share of the company specializing in the proposed field of activity. The market share will be examined according to the specializing company's proposed area of activity. In other words, a higher score will not be given for a larger overall market size.
- 4.4.1.3 Preference will be given to a specializing company with a higher volume of research and development (R&D) expenses in the last three years in general and the last calendar year in particular.

4.4.2 The bidder's added value and that of its shareholders (40%)

The score for this criterion will be awarded based on the committee's impression of the bidder's expected added value and that of its shareholders to the laboratory companies, considering the specializing company's holdings in the bidder, as follows:

- 4.4.2.1 Preference will be given to a higher-quality technological infrastructure made available to the laboratory companies, whether an existing infrastructure or a future one, and especially infrastructures unavailable in Israel at the entrepreneurs' bid submission date.

- 4.4.2.2 Preference will be given to a program that will show a stronger planned mutual influence between the specializing company and laboratory companies, including a detailed presentation of the implementation of the Open Innovation Model through the innovation laboratory.
- 4.4.2.3 Preference will be given to a program that will offer broader, more varied, and higher-quality support to laboratory companies based, among other things, on the specializing company's R&D personnel's expected scope and level of contribution to the laboratory companies.
- 4.4.2.4 Preference will be given to an innovation laboratory manager with more relevant experience in the proposed field of activity, including with start-up companies.

4.4.3 Business Plan (25%)

The score for this criterion will be awarded based on the committee's impression of the bidder's business plan, its scope, quality, and feasibility.

- 4.4.3.1 Preference will be given to a bid demonstrating a stronger alignment and business and strategic partnerships between the bidder and its shareholders with Israel's innovation ecosystem in the innovation laboratory's proposed field of activity.
- 4.4.3.2 Preference will be given to a larger number of annual projects planned for the innovation laboratory.
- 4.4.3.3 Preference will be given to a higher-quality marketing plan for attracting laboratory companies.
- 4.4.3.4 Preference will be given to a detailed and high-quality plan for building an innovation ecosystem in Israel in the innovation laboratory's proposed activity area of activity.
- 4.4.3.5 Preference will be given to unique areas of activity in Israel that lack technological infrastructure for entrepreneurs.
- 4.4.3.6 Should it be decided to give preference to a manufacturing company according to that stated in clause 4.1.2 above, the preference will be stated as part of this criteria.

4.4.4 Committee Members' General Impression (15%)

The score for this criterion will be awarded based on the committee members' general impression of the bidder and bid. The committee may invite the bidders to present the bid to the committee members, according to the guidelines to be published by the committee to all bidders in the competitive process.

4.5 The Right to Review the Winning Bid and Committee's Protocol

- 4.5.1 Upon submitting the bid, a bidder who believes that parts of their bid include confidential trade and/or business information (hereinafter: "confidential information") which, in their opinion, should not be reviewed by other bidders in the competitive process, will:

- 4.5.1.1 Provide a detailed list of their bid's confidential information and explain their rationale;
- 4.5.1.2 Attach to the bid a copy (both in *Word* and PDF) to be presented to the other bidders, which includes only the parts which they agree to disclose to other bidders – in other words, with their bid's confidential information clearly and unambiguously crossed out. For the avoidance of doubt, do not remove parts of the bid; instead, cross out confidential information.
- 4.5.2 A bidder who did not mark parts of their bid as confidential will be deemed to have agreed to submit the entire bid to other bidders' review if they are declared a winner in the competitive process. Marking parts of a bid as confidential constitutes an admission that such parts of the bid are also confidential in other bidders' bids, and therefore the bidder waives the right to inspect such parts of other bidders' bids in advance.
- 4.5.3 A bidder wishing to review the competitive process documents (hereinafter: "the petitioner") will submit a request to the Innovation Authority within 10 business days from the date of the committee's notification about its decision about the winner/s of the competitive process in which they participated.
- 4.5.4 Discretion regarding the scope of the petitioner's right to inspection belongs solely to the committee. Should the committee decide to allow the review of certain parts specified in the winning bid, although they are specified as confidential, the committee will notify the winner and allow them to appeal this within a period appropriate to the matter's circumstances, at its discretion. Should the committee decide to reject the winner's appeal, the committee will notify the winner thereof before giving the material to the petitioner for review.
- 4.5.5 The committee will allow the petitioner to review only the materials permitted for review, as defined below, within the scope to be determined by it, within 30 business days from the date of receiving the review request.
- 4.5.6 The committee may extend the said period, by reasoned decision to be sent to the petitioner within the said period, if the requested information's scope or complexity requires an extension. The extension will not exceed the period required for the said reasons, and in any event will not exceed 45 business days.
- 4.5.7 For the purposes of this clause, the documents permitted for review refer to the protocol of the committee for selecting bidders for operating an innovation laboratory and the documents of the selected bid/s in the competitive process in which the petitioner participated.
- 4.5.8 The right of review will not apply to parts of the winning bid and/or the committee's protocol which constitute information that is not to be transmitted or that which is not obligated to be transmitting according to the terms of clause 9 of the Freedom of Information Law of 5758 (1998).

5 The Letter of Approval and the Concession Period

- 5.1 The selected bidder in the competitive process will be notified of the approval and required to sign a letter of undertaking in the wording to be determined by the

committee. Confirmation of the selection will come into effect after the signing of the said undertaking and the issuance of a letter of approval by the Innovation Authority to the bidder who won the competitive process.

- 5.2 Notwithstanding the terms of clause 5.1 above, if the selected bidder does not begin to fulfill its obligations within six months from the date of the committee's decision on the selection according to the incentive track, and after the selected bidder has received a letter regarding its failure to fulfill its obligations and has not corrected the defect as required by the committee within 45 days from the date of the letter, the committee may, at its sole discretion, cancel the selection or choose an alternative bidder who was ranked after it in the competitive process, according to the competitive process's ranking order.
- 5.3 The concession period will be 3 years from the date of the letter of approval, excluding the following cases:
 - 5.3.1 The concession period for operating a Digital Health Technology Innovation Laboratory, in accordance with Appendix C to this incentive track, will be 5 years from the date of the letter of approval.
 - 5.3.2 The concession period for operating a Bio Convergence Technology Innovation Laboratory, in accordance with Appendix D to this incentive track, will be 5 years from the date of the letter of approval.

