

## Notice for 2012 RFP

KORIL-RDF is implementing some significant regulatory revisions effective as of January 2012. The KORIL Guidelines Handbook will be revised accordingly during 2012 and published as the 7<sup>th</sup> edition.

In Nov. 2010, the Board of Directors agreed to increase the annual contribution of the Korean & Israeli Governments to the KORIL Fund.

In December 2011 it was agreed to allow unlimited R&D costs in submission of a full-scale project proposal, with a maximum grant size of USD 1 million.

### 1. Increase in the size of a full-scale project

Effective as of the 1st RFP in 2012, KORIL-RDF will accept submission of a full-scale project proposal with an unlimited joint R&D budget. The maximum possible joint grant size is now USD 1 million.

Full-scale projects:

	Before	Now
<b>Maximum Grant Size (USD)</b>	500,000	1,000,000
<b>Project R&amp;D Costs (USD)</b>	1,000,000	unlimited

The maximum actual grant award will vary to be commensurate with proposal evaluation grades. New KORIL project grant award criteria effective in 2012 are as follows:

Overall Grade*	A	B+	B	B-	C	D
<b>Maximum Grant % of funding</b>	50	45	40	35	30	Reject
<b>Maximum Grant (USD)</b>	1,000,000	900,000	800,000	650,000	500,000	-

\* An average grade of Korean & Israeli Evaluators' grades

### 2. Budget guideline update

Expenses for patent-filing activities are allowable as a project budget item.

These should be categorized as "Other Expenses"; to a maximum of USD 20,000 per company.

# KORIL-RDF HANDBOOK

**6th  
Edition**



**KOREA·ISRAEL  
INDUSTRIAL R&D FOUNDATION**

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# **I KORIL-RDF GENERAL**

## **A) INTRODUCTION**

The Agreement on bilateral cooperation in private sector industrial research and development between Korea and Israel was signed on November 25, 1998. The Ministry of Knowledge Economy (MKE) of Korea and the Office of the Chief Scientist (OCS), Ministry of Industry, Trade and Labor (MOITaL) of Israel are the two Cooperating Authorities responsible for implementing this Agreement.

The objectives of the Agreement are to:

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

In accordance with the Agreement, both countries contribute an equal sum of US\$1.5 Million per year to the Korea-Israel Industrial R&D Foundation (KORIL-RDF). This Foundation supports industrial R&D projects that lead to potential commercialization and contribute to the economic progress of the two countries; furthermore, to promote and encourage joint industrial R&D collaborations between firms in Korea and Israel.

KORIL-RDF supports approved joint projects by disbursing cash grants up to 50% of the eligible R&D cost to a maximum of USD 500K. These grants are subjected to repayment, up to but not beyond the total funded amount, should there be commercial revenues arising from the projects.

## **B) OPERATING PROCEDURE**

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

- **KOREA-ISRAEL INDUSTRIAL R&D FOUNDATION (Korea Office - Headquarters)**  
Korea Technology Center (KOTECH 5F), 701-7, Yeoksam-Dong, Gangnam-Gu, Seoul, Korea 135-080;  
TEL: +82-2-6009-8250 ~ 3 FAX: +82-2-6009-8254
- **KOREA-ISRAEL INDUSTRIAL R&D FOUNDATION (Israel Office)**  
Industry House 29 Hamered St., PO.Box 50364, Tel Aviv 61500, Israel;  
TEL: 972-3-5118183 FAX: 972-3-5167052

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

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

Projects submitted for KORIL-RDF funding approval are subject to technical evaluations by both countries in order to obtain expert and balanced assessment on the quality of the project applications. The BOD is the overall deciding authority of KORIL-RDF. The BOD approves Full-Scale Projects for KORIL-RDF funding; whereas, the Chief Executive (CE) is responsible for the day to day management and operation of KORIL-RDF and has the authority to decide on Mini-Scale and Feasibility Projects (see KORIL-RDF Projects for details).

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

## C) GUIDELINES FOR KORIL-RDF PROJECTS

KORIL-RDF only funds joint development projects undertaken by private sector companies from Korea and Israel. Public sector organizations, such as universities and institutions, are eligible to participate as subcontractors and/or consultants. KORIL-RDF assists the companies by awarding grants of up to 50% of the eligible R&D project costs; to a maximum of USD 500,000.

**Joint technology development projects may include technology and knowledge applications, product customization, prototype beta-site testings, systems integration, near commercialization or new market creation, etc.**

Companies eligible for KORIL-RDF funding are Korean and Israeli firms, which operate and are headquartered in Korea and Israel, respectively. Subsidiaries of firms headquartered and owned outside of Korea and Israel are normally not eligible for KORIL-RDF support, unless KORIL-RDF is satisfied that the subsidiary has a global product mandate, and that the project or technology will be substantially produced in and exported from either or both Korea and Israel.

Project cost that KORIL-RDF consider to be eligible for cost sharing are: direct R&D manpower, consumable materials, equipment, consulting services, subcontractors, project associated travel, outlays to meet regulatory requirements, and other expenses that are directly related to the joint R&D project. KORIL-RDF recognizes reasonable depreciation or leasing costs of necessary equipment; whereas, the cost for outright equipment purchase is not recognized. KORIL-RDF funding is designed to support the companies' development cost up to the point of product commercial readiness. Manufacturing, sales and marketing costs are not eligible for KORIL-RDF funding.

At least 30% of the actual R&D cost of any individual joint project must be spent in either Korea or Israel.

The companies applying for KORIL-RDF funding are also required to demonstrate that they themselves have, or have ready access to the infrastructure and resources required to complete the development project and to realize benefit from its commercial potential.

The primary criterion for KORIL-RDF support is that the project must be geared toward the development of technologies that are innovative & commercializable.

KORIL-RDF's funding is subject to repayment, up to but no more than the total funding received, in the event that commercial revenues are realized. (see Annex D of CPFA for details).