6 The Selected Innovation Laboratory's Obligations

- 6.1 To act toward creating laboratory projects or locating existing projects, and then examine and select suitable projects for execution in the innovation laboratory.
- 6.2 To admit laboratory companies approved by the committee, assist them during their execution period in the formulation and testing of the product (technological feasibility), feasibility testing and marketing preparations, and pilot execution, according to the laboratory project's needs and milestones set by the committee.
- 6.3 To provide laboratory companies in their execution period with access to a unique technological infrastructure, knowledge, and expertise toward their success.
- 6.4 To provide laboratory companies in their execution period with existing technological infrastructures or build infrastructures for them as determined by the committee according to the incentive track's regulations, all according to the bid presented as part of the competitive process. The innovation laboratory will operate on one site only and be entitled to a grant for this activity, as specified in clause 7 below. At the same time, a variety of existing infrastructures in Israel or abroad can be made available to the laboratory companies, at the innovation laboratory's discretion.
- 6.5 To provide professional and technical guidance to the laboratory companies during their execution period by the specializing company's R&D or the innovation laboratory's personnel. In exceptional cases, in which unique services will be needed, that are not available in the innovation laboratory, it will be possible to hire an external supplier to fulfill this requirement, subject to prior approval by the committee. The reasons for such an approval will be recorded in the committee's protocol.

- 6.6 To appoint a dedicated liaison (champion) with relevant experience to serve as the innovation laboratory's director, whose role will be to mediate between laboratory companies in their execution period and the relevant units in the specializing company, and the existing ecosystem in the relevant industry.
- 6.7 If necessary – to provide laboratory companies in their execution period and their entrepreneurs with a workspace.

7 The Grant and the Selected Innovation Laboratory's Rights

7.1 The innovation laboratory selected by the committee will be entitled to a grant from the Innovation Authority for the purpose of covering the recognized expenses of setting up a technological infrastructure, at the rate of 33% of the total recognized expenses or 50% for a laboratory located in the periphery, in the amount of up to NIS 4 million during the concession period.

Notwithstanding the above -

7.1.1 The ceiling of the grant mentioned in clause 7.1 above in regards to a Digital Health Technology Innovation Laboratory under Appendix C of this incentive track shall be NIS 6 million.

7.1.2 The ceiling of the grant mentioned in clause 7.1 above in regards to a Bio Convergence Technology Innovation Laboratory under Appendix D of this incentive track shall be NIS 6 million.

7.2 The technological infrastructure to be established under clause 7.1 above will be used for collaboration with entities such as industrial and start-up companies (including laboratory companies).

7.3 In addition, for the sake of operating the innovation laboratory, the Innovation Authority will grant up to NIS 500,000 per year or 50% of the total recognized expenses, whichever is lower, in order to cover the recognized expenses of operating the selected innovation laboratory. Notwithstanding the above,

7.3.1 The ceiling of the grant mentioned in clause 7.3 above in regards to a Digital Health Technology Innovation Laboratory under Appendix C of this incentive track shall be NIS 1 million.

7.3.2 The ceiling of the grant mentioned in clause 7.3 above in regards to a Bio Convergence Technology Innovation Laboratory under Appendix D of this incentive track shall be NIS 1 million.

For the avoidance of doubt, it is hereby clarified that the grant from the Innovation Authority pursuant to this clause will be in addition to the grant from the Innovation Authority provided for the establishment of the technological infrastructure as specified in clause 7.1 above.

7.4 The grant payments to the innovation laboratory that has been selected by the committee will be made in accordance with the incentive track's regulations.

7.5 The transfer of the grant payments from the Innovation Authority for the recognized expenses will be made after the supplementary financing for such expenses has been transferred and in accordance with the incentive track's regulations.

8 Principles of Laboratory Project Support

8.1 An entrepreneur wishing to carry out a laboratory project will approach the selected innovation laboratory, which has received written confirmation from this incentive track, and submit a request for a laboratory project. If it is interested in the laboratory project, the innovation laboratory will request approval from the Innovation Authority for the project to be recognized as a laboratory project, together with the entrepreneur.

8.2 The request will be submitted on a special form, in compliance with the procedures set by the committee from time to time, accompanied by any additional documents requested by the committee or anyone authorized by it to do so. The request form and attached documents will be available for download on the website.

8.3 The request will be examined by a professional examiner on behalf of the Innovation Authority and be brought for discussion by the committee.

8.4 The committee will make a decision regarding the request's approval or rejection according to the following criteria:

8.4.1 The degree of technological innovation and depth;

8.4.2 Technological feasibility;

8.4.3 The product's business potential, including in the global market;

8.4.4 The abilities of the laboratory company staff and the contribution of the innovation laboratory to the success of the company;

8.4.5 Return for the economy and the potential for establishing an independent company in Israel.

8.5 Any laboratory project approved by the committee will be notified of this and required to sign a letter of undertaking in a format to be determined by the committee, including a requirement that it be registered in Israel as a private company according to the laws of the State of Israel prior to commencing operation in the innovation laboratory. The approval will enter into force after the signing of the said letter of undertaking and the issuance of a letter of approval by the Innovation Authority to the laboratory company as aforesaid.

8.6 The laboratory project will be carried out by the company incorporated as stated in clause 8.5 above; however, the company is entitled to use sub-contractors for various activities at a rate and according to regulations to be determined by the committee for this purpose.

8.7 The execution period for a laboratory project will be no more than 12 months, excluding in the following circumstances:

8.7.1 For a laboratory project, in cooperation with the digital health innovation laboratory, under Appendix C to this incentive track – no more than 24 months.

- 8.7.2 For a laboratory project, in cooperation with the bio convergence innovation laboratory, under Appendix D to this incentive track – no more than 24 months.
- 8.7.3 Notwithstanding the above, the committee may extend the execution period over 24 months in accordance with the committee's powers set forth in clause 3.3.8 above.
- 8.8 The approved budget for a laboratory project will be no more than NIS 1 million for the execution period, excluding in the following circumstances:
 - 8.8.1 For a laboratory project, in cooperation with the FinTech and Cyber innovation laboratory, under Appendix A to this incentive track – no more than half a million NIS.
 - 8.8.2 For a laboratory project, in cooperation with the digital health innovation laboratory, under Appendix C to this incentive track – no more than NIS 3 million.
 - 8.8.3 For a laboratory project, in cooperation with the bio convergence innovation laboratory, under Appendix D to this incentive track – no more than NIS 3 million.
- 8.9 The payment manner and dates for a laboratory project approved by the committee will be according to regulations established for this purpose in the Incentive Track.
- 8.10 A laboratory company may apply for an additional execution period to continue developing the laboratory project. For the removal of any doubt, the program under the incentive track will not exceed to execution periods.
- 8.11 The Innovation Authority's participation in financing a laboratory project through a grant from the Innovation Authority will be in the rate of 85% of the total recognized expenses up to the ceiling of the approved grant for the first execution period and 50% of the total recognized expenses up to the ceiling of the approved grant for the additional execution period.
- 8.12 The transfer of grant payments from the Innovation Authority for recognized expenses will take place after the supplementary financing for those expenses has been transferred, and according to regulations to be determined by the committee..

9 Reevaluation

- 9.1 The committee will reevaluate any decision it has made if, within 45 days from receiving notice of the decision, the person regarding whom the committee made the said decision submits a written reasoned request for a reevaluation.
- 9.2 Submitting a request for a reevaluation is subject to a fee according to the regulations determined for this matter under the Innovation Law.
- 9.3 A request for reevaluation will be submitted on a special form of the Innovation Authority, accompanied by additional documents as requested by the committee or anyone authorized by it to do so. The reevaluation request form will be available for download on the website.

10 Knowledge and Production

Except as specified in clause 11 (Rights to Knowledge Developed in a Laboratory Project), the instructions, regulations, rules, and procedures of the Innovation Law publicized by its authority, and the terms of the Innovation Authority's Incentive Track 1 – R&D Funding – and the regulations and rules prescribed by its authority will apply to the Innovation Authority's grant and the assistance granted under this track incentive and its sub-tracks, for the purpose of:

- 10.1 Ownership of knowledge derived from R&D under the approved plan and any right deriving from it.
- 10.2 Manufacturing in Israel and the obligation not to transfer production outside of Israel without the research committee's prior approval.
- 10.3 The obligation not to transfer knowledge or rights deriving from the knowledge developed as part of an approved plan to another, in Israel or abroad, without the research committee's prior approval.

11 Rights to Knowledge Developed in a Laboratory Project

- 11.1 With respect to the knowledge developed as part of the laboratory project (hereinafter: "the new knowledge"), the new knowledge and the rights deriving from it will be wholly and exclusively owned by the laboratory company, including intellectual property rights. However, the committee may authorize the laboratory company to grant the innovation laboratory or any of its shareholders a non-exclusive license to use the new knowledge, or to approve joint ownership of the new knowledge, in a scope not exceeding 50% for the innovation laboratory or for the specializing company, according to regulations to be determined by the committee, as long as use of the new knowledge by the innovation laboratory or specializing company does not violate the laboratory company's right to use all or part of the new knowledge.
- 11.2 The terms of Incentive Track 1 – R&D Funding and the Innovation Law – in the context of the preservation of knowledge and production rights in Israel or abroad and the transfer of the knowledge or rights deriving from it outside of Israel, will apply to grants under this incentive track, once the necessary changes have been made, including the innovation laboratory or specializing company (if incorporated in Israel and operates according to the laws of the State of Israel) if it owns the new knowledge, as described above.

12 Royalties

- 12.1 In respect of the grant granted to the innovation laboratory as part of the incentive track, no royalties will be required.
- 12.2 In connection with the grant to the laboratory company, the applicable rules of royalties in this incentive track are the rules set out in Incentive Track 1 – R&D Funding – of the Innovation Authority in relation to royalties. It is clarified that these rules shall apply in relation to any of the sub-tracks unless determined otherwise in such sub-track.

13 Cancellation or Termination of Support

- 13.1 Should one or more of the following cases occur, the committee will consider it a fundamental breach of the incentive track's terms and may decide on any action described in the Innovation Law, including the provisions of Chapter H of the Law:
- 13.1.1 The innovation laboratory or the laboratory company did not comply with this incentive track's terms, committee's decision, letter of approval, letter of undertaking, incentive track's regulations, or any other condition that it is required to comply with.
 - 13.1.2 Providing false data as part of submitting a bid to serve as an innovation laboratory or a request to finance a laboratory project concerning this incentive track or after submitting the bid.
- 13.2 Anyone required to return a grant granted to them, in whole or in part, will comply with the requirement within ninety days of the notice's date or by a later date prescribed in the notice, plus linkage and interest differentials as defined in the Adjudication of Interest and Linkage Law of 5721 (1961).

14 Entitlement to Other Innovation Authority Incentive Tracks

- 14.1 The receipt of a grant from the Innovation Authority for the establishment and operation of an innovation laboratory as part of this incentive track does not prevent the selected innovation laboratory or specializing company from submitting a request and receiving a grant as part of another Innovation Authority incentive track, provided that a grant received in such other tracks is given for components different from those defined in this incentive track and is approved by the committee as part of this incentive track.
- 14.2 The receipt of a grant or incentive by a laboratory company for a laboratory project will not prevent the continuation of assistance from the Innovation Authority for the development of the knowledge due to which the incentive of this incentive track was gained.
- 14.3 Entitlement to a grant or incentive will apply only to those who have not received and are not receiving any additional incentive or financial assistance from the Innovation Authority or the State for the execution of the laboratory project or parts thereof, for which the grant was received under this incentive track.

15 Supervision and Monitoring

The recipient of a grant under this incentive track undertakes to allow the Innovation Authority or anyone acting on its behalf (including external parties), to review its activities at any time, on dates and conditions determined by them, and act according to the Innovation Authority's terms as determined from time to time.

16 Budget

- 16.1 It is hereby clarified that the Innovation Authority may update the amounts specified in this Incentive Track's terms from time to time.
- 16.2 The provision of assistance and operation of this incentive track are subject to the budget's approval each year, budget limitations, and budget approved for this incentive track.
- 16.3 If the Innovation Authority's budget is not yet approved on the allocation date, approval of the grant will be subject to the existence of a budget in the appropriate budgetary regulation and no final decision will be made regarding the approved grant until after approval of the State budget by the relevant parties.
- 16.4 Approval of a laboratory project will be according to the amounts allocated to it in the Innovation Authority's budget and at the committee's discretion.
- 16.5 In any case, this incentive track should not be considered as an undertaking by the Innovation Authority to enter competitive procedures at any time, approve projects, or transfer any payment.