## II KORIL-RDF PROJECTS

KORIL-RDF Projects are categorized into three types:

Project Type	Total Budget	Maximum Term
A) Feasibility Projects:	USD 60,000	3 Months
B) Mini-scale R&D Projects:	USD 200,000	12 Months
C) Full-scale R&D Projects	USD 1,000,000	36 Months

### A) FEASIBILITY PROJECTS

In cases requiring preliminary investigations to determine the technical feasibility or market acceptability of a new product, technology concept, etc., KORIL-RDF may grant up to USD 30,000 as its 50% share of the cost of conducting the feasibility project. Such awards are made with the understanding that a formal proposal for a full-scale project will be submitted by the companies, should the feasibility results prove positive.

*KORIL-RDF Chief Executive has the authority to approve a Feasibility Project. In this context, the decision may take into consideration third party expert advice from technical experts in both countries. Contingent on appropriate evaluation and assessment, the approval process will be completed in a timely manner commencing from the proposal date. Once approved, a Feasibility Project is implemented under a Cooperation Project Funding Agreement. (see CPFA attachment for Feasibility Projects)*

#### Project Selection Procedure (Feasibility Projects)

Step	Action	Executor
1.	Receipt of Project Proposal	Korea and Israel Offices
2.	Project Proposal Evaluations	Korea and Israel Offices & Experts
3.	On-site Interview	Korea and Israel Offices & Experts
4.	Project Approval or Otherwise	Chief Executive

## B) MINI-SCALE R&D PROJECTS

Two companies (from Korea and Israel) considering a partnership may decide to define an initial project of modest size rather than plunge into a higher cost full-scale project of longer duration. Such smaller scale project can apply for KORIL-RDF funding under the category of mini-projects.

The maximum authorized budget for such mini-projects is USD 200,000 or less, and the maximum duration is approximately one year. Grants are a maximum of USD 100,000, or 50% of actual project costs, whichever is lower. **Commercialization is an expected goal for this project.**

Mini-project proposal guidelines are the same as those associated with a full-scale project.

*Approvals, rejections, or changes are made by the Chief Executive. Contingent on appropriate evaluation and assessment, the approval process will be completed in a timely manner commencing from the proposal date. Once approved, Mini-Scale projects are implemented under the same agreements as full-scale projects with adjustments for budget disbursement and term differences. (see CPFA attachment)*

### Project Selection Procedure Mini-Scale

Step	Action	Executor
1.	Receipt of Project Proposal	Korea and Israel Offices
2.	Project Proposal Evaluations	Korea and Israel Offices & Experts
3.	On-site Interview	Korea and Israel Offices & Experts
4.	Project Approval or Otherwise	Chief Executive

## C) FULL-SCALE R&D PROJECTS

A full-scale project is defined as one in which the total recognized cost is between US\$ 200,000 and US\$ 1,000,000 and the 50% KORIL-RDF contribution to the total cost of the project is between US\$100,000 and US\$500,000. The maximum duration of such projects is 3 years. KORIL-RDF's BOD Meets twice a year to evaluate and decide on Full-Scale Projects for KORIL-RDF funding. The Board's review is based primarily on confidential proposal reviews by the Office of Chief Scientist of Israel's Ministry of Industry, Trade and Labor (MOITaL), The Ministry of Knowledge Economy (MKE) of Korea, and the Board of Directors of KORIL-RDF. **Strict adherence to the Proposal Preparation Guidelines detailed in Section III is crucial for proper reviews and decisions to be made at the BOD Meeting.**

KORIL-RDF Chief Executive will submit his specific recommendations to the Board of Directors.

*Approvals, rejections, or changes are made by the Board of Directors. Contingent on appropriate evaluation and assessment, the approval process will be completed in a timely manner commencing from the proposal date. Once approved, Full-Scale projects are implemented under the Cooperation and Project Funding Agreement. (see CPFA attachment)*

### Project Selection Procedure Full-Scale

Step	Action	Executor
1.	Receipt of Project Proposal	Korea and Israel Offices
2.	Project Proposal Evaluations	Korea and Israel Offices & Experts
3.	On-site Interview	Korea and Israel Offices & Experts
4.	Project Approval or Otherwise	Board of Directors

## **III PROPOSAL PREPARATION GUIDELINES**

### **A) FEASIBILITY PROJECTS**

Proposals for Feasibility Project funding must be prepared jointly and submitted together by both companies to the Korea and Israel KORIL-RDF offices, respectively. (see section I, B for offices' information). Proposals should be written in conformance with, but are not limited to, the outline shown below and should be supported by any relevant official company documentation.

#### **1. COVER PAGE**

- a) Refer to Proposal Cover Page Sample

#### **2. EXECUTIVE SUMMARY**

- a) Clear and concise statement of specific objectives of the feasibility study
- b) The capabilities and performance records of the companies in related areas

#### **3. SUPPORT INFORMATION**

- a) Detailed Company Profiles: Use format, "Company Information Format" (see section III, E)
- b) Company Roles: Active roles related to the project

#### **4. PROJECT PLAN & PROCESS**

- a) The nature and target of the feasibility project
- b) Detailed plan of how the Companies will investigate the technological feasibility of the proposed product or process
- c) Detailed plan or schedule for the feasibility study process

#### **5. STUDY for MARKET & COMMERCIALIZATION**

- a) The needs that are served by the proposed product or processes
- b) How to examine the potential for market penetration

#### **6. BUDGET**

- a) Separate budget for each company's activities for the duration of the project.
  - Refer to Attachment: Feasibility Project Agreement / Annex A of Feasibility Budget Format & General Budget Guidelines to complete this section of the proposal.

**Note:** Should the feasibility effort lead to a KORIL-RDF-supported full-scale project, the amount awarded for the feasibility study will be added to the conditional grant for the purpose of repayments owed to KORIL-RDF. (A Sample agreement, CPFA, is included in the attachment) Otherwise no repayment is required.

## B) MINI & FULL - SCALE R&D PROJECTS

Proposals for Mini & Full-Scale project funding should be prepared jointly and submitted together by both companies to the Korea and Israel KORIL-RDF offices, respectively (see section I, B for offices' information). Mini and Full-Scale project proposals should be written in conformance with, but are not limited to, the outline shown below and should be supported by any relevant official company documentation.