17 Miscellaneous

- 17.1 The terms of the Innovation Law, the regulations, rules, procedures, provisions and terms prescribed thereunder (if and to the extent prescribed) will apply to the incentive track pursuant to these terms, once the necessary changes have been made.
- 17.2 The incentive track's regulations and rules, as determined and published from time to time by the committee, are an integral part of this incentive track. If there is a contradiction between the provisions of this incentive track and such regulations and rules, the terms of this incentive track will prevail.
- 17.3 Regulations, rules, announcements, etc., determined in relation to this incentive track will be posted on the website.
- 17.4 The committee does not undertake to approve any request or bid, including a request to approve a laboratory project.
- 17.5

18 Commencement

This incentive track's terms were amended on February 4th 2020 and shall replace those dated August 8, 2019.

Appendix A

Sub-Track A: A FinTech And Cyber Technology Innovation Laboratory

1 General

The terms of Incentive Track 29 – The Technological Innovation Laboratory Program (hereinafter: “the incentive track”) will apply to Sub-Track A – A FinTech and Cyber Technology Innovation Laboratory (hereinafter: “the sub-track”).

2 The Sub-Track’s Purpose

- 2.1 The sub-track is a joint track of the Innovation Authority, the Israel National Cyber Directorate of the Prime Minister’s Office (hereinafter: “the National Cyber Directorate”), and the Cyber Security and Emergency Department of the Ministry of Finance (hereinafter: “the Cyber Security and Emergency Department” and “the partners” respectively), which aims to promote the establishment of a FinTech and cyber innovation laboratory.
- 2.2 The National Cyber Directorate operates the National CERT (Computer/Cyber Emergency Response Team) in the city of Be’er-Sheva. The National CERT, which was established in collaboration with the Israeli industry (civil and security) and the international industry, enables the formulation of a current situation and management of cyber events in real-time.
- 2.3 As part of the National CERT, the Cyber and Finance Continuity Center (hereinafter: “the Center”) was established, which is managed by the National Cyber Directorate and the Cyber Security and Emergency Department, and is experienced in cyber protection of financial processes and institutions throughout the country, specializing in financial processes, requirements and standards in the financial system, as well as cyber threats to the financial market. In addition, this Center is linked, as part of the National CERT, to dozens of CERTs worldwide, centers that integrate financial technologies (fusion centers), and commercial entities in the cyber and financial sectors.
- 2.4 The Cyber Security and Emergency Department has connections to key local and international entities, including financial and regulatory organizations, guidance and supervision entities, and government ministries that have unique information and an in-depth familiarity with financial institutions, access to relevant research and information from national entities, as well as connections to academia.
- 2.5 The sub-track’s objectives are to create an international leadership in the field that combines FinTech and cyber (FinSec), and for the sake of leveraging and making available the knowledge and experience accumulated in the Center and the partners’ connections, for the benefit of entrepreneurs and start-up companies, it was decided to establish an innovation laboratory in this field (hereinafter: “the FinSec laboratory”); strengthening cyber aspects of Israel’s financial market, encouraging growth and competition in the domestic financial market, and encouraging foreign investments.
- 2.6 The following will replace clause 1.3 of the incentive track: “The FinSec laboratory will be established and operated by a technological corporation with a unique technological infrastructure, knowledge, and expertise in Israel and abroad in computerization and infrastructure.”

3 Definitions

In this sub-track, the following terms will be defined as follows, even if stated otherwise in the body of the incentive track.

3.1 "Financial Entity"

One or more of the following:

- 3.1.1 A "banking corporation," as this term is defined in clause 1 of the Banking (Licensing) Law of 5741 (1981);
- 3.1.2 A "liquidator," as this term is defined in clause 36I of the Banking (Licensing) Law of 5741 (1981);
- 3.1.3 An "insurer," as this term is defined in clause 1 of the Financial Services Control (Insurance) Law of 5741 (1981).

3.2 "The City of Be'er-Sheva"

As defined by the Ministry of Interior.

3.3 "Specializing Company"

(1) A technological corporation, whether legally incorporated and operating according to the laws of the State of Israel or not, with a unique technological infrastructure, knowledge, and expertise in Israel or abroad in computerization and infrastructure, and has knowledge and expertise in Israel or abroad in the finance and/or cyber sectors.

or

(2) a financial entity as defined in clause 3.1 above.

4 Committee Composition

As part of this sub-track, the following members will be part of the committee as described in clause 3 of the incentive track:

- 4.1 The Head of the National Cyber Directorate or a representative appointed by them – a member;
- 4.2 The Head of the Cyber Security and Emergency Department or a representative appointed by them – a member.

5 Prerequisites

5.1 The following will replace that stated in clause 4.2.2 of the incentive track:

"A specializing company, whether the bidder themselves or one of the bidder's shareholders, has at least 500 employees as of the bid's submission date, and its sales volume is at least NIS 1 billion in the calendar year preceding the year in which the competitive process was published. It should be clarified that it is not possible to combine several specializing companies in order to meet this prerequisite."

5.2 As part of this sub-track, an additional prerequisite will be added to the prerequisites specified in clause 4.2 of the incentive track: The bidder is held, whether directly or indirectly, by at least one financial institution that has infrastructure in one or more of the following areas: banking, securities, credit, clearing, and insurance.

In order to prove the financial institution's compliance with this prerequisite – an affidavit of the financial entity's authorized signatory according to wording to be determined by the committee in the incentive track's regulations.

6 Criteria

6.1 To the first paragraph of clause 4.4, it will be added that where the specializing companies holding the bidder are examined, the financial entities will also be examined.

6.2 As part of this sub-track, the following clause will be added to the criterion "The Bidder's Added Value and That of Its Shareholders" specified in clause 4.4.2 of the incentive track:

4.4.2.5 "Preference will be given to a program that will commit to making financial information more comprehensive and diverse."

6.3 As part of this sub-track, clause 4.4.3.6, which is under the "Business Plan" criterion specified in clause 4.4.3 of the incentive track will not be examined.

7 The Selected FinSec Laboratory's Obligations

As part of this sub-track, the following five obligations will be added to the selected innovation laboratory's obligations as detailed in clause 6 of the incentive track:

7.1 To establish the FinSec laboratory in the city of Be'er-Sheva.

7.2 To admit cyber and FinTech laboratory companies (for example, financial system security, blockchain technology, credit transaction clearing, InsureTech, etc.), which were approved by the committee.

7.3 To assist laboratory companies during their execution period, including proving the technological concept, implementation, technological and business testing, proof of feasibility, pilot execution, etc., in order to ensure the product's suitability to dealing with cyber threats according to the financial sector's requirements, make available a financial infrastructure and systems, and adapt it to regulation, all according to the laboratory project's needs and milestones set by the committee.

7.4 To make available to the laboratory companies, as much as possible, the services detailed in clause 8 below, according to their needs.

7.5 To act in coordination with the contact person from the Cyber Security and Emergency Department regarding delegations, visits, and conferences.

8 The Grant and The Selected FinSec Laboratory's Rights

As part of this sub-track, the following five clauses will be added to the grant and the selected innovation laboratory's rights, as detailed in clause 7 of the incentive track:

- 8.1 The Center will, to the extent possible, make accessible civil information approved for publication and sharing for the benefit of the FinSec laboratory and the laboratory companies according to their needs, including sharing information – including analyses of data and information on cyber-attacks and intelligence – advice, and lecturers with the laboratory depending on their availability, sharing of information and technologies, information on PT infrastructure and capabilities, processes, regulation, and data existing in the Center. Collaboration between the FinSec laboratory and the Center for this purpose will enable the development of professional working interfaces and exchange of knowledge in short circuits, in order to enable development and innovation adapted to the dynamic challenges on this topic. It is clarified that the exact nature of the work interfaces will be defined according to the operational characteristics and operational and legal limitations resulting from the National Cyber Directorate’s characteristics as an entity responsible for cyber protection, and the rights of third parties to the information.
- 8.2 The National Cyber Directorate and the Cyber Security and Emergency Department will assist the FinSec laboratory and laboratory companies in connections to international governmental and financial entities, financial infrastructure providers, and regulators in Israel and abroad, subject to any law. In addition, they will help promote the FinSec laboratory as a knowledge and innovation center in the financial cyber sector.
- 8.3 The unique services will be made accessible to the FinSec laboratory through a contact person from the Cyber Security and Emergency Department who will operate on its behalf in the FinSec laboratory to ensure continuous communication.
- 8.4 The Cyber Security and Emergency Department contact person will present the public sector’s FinTech and cyber needs to the FinSec laboratory on a non-exclusive basis. Based on the needs presented, the FinSec laboratory will be able to publish calls for proposals to start-up companies in the relevant focus areas. For the avoidance of doubt, the FinSec laboratory will be entitled to admit laboratory companies in subjects that are not included in these calls for proposals, subject to the terms of the incentive track, sub-track, and relevant regulations.
- 8.5 Joint activity between the National Cyber Directorate, the National CERT, and the Center – and the FinSec laboratory and laboratory companies will be conducted in a manner that will not endanger the operational activities of these entities and their responsibility for cyber protection, all at the discretion of the Head of the National Cyber Directorate or anyone acting on their behalf. In addition, access to information from the National CERT and the Center will be provided exclusively according to the National Cyber Directorate’s rules and discretion, while balancing the FinSec laboratory and laboratory companies’ needs with not violating the National Cyber Directorate’s commitments.

9 Commencement

This sub-track will commence on January 7, 2019. The provisions of the sub-track were amended on February 4th 2020.

Appendix B

Sub-Track B: An Environmental Protection and Sustainability Technology Innovation Laboratory

1 General

The terms of Incentive Track 29 – The Technological Innovation Laboratory Program (hereinafter: “the incentive track”) will apply to Sub-Track B – An Environmental Protection and Sustainability Technology Innovation Laboratory (hereinafter: “the sub-track”), unless explicitly stated otherwise in the body of the sub-track.

2 The Sub-Track’s Purpose

- 2.1 The sub-track is a joint track of the Israel Authority for Technological Innovation (hereinafter: “the Innovation Authority”), Israel Ministry of Environmental Protection, and Ministry of Economy and Industry (hereinafter: “the Ministry of Economy” and “the partners” accordingly), which is intended to promote the establishment of an environmental protection and sustainability technology innovation laboratory (hereinafter: “Environmental Protection and Sustainability Technology Innovation Laboratory”).
- 2.2 The Ministry of Environmental Protection works to reduce and prevent pollution and environmental risks, while reducing economic and social gaps, in order to improve the country’s residents’ health and protect their lives in the present and future. Among other things, the Ministry of Environmental Protection is charged with regulating the matter of environment as it relates to businesses and factories concerning legislation within its authority for the purpose of protecting public health, the environment, and natural resources.
- 2.3 The Ministry of Economy is responsible for advancing the Israeli economy, developing human capital, and encouraging industry, investments, and competition. The Ministry of Economy is responsible, among other things, for increasing growth by promoting R&D as a tool for developing a high-tech industry, improving the Israeli economy’s competitiveness and promoting international economic activity, and improving government regulation.
- 2.4 The partners have identified a need to establish an environmental protection and sustainability technology innovation laboratory considering the growing environmental challenges in Israel and worldwide that require the development and implementation of technological solutions in the environmental protection sectors intended for industry.
- 2.5 These solutions will be created by encouraging the development of innovative ideas with high global potential in the environmental protection technologies sectors and encouraging collaboration between start-up companies and corporations, in order to improve the competitive and environmental performance of these entities and the environmental protection technology sector in Israel. These collaborations will encourage business growth in the economy, establishment of projects in the environmental protection and foreign investment sectors, alongside improved environmental protection, thereby contributing to the strengthening and advancement of the Israeli economy.
- 2.6 The following will replace clause 1.3 of the incentive track: “The Environmental Protection and Sustainability Technology Innovation Laboratory will be established and operated by a

corporation with a unique technological infrastructure, knowledge, and expertise in Israel or abroad in the environmental protection sectors.”

3 Definitions

In this sub-track, the following terms will be defined as follows, even if stated otherwise in the body of the incentive track.

3.1 “Specializing Company”

A technological corporation, whether legally incorporated and operating according to the laws of the State of Israel or not, which has a unique technological infrastructure, knowledge, and expertise in Israel or abroad in environmental protection technologies.