### 1. COVER PAGE

- a) Refer to Proposal Cover Page Sample

### 2. OBJECTIVE OF PROJECT – Executive Summary

- a) A clear concise statement of specific objectives of the product, solution, or process

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

- a) Detailed Company Profiles: Use format, "Company Information Format" (see section III, E)
- b) Market Position
- c) R&D Background
  - General
  - International cooperation
  - Similar R&D projects (government funded and/or others)
- d) Financial Information (Include Cash Flow Status, etc.)
- e) Major Shareholders, Total paid-in-capital
- f) Company Capabilities (Human Resources, Facilities, Experiences, IP for Project)
- g) Resumes - key personnel to the project (should include each individual's role in the project)
- h) Others (pertinent company/product brochures)

### 4. INNOVATION

- a) R&D Goal
- b) Idea/Concept Behind the Innovation (utilize sketches, diagrams, tables, etc. to illustrate)
- c) Current Solutions vs Innovation
- d) Technical Requirements & Definitions (Spec Sheet)
- e) Commercial Value in Market (related standards/ emerging standards)
- f) Patent Information (past, current, and future patents)
- g) Others, if necessary

### 5. R&D PROJECT ANALYSIS & PLAN

- a) Analysis of the Problem
  - Specific issues or difficulties, which need to be resolved/overcome in order to achieve the project's objectives
  - Address general technical or economical constraints which must be overcome
  - Scope of Analysis must be consistent with the project budget and timetable
  - Confirm that critical technologies required for the project are firmly in hand
- b) General Project Plan
  - A chronological schedule of all activities presented in a graphical form (GANTT chart) for the duration of the entire project, complete up to market-ready product/technology
  - The plan should clearly indicate the estimated time required to completion of each task/activity in addition to milestones

- c) Details of Project Activities
  - Identification and detailed description of each task or activity (according to the chronological schedule provided under General Plan)
  - Specify each Company's roles and assignments according to each activity
  - Describe problem-solving strategies – resolving issues and the basis for selecting the preferred solution (supply sufficient support material to justify approach)
  - Testing details should show what is being tested, how many tests are needed, test objectives, methodology, expected results, etc.
  - Compliance with industry standards: the product/processes' ability or inability to meet applicable standards
- d) Others, if necessary

## 6. MARKET & COMMERCIALIZATION

- a) Current Market Size/Situation
  - Expected growth of market over effective sales window (provide support material)
- b) Companies' Market Position
  - Past sales record in the same or similar product line
- c) Existing Marketing/Sales Channel
- d) Target Customers
  - Specific industries to be affected (provide support material)
  - How are the customer / market needs served by product / process
- e) Business Model / Commercialization Strategy (How to make money)
- f) Sales Forecast (estimated market share) by each Company
- g) Sales & Cost Comparisons
  - Manufacturing costs vs. selling price
  - Alternative or similar product / processes' pricing
- h) Others, if necessary

## 7. COOPERATION & BENEFITS

- a) Previous Relationship Between Partners, if any (otherwise, describe anterior motivation for this joint project)
- b) R&D & Commercial Role Share of each company
  - Development, production, and marketing roles
  - External resources to be mobilized for accomplishing commercialization
- c) Commercial Agreements Summary
  - Profit share, marketing regions, IP ownership, etc.
  - Completed or in progress,
  - Binding or non-binding
- d) Benefits from Joint R&D for each Company
  - Technical mode and extent of cooperative activity between Companies
  - Commercial aspects rendering mutual benefits
- e) Others, if necessary

## 8. BUDGET

- a) Separate budget for each company's activities for the duration of the project.
  - Refer to Attachment CPFA / Annex A of Mini & Full-Scale Budget Format & General Budget Guidelines to complete this section of the proposal.

### C) GENERAL BUDGET GUIDELINES

1. Mini-Scale projects have a maximum duration of approximately one year, therefore should be organized into one project period, which allows for final reporting only. (see section IV Report Guidelines for details)
  2. Full-Scale projects, whose total duration is between 13-24 months, should be organized into two (2) separate (roughly) equal project periods. Companies should prepare their budgets for each of the project periods separately for the purpose of project monitoring, reporting and payment of conditional grant funds.
  3. Full-Scale projects, whose total duration is between 25-36 months, should be organized into three (3) separate (roughly) equal project periods. Companies should prepare their budgets for each of the project periods separately for the purpose of project monitoring, etc.
  4. When a proposal is approved by Board of Directors of KORIL-RDF, the partner company will agree upon the official start and finish date of the project. This date will be inserted into Annex A (the official budget) of the CPFA signed together with KORIL-RDF, in order to determine the start of the official project term.
- Example:

<b>Company Name:</b>	XYZ COMPANY				
<b>Official Project term (start and finish date):</b>	1 May 2008 to 30 October 2010				
<b>Total Project Duration:</b>	30 Months	<b>Total Project Periods:</b>	3	<b>Total Project Budget:</b>	875,000
<b>Project Period:</b>	1	<b>Period Duration</b>	12 Months		
<b>Project Period:</b>	2	<b>Period Duration</b>	12 Months		
<b>Project Period:</b>	3	<b>Period Duration</b>	06 Months		

5. Only those periods of the project up to, but NOT including, actual production and sales should be included in the budgets. KORIL-RDF’s funding of the project begins from the effective start date of the project, which may be from the date the proposal is received by KORIL-RDF, signed by the CEO of each company. Expenses incurred by the companies prior to the effective start date and after the effective finish date cannot be recognized by KORIL-RDF.
6. Actual current eligible salary expenses consist all of the employers’ cost and the taxable components (salary plus social (“fringe”) benefits of employees expected to work on the project). Typically, in addition to the engineering and technical personnel, the staff includes prototyping, and R&D related documentation. NOT to be included are corporate executives (exception 6.b), secretarial staff, legal staff, administrative staff or staff engaged in marketing and sales activities; such expenses are included in the overhead allowance.
  - a) Salary expenses will be recognized only for the percentage of time devoted by the employee to the project (“employment percentage”) out of the total work time. Employment percentages will be calculated according to time monitoring systems (e.g. monthly time sheets filled in by the employees,

time clock, job-code software, etc.) The employment percentage shall be defined as the hours invested in the project divided by the total working hours during the project duration.

b) It is required that advanced authorization be given for employment percentages for any and all managers. Employment percentages for the managers (i.e. CEO, GM, MD, etc.) of small companies (SMEs) engaged in R&D activities shall not be greater than 50%; excluding managers of small companies who are engaged only in the designated project. The maximum employment percentage of those managers will be 75%.