3.2 “Manufacturing Industry Company”

A specializing company that physically or chemically transforms materials or components into new products, using machinery.

3.3 “Environmental Protection Technologies”

Technologies that reduce pollution and environmental risks, and include, among other things, the following areas, which will be approved by the committee: reducing air pollution from industry, transport, and fires in open areas; preventing and reducing pollution and hazards from hazardous substances, asbestos, and pesticides; optimizing manufacturing processes and cleaner manufacturing processes, for reducing pollutant emissions and/or streamlining resources; treating and cleaning contaminated environments, such as contaminated water and soil; advanced materials and material testing methods; controlling and reducing hazards – noise, vibration, odor; monitoring and controlling pollution at its source and in the environment; developing and producing environmentally friendlier products, such as green construction; developing environmental services such as waste management, water resource management, and wastewater management; material recycling and reuse; clean energy production and storage; energy efficiency; pollution treatment process computerization and control; and more.

3.4 “Research Institution”

All the following:

- 3.4.1 An institution, including a hospital, that carries out academic R&D activities in a scientific or technological field, including the said institution’s commercialization company;
- 3.4.2 A recognized institution of higher education as defined in the Council for Higher Education Law of 5718 (1958), including the said institution’s commercialization company;
- 3.4.3 A government research institution that carries out academic R&D activities in a scientific or technological field, including the said institution’s commercialization company.

3.5 “Process Industry”

An industry characterized by the physical or chemical transformation of materials or components into new products, using automation.

4 Committee Composition

As part of this sub-track, the following members will be part of the committee:

- 4.1 A representative of the Ministry of Environmental Protection appointed by the Director General of the Ministry of Environmental Protection – a member;
- 4.2 An employee of the Industrial Administration in the Ministry of Economy appointed by the Director General of the Ministry of Economy – a member.

5 Prerequisites

The following will replace that stated in clause 4.2.2 of the incentive track:

“A specializing or manufacturing industry company, whether the bidding entity itself or one of the bidders’ shareholders, employs at least 100 employees as of the bid’s submission date, and its sales volume is at least NIS 100 million in the calendar year preceding the year in which the competitive process was published. It should be clarified that it is not possible to combine several specializing companies in order to meet this prerequisite.”

6 Criteria

- 6.1 As part of this sub-track, the following clause will be added to the criterion “The Bidder’s Added Value and That of Its Shareholders,” specified in clause 4.4.2 of the incentive track:

“Preference will be given to a joint bid by a specializing company and a manufacturing industry company, or to a bidder that meets the definitions of both a specializing company and a manufacturing company.”

- 6.2 As part of this sub-track, clauses 4.4.3.5 and 4.4.3.6 under the “Business Plan” criterion specified in clause 4.4.3 of the incentive track, will not be examined. The following clauses will replace them respectively.

- 6.2.1 Preference will be given to an environmental protection and sustainability technology innovation laboratory that will address the activity of a process industry with high environmental pollution potential located in proximity to population centers.
- 6.2.2 Preference will be given to an environmental protection and sustainability technology innovation laboratory that will create a strategic partnership with an academic research institution specializing in engineering and the environment, which will enable the identification of development opportunities in energy and the environment, and create mechanisms for collaboration between various entities operating in the innovation ecosystem.

7 An Environmental Protection and Sustainability Technology Innovation Laboratory’s Obligations

As part of this sub-track, the following will be added to the selected environmental protection and sustainability technology innovation laboratory’s obligations in clause 6 of the incentive track:

- 7.1 To assist laboratory companies in proving feasibility, in order to ensure that the product conforms to environmental and sustainability challenges according to regulations set by the Ministry of Environmental Protection, to make the infrastructure accessible and adapt it to regulation, all according to the laboratory project's needs and milestones set by the committee.
- 7.2 To make available to the laboratory companies, as much as possible, the services specified in clause 8 below, according to their needs.

8 The Grant and The Environmental Protection and Sustainability Technology Innovation Laboratory's Rights

As part of this sub-track, the following clauses will be added to the grant and selected innovation laboratory's rights, as detailed in clause 7 of the incentive track:

- 8.1 The Ministry of Environmental Protection will make available, to the extent possible, data and information approved for sharing, for the benefit of the environmental protection and sustainability technology innovation laboratory and laboratory companies regarding environmental protection challenges, environmental licensing requirements, and emissions data. This collaboration between the environmental protection and sustainability technology innovation laboratory and the Ministry of Environmental Protection will enable the development of professional work interfaces and knowledge exchanges.
- 8.2 If necessary, the Ministry of Environmental Protection will grant the environmental protection and sustainability technology innovation laboratory and laboratory companies, regulatory guidance in licensing procedures insofar as the regulation under the jurisdiction of the Ministry of Environmental Protection is concerned, according to the Ministry of Environmental Protection's "procedure for handling a pilot facility for an environmental environment requiring environmental licensing" (from January 31, 2018), as in effect from time to time.
- 8.3 The Ministry of Environmental Protection will provide a contact person for the environmental protection and sustainability technology innovation laboratory's benefit, for the purpose of making information and regulatory guidance available, as stated in clauses 8.1 and 8.2 above.
- 8.4 The Ministry of Economy and the Ministry of Environmental Protection will assist the environmental protection and sustainability technology innovation laboratory and laboratory companies, as much as possible, in creating and strengthening relations with government entities and international organizations. In addition, they will assist, to the extent possible, in advancing the environmental protection and sustainability technology innovation laboratory as a knowledge and innovation center for the industry.

9 Commencement

This sub-track commenced on January 7, 2019. The provisions of this sub-track were amended February 4th 2020.

Appendix C

Sub-Track C: A Digital Health Technology Innovation Laboratory

1 General

The terms of Incentive Track 29 – The Technological Innovation Laboratory Program (hereinafter: “the incentive track”) will apply to Sub-Track C: A Digital Health Technology Innovation Laboratory (hereinafter: “the sub-track”), with the necessary changes, unless explicitly stated otherwise in the body of the sub-track.