7. The maximum monthly employment percentage is 100%. Currently, the maximum recognized annual cost per full-time employee is **US\$100,000**.

8. **Direct Labor:** % time on project during the duration period is equal to the product of:

$$\text{Direct Labor} \times \text{Gross Annual Salary (include social benefits)} \times \text{\% on Project (Direct Labor)} \times \text{Period / Duration (Period of 6 Mos. over 12 month annual salary)} = \text{Cost To Project USD}$$

○ Example: 80,000 X 60% X 6/12 or (1/2) = 24,000 USD

I. DIRECT LABOR		Gross Annual Salary * USD	% on project	Period Duration	Cost To Project USD	Qualifying Cost USD <small>Column for Official Use Only</small>
Name, Title, Role (TBD if yet unknown)						
1. Mickey Mouse, Project Manager, engineer for software development		80,000	60%	6/12	24,000	
2. Donald Duck, Sr. Researcher, supervising software integration		40,000	80%	6/12	16,000	

9. **Overhead (O/H):** Include all indirect labor cost, secretarial services, legal staff, etc.

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

○ Example:

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

**11. Expendable Materials & Supplies:** List each major item under expendable materials and supplies and give purchase price. Provide a separate table for detailed breakdown, if necessary.

- a) Materials that are used for other functions within the company will not be recognized without special authorization.
- b) Materials must be specifically accounted for, and not as a percentage of general expenses.
- c) Materials that are company-manufactured will only be recognized with specific authorization (including their cost-calculation)

**12. Travel:** Both foreign and domestic travel must be reported and a brief description of the objectives of the trip and its relation to the project should be available at the company for inspection during auditing of the fiscal reports.

- a) The eligible international destinations are between Korea & Israel. Other destinations will only be authorized and listed in the official project budget upon satisfactory explanation by the partners regarding project R&D requirement for said destination.
- b) Eligible expenses are airfare, lodging and ground travel.
- c) The company must fill out a travel report for each trip. The report will include details of the expenses according to the specific category
- d) Travel expenses will be eligible only for those specific employees designated in the approved work program.
- e) Only travel that is connected exclusively with the project will be eligible.
- f) The funding for travel is capped at US\$3,500 per person.

○ Example:

<b>IV. TRAVEL EXPENSES</b>		<b>Cost per Person per trip(\$)</b>	<b>No.of trips</b>	<b>No.of People per Trip</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> <small>Column for Official Use Only</small>
<b>FOREIGN TRAVEL</b>						
<b>Destination &amp; Purpose</b>						
1. Seoul, Korea – Kick Off Meeting		2,500	1	2	5,000	
<b>Subtotal, Foreign Travel</b>					5,000	
<b>DOMESTIC TRAVEL</b>		<b>Cost per Person per trip(\$)</b>	<b>No.of trips</b>	<b>No.of People per Trip</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> <small>Column for Official Use Only</small>
<b>Destination &amp; Purpose</b>						
1.Pusan, Korea – Facility Inspection		500	2	3	3,000	
<b>Subtotal, Domestic Travel</b>					3,000	
<b>TOTAL TRAVEL (Foreign Travel Subtotal + Domestic Travel Subtotal)</b>					<b>8,000</b>	

**13. Subcontractor:** This section should identify each subcontractor by name, the specific service to be performed and the cost for each service. Provide the basis for the costs.

- a) Sub-contractors that provide other functions within the company will not be recognized without special authorization.
- b) Sub-contractors must be specifically accounted for, and not as a percentage of general expenses.

- c) Sub-contractors shall not be executing more than 20% of the total project expenditures of each partner, unless specific need is shown and authorization obtained.
14. **Consultant:** This section should identify each consultant by name, the nature of the activity, number of hours and hourly rate. (subcontractor guidelines apply)
  15. **Other Expenses:** Typical “Other Expenses” include items such as regulatory activities, standards certification, field trials, etc. Patent related activities and expenses are NOT included as “Other Expenses.”
  16. Any unspecified and/or undecided items marked as TBD as submitted in the proposal budget (such as employees in Direct Labor, subcontractor, and consultant categories) must be explicitly named on the official authorized budget prior to signing the CPFA.
  17. KORIL-RDF will not sign a CPFA with “TBD” items unless specifically authorized.
  18. **General & Administrative (G&A):** Calculated at 5% of the Total Subtotal Before G&A Expenses. To include all indirect costs for rent, facilities, etc.

## D) PROPOSAL COVER PAGE (SAMPLE)

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**To: KORIL-RDF - Korea-Israel Industrial Research and Development Foundation**

**From:**

Israeli Company: (Company name, address, telephone and fax)

Korean Company: (Company name, address, telephone and fax)

**Project Title:** \_\_\_\_\_  
 \_\_\_\_\_

<b>Project Duration:</b>	First Period Duration	Second Period Duration	Third Period Duration	<b>TOTAL Project Duration</b>
	_____ months	_____ months	_____ months	_____ months
				<b>s</b>

<b>Project Budget:</b>	First Period Budget	Second Period Budget	Third Period Budget	<b>TOTAL Project Budget</b>
	_____ USD	_____ USD	_____ USD	_____ USD

**Submitted by:**

\_\_\_\_\_  
(Israeli Company Name)

\_\_\_\_\_  
(Korean Company Name)

**Company Official:**

(CEO or Equivalent)

\_\_\_\_\_  
(Printed Name & Title)

\_\_\_\_\_  
(Printed Name & Title)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

**Date Submitted:** \_\_\_\_\_

**Preferred Funding Date:** \_\_\_\_\_

\* Do not request a start date prior to the date of submission.

**E) COMPANY INFORMATION FORMAT (SAMPLE)**

<b>Item</b>	<b>ABC Co. (Korea)</b>	<b>XYZ Co. (Israel)</b>
CEO/President		
Project Manager/Title		
Year Established		
Year of Stock Listing		
No. of Employees		
Total Assets (current year)	USD	USD
Total Liabilities (current year)	USD	USD
Total Owner's Equity(current year)	USD	USD
Net Income (current year)	USD	USD
Total Sales (current year)	USD	USD
Core Business		

## **IV REPORT GUIDELINES**

All technical reports must be prepared jointly by both companies and submitted to both KORIL-RDF offices in Korea and Israel, simultaneously.

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

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

- **Full-Scale Projects:** The Technical and Fiscal Reports for Interim and Final Evaluation are to be submitted within 30 days following the expiration of the Interim and Final Segment of the project. The Interim Segment is the mid way point of the entire project period. In the case of projects, which exceed 2 years, submission of the Interim Reports should be within 60 days of the ending of the Interim Segment. Likewise, Final Technical and Fiscal Reports are to be submitted within 60 days following the completion date of the project or final project period for those projects with multiple periods.
- **Mini-Scale & Feasibility Projects:** Due to the nature of these projects, NO Interim Reports are required. Only Final Technical and Fiscal Reports are to be submitted within 60 days of the completion of the project.

### **A) TECHNICAL REPORTS**

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

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

#### **1. REPORT OUTLINE**

- a) **Cover Page** - refer to Technical Report cover page (sample)
- b) **Table of Contents**
- c) **Objectives** - state overall objectives of the project and of the work performed during the segments covered by the report.
- d) **Summary of accomplishments** (including inventions) - this should discuss and update on the methods and results of the investigations/development. The summary should be self-sufficient and understandable to someone who reads nothing else in the report
- e) **RESULTS** - describe with reference to the Program Plan, the results obtained during the reporting segment on an activity-by-activity basis. Identify and describe results that represent significant variation from the Program Plan. Discuss any activities/tasks that may have been eliminated or

added to the Program Plan, and give the reasons for the changes. Indicate how such modifications will affect the nature of the product being developed in terms of features, specifications, performance, etc

- f) **Graphical comparisons of results versus Program Plan** - Using the Program Plan (Annex C of CPFA), show graphically the project status and explain any deviations from the plan.
- g) **(For interim reports only)** Outline plans for next project segment showing any rescheduling or additions to activities on the Program Plan and indicate which, if any, of the originally planned activities/tasks are being terminated or redirected. Discuss the impact of rescheduled activities on original Plan, and whether additional time will be needed to complete project. (Note: if additional time is needed, a separate written request should be jointly submitted by the companies)
- h) **Cooperation between the companies** - discuss the activities conducted during the reporting segment that have enabled the companies to keep abreast of each other's progress. Has the division of tasks and responsibilities between the two companies been integrated to mutual benefit? Any problems that have developed in this regard should be noted, along with details of corrective measures that have been taken or are planned.
- i) **Market and commercialization plans** - identify any important changes that have developed during the segment covered by the report. Explain the impact on overall Program Plan and budget.
- j) **Published reprints** - attach a copy of any reprint that is based, in whole or in part, on the work conducted on the KORIL-RDF project. Include a report on any inventions or patents filed. Technical and user manuals do not have to be submitted.

## 2. INTERIM REPORTS (Only applicable for Full-Scale Projects)

- a) Should be prepared according to the Technical Report Outline.
- b) Must be submitted within 30 days from the ending of the interim period, unless total project period exceeds 2 years; whereby, is allowed 60 days from the ending of the interim period.

## 3. FINAL REPORTS: Two (2) Parts

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

#### **4. INFORMAL REPORTS**

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

## 5. TECHNICAL REPORT COVER PAGE (SAMPLE)

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**To: KORIL-RDF, Korea-Israel Industrial Research and Development Foundation**

**Project File No:** \_\_\_\_\_

**Project Title:** \_\_\_\_\_

**Company Name**

Israeli Company: \_\_\_\_\_

Korean Company: \_\_\_\_\_

**Report Type:**

**Interim Report**

**Final report**

**Project Start Date:** \_\_\_\_\_

**Period Covered:** \_\_\_\_\_

**Submitted by:**

\_\_\_\_\_  
(Israeli Company Name)

\_\_\_\_\_  
(Korean Company Name)

**Project Manager:**

\_\_\_\_\_  
(Printed Name & Title)

\_\_\_\_\_  
(Printed Name & Title)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

**Company Official:**

(CEO or Equivalent)

\_\_\_\_\_  
(Printed Name & Title)

\_\_\_\_\_  
(Printed Name & Title)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

**Date Submitted:** \_\_\_\_\_

## B) FISCAL REPORTS

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

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

KORIL-RDF recognizes expense variations from budget of up to 10% within any of the major budget categories: Direct Labor, Subcontracts, Consultants, etc., with the understanding that the total amount does not change. However, during the course of the project, should the actual expenses relating to any budget category be expected to exceed the 10% variation allowed or a need to transfer between budget line-items occurs, **an official request for an amendment to the budget must be submitted by the company. Clear and complete reasons and explanations with before and after comparison of each budget item should substantiate this request.**

### 1. REPORT OUTLINE

- a) **Cover Page** – refer to Fiscal Report cover page (sample)
- b) **Total Actual Expenditures** – compare against the approved budget amount (taken from Annex A of the CPFA)
- c) **Direct Labor** – report on percentage time for employees engaged in the project, whom should be clearly identified (see Budget Guidelines for details).
- d) **Equipment** – an itemized worksheet must be included in the report indicating dates of purchase and/or commencement of lease and percentage use on the project (see Budget Guidelines for details).
- e) **Travel** – both foreign and domestic travel must be reported in detail (see Budget Guidelines for details) A brief description of the objectives of the trip and its relation to the project should be available at the company for inspection during auditing of the fiscal reports.
- f) **All Other Budget items** – the expenses reported must be itemized in accordance with and in reference to the original budgets submitted as part of the Cooperation Project Funding Agreement. (see CPFA attachment)