2 The Sub-Track’s Purpose

- 2.1 The sub-track is a joint track of the Israel Authority for Technological Innovation (hereinafter: “the Innovation Authority”) and the Headquarters of the National Digital Israel Initiative at the Ministry of Social Equality (hereinafter: “the Digital Israel Headquarters”) (collectively “the partners”), which aims to promote the establishment of a digital health technology innovation laboratory (hereinafter: “digital health technology innovation laboratory”).
- 2.2 The partners have identified a need to establish a digital health technology innovation laboratory, with an emphasis on biotechnological solutions, in view of the challenges facing this sector in Israel and around the world. The laboratory’s aim is to leverage Israel’s long-standing scientific excellence in computational biology, unique medical and genomic sources of information, leadership in information technology, computational and artificial intelligence, and advanced healthcare system for the development of innovative biotechnological solutions that will integrate artificial intelligence processes for fruitful collaboration in Israel and worldwide.
- 2.3 These solutions will be created by encouraging the development of computational technologies designed to develop biotechnological solutions with high global business potential and encouraging collaboration between start-ups and corporations in order to upgrade the competitive advantage of start-ups and corporations in these sectors in Israel. These collaborations will help establish and develop new ventures, encourage foreign investment, and innovation in the Israeli health system, thereby contributing to the strengthening and advancement of Israel’s economy and public health.

3 Definitions

In this sub-track, the following terms will be defined as follows, even if stated otherwise in the body of the incentive track.

- 3.1 “Specializing Company” – one of the following:

(1) a biotechnological company

or

(2) a technological corporation

3.2 “Biotechnology Company”

A corporation that researches, develops, manufactures, and markets biotechnological solutions and possesses a unique technological infrastructure, knowledge, and expertise in Israel or abroad in industry, whether legally incorporated in the State of Israel or not.

3.3 “Technological Corporation”

A corporation whose main activity is researching, developing, and manufacturing technology or providing technology as a service, such as electronic products, software, internet-based services, including electronic commerce, whether legally incorporated in the State of Israel or not.

3.4 “Health Organization”

Any institution in which medical and research activities are conducted, including various types of hospitals, health funds, clinics, medical institutions, and service providers, operating by law in the State of Israel or in the country of its activity.

3.5 “Research Institution”

All the following:

- 3.5.1 A recognized institution of higher education, as defined in clause 4 of the Innovation Law;
- 3.5.2 A governmental research institution in Israel or abroad, in which academic R&D activities in the science or technology sectors are conducted, including the said institution’s commercialization company.

3.6 “Investor”

A profit-making entity that invests some of its funds in high-risk computational biology and biotechnology projects and companies.

4 Committee Composition

As part of this sub-track, the following member will be added to the committee composition as described in clause 3 of the incentive track:

- 4.1 The Head of the Digital Israel Headquarters or a person appointed by them – a member.

5 Criteria

- 5.1 As part of this sub-track, the following sub-clause will be added to the criterion “Scope and Quality of The Bidder’s Experience and That of Its Shareholders,” as set out in sub-clause 4.4.1 of the incentive track, and will be numbered 4.4.1.4:

“Preference will be given to a digital health technology innovation laboratory that demonstrates knowledge and considerable expertise in computational biology, artificial intelligence, and biotechnological solutions.”

- 5.2 As part of this sub-track, the criterion “The Bidder’s Added Value and That of Its Shareholders,” specified in clause 4.4.2 of the incentive track, will be amended as follows:

5.2.1 Subsequent to the terms of sub-clause 4.4.2.1, the following will be added:

“In addition, preference will be given to a digital health technology innovation laboratory with a computational laboratory, including access to and improvement of significant medical databases, and a wet laboratory with comprehensive equipment suitable for R&D of biotechnological solutions, in order to advance the laboratory projects.”

5.2.2 An additional sub-clause, numbered 4.4.2.5, will be added and worded as follows:

“Preference will be given to a digital health technology innovation laboratory that will integrate synergetic partners, such as a technological corporation, biotechnology company, health organization, investor, and research institution.”

5.3 As part of this sub-track, the “Business Plan” criterion in clause 4.4.3 of the incentive track will be amended as follows:

5.3.1 Further to sub-clause 4.4.3.1 of the incentive track, the following will be added:

“In addition, preference will be given to a digital health technology innovation laboratory that will create strategic partnerships with diverse and synergetic partners, such as a technological corporation, biotechnology company, health organization, investor, and academic research institution, which will enable the identification of opportunities to create ventures that will develop unique intellectual property and create mechanisms for collaboration between various entities operating in the ecosystem.”

5.3.2 Sub-clause 4.4.3.6 will not be examined.

5.3.3 Additional sub-clauses, numbered 4.4.3.6 (to replace the clause with the same number that has been deleted under clause 6.3.2 above) and 4.4.3.7, will be added and worded as follows:

"4.5.3.6 Preference will be given to a technological innovation laboratory that will present a business plan as part of which an investment committee of science, clinical, and business experts with relevant knowledge will be appointed, to advance the laboratory projects.

4.5.3.7 Preference will be given to a laboratory that will present a business plan in which mentors will be appointed to laboratory companies who are experts in developing biotechnological solutions that assist in the development process.”

6 The Selected Digital Health Technology Innovation Laboratory’s Obligations

As part of this sub-track, the following obligations will be added to the selected digital health technology innovation laboratory’s obligations, which are detailed in clause 6 of the incentive track:

- 6.1 To assist the establishment and development of new projects in the fields of the laboratory’s focus, including access to the relevant market and examination of various business models relevant to the discovery and development of biotechnological solutions.
- 6.2 To present a plan for access to a computational laboratory and a wet laboratory with comprehensive equipment suitable for the R&D of biotechnological solutions, in order to promote laboratory projects.

6.3 To assist the laboratory companies during their execution period, including proving the technological concept, implementation, technological and business testing, proof of feasibility, pilot execution, etc., in the fields of the laboratory's focus, and to make available relevant infrastructure, all according to the laboratory project's needs and milestones set by the committee.

7 Commencement

This sub-track will commence on August 8, 2019. The provisions of this sub-track were amended February 4th 2020.

Appendix D

Sub-Track D: A Bio Convergence Technology Innovation Laboratory

1 General

The terms of Incentive Track 29 – The Technological Innovation Laboratory Program (hereinafter: “the incentive track”) will apply to Sub-Track D: A Bio Convergence Technology Innovation Laboratory (hereinafter: “the sub-track”), with the necessary changes, unless explicitly stated otherwise in the body of the sub-track.