**2. FISCAL REPORT COVER PAGE (SAMPLE)**

*(Separate cover page to be submitted by each company)*

**To: KORIL-RDF, Korea-Israel Industrial Research & Development Foundation**

**Project File No:** \_\_\_\_\_

**Project Title:** \_\_\_\_\_

**Company Name:** \_\_\_\_\_

**Report Type:**  **Interim Report**  **Final report**

**Project Start Date:** \_\_\_\_\_ **Period Covered:** \_\_\_\_\_

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

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

**Submitted by:**

Project Manager Official	Accounting Official	Authorized Company
_____	_____	_____
(Printed Name)	(Printed Name)	(Printed Name)
_____	_____	_____
(Signature)	(Signature)	(Signature)

**Date Submitted:** \_\_\_\_\_

## C) COMMERCIALIZATION REPORTS

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

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

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

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

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

## 1. COMMERCIALIZATION REPORT (SAMPLE)

*(For the current semiannual period)*

**To: KORIL-RDF, Korea-Israel Industrial Research & Development Foundation**

**Project File No:** \_\_\_\_\_

**Project Title:** \_\_\_\_\_

**Company Name:** \_\_\_\_\_

	<b>Total Sales</b>	<b>Repayment Rate</b>	<b>Repayment Due</b>
<b>Period:</b> _____ to _____	USD _____	at _____ %	USD _____
<b>Period:</b> _____ to _____	USD _____	at _____ %	USD _____

**Date of  
First Sales** \_\_\_\_\_

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

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

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

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

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

**Submitted by:**

Accounting Official

Authorized Company

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

**Date Submitted:** \_\_\_\_\_

# **ATTACHMENT: Agreement Examples**

## **COOPERATION AND PROJECT FUNDING AGREEMENT** **(CPFA for Mini & Full Scale Projects)**

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

- (1) **KOREA-ISRAEL INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION**, a company incorporated in Korea and having its principal place of business at Korea Technology Center (KOTECH 5F), 701-1 Yeoksam-Dong, Gangnam-Gu, Seoul, Korea, 135-080 ("KORIL-RDF", which expression shall where the context so admits include KORIL-RDF's successors in title and assigns);
- (2) **ISRAELI COMPANY** a company incorporated in Israel and having its principal place of business at Il Address ("ISRAELI COMPANY", which expression shall where the context so admits include ISRAELI COMPANY's successors in title and assigns); and
- (3) **KOREAN COMPANY** a company incorporated in Korea and having its principal place of business at Ko Address ("KOREAN COMPANY", which expression shall where the context so admits include KOREAN COMPANY's successors in title and assigns).

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

### **WHEREAS:**

- (A) The Ministry of Foreign Affairs for the Government of the State of Israel and the Ministry of Knowledge Economy of Korea, did, on November 25th, 1998, sign an Agreement concerning bilateral cooperation in private sector industrial research and development through the establishment of a Korea-Israel Industrial R&D program.
- (B) The Ministry of Knowledge Economy of Korea has been provided authority to make a grant of USD 1,000,000 annually starting from 2000, to the Korea-Israel Industrial Research and Development Foundation. As of May 2004, this amount has been increased to a grant of USD 1,500,000.
- (C) The Office of the Chief Scientist, MOITaL has been provided authority to make a yearly grant of the equivalent of USD 1,000,000 annually starting 2000, to the Korea-Israel Industrial Research and Development Foundation. As of May 2004, this amount has been increased to a grant of USD 1,500,000.
- (D) KORIL-RDF has examined and duly approved the Proposal (as hereinafter defined) and is willing to provide certain funding for the implementation of the Proposal on the terms and conditions hereinafter set forth.

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

**1. DEFINITIONS & GENERAL TERMS**

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

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

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

## **2. PROJECT FINANCING**

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

**3. REPAYMENT OF GRANT**

Sale of products of the Innovation

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

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

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

3.2 The term "Gross Sales" shall mean the gross invoiced sales value of the products of any Innovation sold by the Participant. In the computation of the Gross Sales, no costs incurred by the Participant in the development, design, manufacture, sale, distribution or exploitation of the products shall be deducted from the Gross Sales. In any sale or disposal of any products of the Innovation or part thereof otherwise than in an arm's length transaction or otherwise than for money, the Gross Sales shall be the fair market value (if higher) of such products in the relevant country of sale or disposal. The term "Gross Sales" shall also include all specific export incentives or bonuses paid to the Participant on account of sale of the products of Innovation for export, but shall not include sums paid for commissions, brokerage, value added and sales taxes on the sale of the finished product, or transportation and associated insurance costs, if same have been included in the gross sales price.

3.3 The Innovation shall be deemed to have been sold, marketed or otherwise commercially exploited if the Innovation, or any improvement, modification or extension of it is put to the benefit of a third party, whether directly or indirectly, and whether standing alone or incorporated into or co-joined with other hardware or processes, and for which benefit the said third party gives something of value. This provision shall not apply to transactions between the Participants or between the Participants and their parents or subsidiaries. Should such parent or subsidiary resell the Innovation separately identified or incorporated in a system, the Gross Sales price shall be the price to third parties from

the parent or subsidiary making the sale, such Gross Sales price being defined by the same criteria as sales are defined for purposes of "Gross Sales" in Clause 3.2.

- 3.4 If the Innovation is a part of a product sold, marketed or otherwise commercially exploited, the Gross Sales price for purposes of payments according to Clause 3 shall be the Gross Sales price of that product multiplied by a factor whose numerator is the manufacturing cost of the Innovation and whose denominator is the manufacturing cost of the product. Notwithstanding the aforesaid, if there shall have been established a market price for the Innovation, such price shall be the basis for payments according to Clause 3, notwithstanding the incorporation of the Innovation in another product.
- 3.5 In the event a Participant obtains a patent in accordance with Clause 8 in respect of an Innovation and such patent is licensed to other third parties for the sales of any products embodying the Innovation or made by practicing the Innovation, unless such Participant is making payments to KORIL-RDF under the other sub-clauses of Clause 3, the Participant shall pay to KORIL-RDF a grant repayment on sales of such products, in accordance with Annex D.
- 3.6 Assignment of technology or Innovation:
- Should any portion of the Innovation or technology developed in whole or in part under this Agreement be assigned or sold outright to a third party, one-half of all proceeds of the assignment or sale as received by the Participants shall be applied to repay KORIL-RDF until there has been full repayment to KORIL-RDF of sums actually received by Participants hereunder, in equivalent dollars valued at time of repayment.
- 3.7 Licensing of technology or Innovation:
- If any Innovation or any technology developed under this Agreement becomes the subject of any licensing, the Participant shall pay to KORIL-RDF a grant repayment in accordance with Annex E.
- 3.8 All payments due to KORIL-RDF under this Agreement shall be calculated on a semiannual calendar basis, and statements, consistent with generally accepted accounting procedures and with the standard accounting procedures of the Participant and signed by an officer of the Participant, rendered with payment within 90 calendar days following the end of each semiannual period. Payments to KORIL-RDF under Clause 3 shall commence at the end of the semiannual period during which the first sale or commercialization was made.
- 3.9 This Clause 3 shall survive termination of this Agreement, and to the extent of any obligation to make royalty payments under this Agreement, such obligation shall continue for the life of the last-to-expire patent issued on any invention made in whole or in part arising from the implementation of the Proposal. All payments due to KORIL-RDF and not paid by the participants under this Agreement shall bear interest at 1% more than the average prime rate prevailing at Citibank, Seoul for the Korean participant, and 1% more than the average prime rate prevailing at Citibank, Tel Aviv for the Israeli participant, during the period from the date payment was due until the date payment is completed.

#### **4. CONDUCT OF THE PROJECT**

- 4.1 Each Participant agrees to implement the Proposal in accordance with good standards relevant to such undertakings, and shall expend funds received hereunder only in accordance with such Proposal and the requirements of this Agreement.
- 4.2 Each Participant agrees to comply with the Approved Program Plan, Annex C, for the Innovation in accordance with the Approved Program Plan. Each Participant shall, in furtherance of the implementation of the Proposal, carry out the tasks and contribute all necessary funds, resources and facilities for the implementation of the Proposal.
- 4.3 ISRAELI COMPANY hereby appoints [NAME] as the Israel Project Manager and KOREAN COMPANY hereby appoints [NAME] as the Korean Project Manager for the implementation of the project during the period of this Agreement and in accordance with the Approved Program Plan.
- 4.4 The participant shall not make any transfer of KORIL funds between themselves under any circumstances. Grant funds shall be disbursed directly from KORIL-RDF to the appropriate partner company.
- 4.5 The Participant shall not make substantial transfers of funds from one official budget item to another, change key personnel or their duties and responsibilities or re-schedule their time allocated to the proposed work hereunder without prior written approval by KORIL-RDF, which approval shall not be unreasonably withheld.
- 4.6 Should any key person be absent from his work or should such absence be expected for 90 days or more, or should there be any significant reduction in the total personnel force assigned under the Proposal, the Participant shall forthwith notify KORIL-RDF.
- 4.7 Each Participant shall: -
- (a) co-operate in ensuring that the implementation of the Proposal is carried out on its part by properly qualified personnel;
  - (b) procure that authorized representatives of KORIL-RDF are allowed reasonable access to the work carried out by it in connection with the Proposal and to the, records, accounts, reports and any form of documentation relating to, and personnel involved in the implementation of the Proposal from time to time; and
  - (c) promptly notify KORIL-RDF if there is any unforeseen technical or scientific problem which is likely to cause a material delay or difficulty in achieving any of the objectives of the Proposal or result in any material increase in the costs of implementing the Proposal.
- 4.8 If at any time the Participant believes that:-
- (a) there is no reasonable likelihood of success of the project of the Proposal;

- (b) substantial costs will have to be additionally incurred or amount of funding will have to be additionally provided to complete the implementation of the Proposal;
- (c) there has been a failure to achieve any of the material steps or milestones as set out in the Approved Program Plan and the Proposal; or
- (d) the objectives of the Proposal have been substantially achieved by research outside the Proposal,

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

## **5. REPORTING REQUIREMENTS**

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

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

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

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

5.2 The Participants covenants with KORIL-RDF to:

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

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

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

## **6. PUBLICATIONS**

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

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

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

## **7. PROPRIETARY INFORMATION**

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

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

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

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

## **8. PATENTS**

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

## **9. TERM, EXPIRATION & TERMINATION**

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

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

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

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

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

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

9.5 If upon termination of this Agreement for any reason, the budgeted sum has not been fully expended, the Participants shall forthwith return to KORIL-RDF such KORIL-RDF's *pro rata* share of such

unexpended portion. If not repaid forthwith, such sum shall bear interest in accordance with Clause 3.9.

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

## **10. FINANCIAL RECORDS**

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

## **11. SUITS AGAINST KORIL-RDF**

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

## **12. LIMITATIONS ON PAYMENTS**

- 12.1 Notwithstanding anything to the contrary under this Agreement, the Participants' total obligation hereunder (excluding the liability to pay interest under Clause 3.9) for payments to KORIL-RDF shall

not exceed the Grant and Other Sums actually provided by KORIL-RDF to the Participants hereunder.