2 The Sub-Track’s Purpose

- 2.1 The sub-track aims to promote the establishment of a Bio Convergence technology innovation laboratory (hereinafter: “Bio Convergence Technology Innovation Laboratory”).
- 2.2 The Innovation Authority has identified a need to establish a Bio Convergence technology innovation laboratory, with an emphasis on innovative solutions, integrating biology and one or more fields of engineering, such as AI, computational physics, nanotechnology, materials science, and advanced genetic engineering, to meet the unmet needs in the field of medicine or other fields, such as agriculture, energy and security in Israel and around the world. The laboratory’s aim is to leverage Israel’s long-standing scientific excellence in biotechnology, medicine, medical equipment and digital health, together with the leaders in information technology, computational and artificial intelligence, and advanced healthcare system of Israel, for the development of innovative solutions that will integrate such fields to promote fruitful collaborations in Israel and worldwide.
- 2.3 These solutions will be created by encouraging the development of combined biology and engineering technologies designed to develop innovative solutions with high global business potential and encouraging collaboration between start-ups and corporations in order to upgrade the competitive advantage of start-ups and corporations in these sectors in Israel. These collaborations will help establish and develop new ventures, encourage foreign investment, and thereby contributing to the strengthening and advancement of Israel’s economy and public health.

3 Definitions

In this sub-track, the following terms will be defined as follows, even if stated otherwise in the body of the incentive track.

- 3.1 “Specializing Company” – one of the following:

A biotechnological company;

or

A technological corporation;

or

A medical equipment corporation.

3.2 “Biotechnology Company”

A corporation that researches, develops, manufactures, and markets biotechnological solutions and possesses a unique technological infrastructure, knowledge, and expertise in Israel or abroad in the industry, whether or not legally incorporated in the State of Israel.

3.3 “Technological Corporation”

A corporation whose main activity is researching, developing, and manufacturing technology or providing technology as a service, such as electronics, software, internet-based services, including electronic commerce, whether or not legally incorporated in the State of Israel.

3.4 “Medical Equipment Corporation”

A corporation that researches, develops, manufactures, and markets medical equipment and possesses a unique technological infrastructure, knowledge, and expertise in Israel or abroad in the industry, whether or not legally incorporated in the State of Israel.

3.5 “Health Organization”

Any institution in which medical and research activities are conducted, including various types of hospitals, health funds, clinics, medical institutions, and service providers, operating by law in the State of Israel or in the country of its activity.

3.6 “Research Institution”

All the following:

- 3.6.1 A recognized institution of higher education, as defined in clause 4 of the Innovation Law;
- 3.6.2 A governmental research institution in Israel or abroad, in which academic R&D activities in the science or technology sectors are conducted, including the said institution’s commercialization company.

3.7 “Investor”

A profit-making entity that invests some of its funds in high-risk computational biology and biotechnology projects and companies.

4 Criteria

4.1 As part of this sub-track, the following sub-clause will be added to the criterion “Scope and Quality of The Bidder’s Experience and That of Its Shareholders,” as set out in sub-clause 4.4.1 of the incentive track, and will be numbered 4.4.1.4:

“Preference will be given to a Bio Convergence technology innovation laboratory that demonstrates knowledge and considerable expertise in biology and engineering, and innovative solutions which combine the two.”

4.2 As part of this sub-track, the criterion “The Bidder’s Added Value and That of Its Shareholders,” specified in clause 4.4.2 of the incentive track, will be amended as follows:

- 4.2.1 Subsequent to the terms of sub-clause 4.4.2.1, the following will be added:

“In addition, preference will be given to a Bio Convergence technology innovation laboratory with a computational/engineering laboratory, including access to and improvement of significant medical databases, and a wet laboratory with comprehensive equipment suitable for R&D of biotechnological solutions and innovative solutions that combine biology with fields of engineering, such as artificial intelligence, machine learning, nanomaterials and advanced materials, to advance the laboratory projects.”

4.2.2 An additional sub-clause, numbered 4.4.2.5, will be added and worded as follows:

“Preference will be given to a Bio Convergence technology innovation laboratory that will integrate synergetic partners, such as a technological corporation, biotechnology company, medical equipment corporation, health organization and research institution.”

4.3 As part of this sub-track, the “Business Plan” criterion in clause 4.4.3 of the incentive track will be amended as follows:

4.3.1 Further to sub-clause 4.4.3.1 of the incentive track, the following will be added:

“In addition, preference will be given to a Bio Convergence technology innovation laboratory that will create strategic partnerships with diverse and synergetic partners, such as a technological corporation, medical equipment corporation, biotechnology company, health organization, investor, and academic research institution, which will enable to identify opportunities to create ventures that will develop unique intellectual property and create collaboration mechanisms between various entities operating in the ecosystem.”

4.3.2 Sub-clause 4.4.3.6 will not be examined.

4.3.3 Additional sub-clauses, numbered 4.4.3.6 (to replace the clause with the same number that has been deleted under clause 5.3.2 above) and 4.4.3.7, will be added and worded as follows:

“4.5.3.6 Preference will be given to a technological innovation laboratory that will present a business plan as part of which an investment committee of science, clinical, and business experts with relevant knowledge will be appointed, to advance the laboratory projects.

4.5.3.7 Preference will be given to a laboratory that will present a business plan in which mentors will be appointed to laboratory companies who are experts in developing biotechnological and/or medical and/or engineering solutions that assist in the development process.”

5 The Selected Bio Convergence Technology Innovation Laboratory’s Obligations

As part of this sub-track, the following obligations will be added to the selected bio convergence technology innovation laboratory’s obligations, which are detailed in clause 6 of the incentive track:

5.1 To assist the establishment and development of new projects in the fields of the laboratory’s focus, including access to the relevant market and examination of various business models relevant to the discovery and development of innovative solutions that combine the fields of biology and engineering.

- 5.2 To present a plan for access to a computational and/or engineering laboratory and a wet laboratory with comprehensive equipment suitable for the R&D of biotechnological solutions, in order to promote laboratory projects.
- 5.3 To assist the laboratory companies during their execution period, including proving the technological concept, implementation, technological and business testing, proof of feasibility, pilot execution, etc., in the fields of the laboratory's focus, and to make available relevant infrastructure, all according to the laboratory project's needs and milestones set by the committee.

6 Commencement

This sub-track will commence on February 4, 2020.