### **13. MISCELLANEOUS**

- 13.1. KORIL-RDF makes no representation, by virtue of its funding the work hereunder, or receiving payments or royalties as a result of this Agreement, as to the safety, value or utility of the Innovation or the work undertaken, nor shall the fact of participation of KORIL-RDF, its funding or exercise of its rights hereunder be deemed an endorsement of the Innovation or of the Participants, nor shall the name of KORIL-RDF be used for any commercial purpose or be publicized in any way by the Participant except within the strict limits of this Agreement.
- 13.2. The Participant may not assign this Agreement or any of the work undertaken pursuant to it without the prior written consent of KORIL-RDF, which consent shall not be unreasonably withheld. The provisions hereof shall be binding upon and inure to the benefit of the parties, their successors and permitted assigns.
- 13.3. This Agreement shall be construed under the laws of the Republic of Korea. The forum for the resolution of any dispute arising from this Agreement shall be the State of Israel or the Republic of Korea as the moving party may elect. Execution of this Agreement shall be taken as submission to the forum selected pursuant to this Clause.
- 13.4. Unless the parties to a dispute shall agree otherwise, the dispute shall be referred to arbitration under the rules of the Israel Arbitration Law if the forum is Israel, and under the Arbitration Rules of the Korean Commercial Arbitration Board if the forum is in Korea which rules are deemed to be incorporated by reference into this Clause. All arbitration proceedings shall be in the English language. The decision of the arbitrator shall be final and binding on all the parties.
- 13.5. Each Participant undertakes to comply with all applicable laws, rules and regulations of the Republic of Korea, and those of the State of Israel, and will apply for and obtain all necessary licenses and permits for carrying out of its obligations hereunder.
- 13.6. Each party shall bear its own legal and other costs and expenses incurred by it in connection with this Agreement. Under Israeli law, no stamp duty is required on KORIL-RDF Cooperation and Project Funding Agreements.
- 13.7. Any demand, consent, notice or other communication ("notice") authorized or required to be made hereunder shall be in writing and may be given by facsimile, courier, post or hand to a party addressed as follows: -
- (a) KORIL-RDF, Korea-Israel Industrial Research and Development Foundation  
Korea Technologies Center (KOTECH 5F)  
701-7, Yeoksam-Dong, Gangnam-Gu  
Seoul, Korea #156-711  
Facsimile : 82-2-6009-8254  
Attn : Chief Executive

- (b) ISRAELI COMPANY  
Il Address  
Facsimile : [123-456-7890]  
Attn : Il Name
  
- (c) KOREAN COMPANY  
Ko Address  
Facsimile : [123-456-7890]  
Attn : Ko Name

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

A notice:

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

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

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

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

13.11 The provisions contained herein shall constitute the entire agreement between the parties with respect to the subject matter and the Schedule and Annexes, and shall supersede any pre-existing or other agreement, and merge all prior negotiations and discussions or any oral and written communications between the parties concerning the subject matter hereof. No party shall be bound by any statements, inducements, conditions, representations or warranties (whether oral or written)

with respect to the subject matter hereof by any party or its agents or representatives other than as expressly set forth herein or subsequently set forth in writing executed by both parties hereto.

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

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

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

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

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

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

By: \_\_\_\_\_  
Name: CE Name  
Title: Chief Executive

Signed for and on behalf of  
ISRAELI COMPANY

By: \_\_\_\_\_  
Name: Il Name  
Title: CEO

Signed for and on behalf of  
KOREAN COMPANY

By: \_\_\_\_\_  
Name: Ko Name  
Title: CEO

**ANNEX A - APPROVED PROJECT BUDGET <KOREAN COMPANY>**

Company Name:

Official Project term (start and finish date): DD/MM/Year to DD/MM/Year

Total Project Duration:  Months  
 Total Project Periods:   
 Total Project Budget:  USD

Project Period:		Period Duration:	Months			
<b>QUALIFYING ITEM</b>		<b>SPECIFICATIONS</b>			<b>TOTALS</b>	
<b>I. DIRECT LABOR</b>		<b>Gross Annual Salary USD</b>	<b>% on project</b>	<b>Period Duration</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> <small>Column for Official Use Only</small>
<b>Name, Title, Role (TBD if yet unknown)</b>						
1.						
2.						
3.						
4.						
Etc.						
<b>Subtotal, Direct Labor</b>						
<b>DIRECT LABOR OVERHEAD (O/H)</b>		<b>Calculated @25% of Total Direct Labor</b> <small>*Includes all indirect labor overhead expenses and social benefits</small>			<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> <small>Column for Official Use Only</small>
<b>Subtotal, Director Labor</b>		<b>X 25% =</b>				
<b>Subtotal, Direct Labor Overhead (O/H)</b>						
<b>TOTAL DIRECT LABOR (Direct Labor Subtotal + Direct Labor Overhead Subtotal)</b>						
<b>II. EQUIPMENT</b>		<b>Total Purchase Costs</b>	<b>%Time On Project</b>	<b>Annual Depreciation Rate</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> <small>Column for Official Use Only</small>
<small>This budget Item refers to depreciation allowance on capital equipment employed and NOT TO CAPITAL EXPENDITURES.</small>		<small>(Cost X Units)</small>		<small>(Life - Years)</small>		
<b>Item Description</b>	<b>NO. of Units</b>					
1.						
2.						
3.						
4.						
Etc.						
<b>Subtotal, Purchased Equipment</b>						
<b>LEASED EQUIPENT</b>		<b>Monthly Lease Cost</b>	<b>%time on project</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> <small>Column for Official Use Only</small>	
<small>(Cost X Months X Units)</small>						
<b>Item Description</b>	<b>NO. of Units</b>					
1.						
2.						
3.						
4.						
Etc.						
<b>Subtotal, Leased Equipment</b>						
<b>TOTAL EQUIPMENT COST (Purchased Equip. Subtotal + Leased Equip Subtotal)</b>						
<b>III. EXPENDABLE MATERIALS &amp; SUPPLIES</b>		<b>Total Purchase Costs</b>	<b>%time on project</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> <small>Column for Official Use Only</small>	
<small>(Cost X Units)</small>						
<b>Item Description</b>	<b>NO. of Units</b>					
1.						

2.						
3.						
4.						
Etc.						
<b>TOTAL EXPENDABLE MATERIALS &amp; SUPPLIES</b>						
<b>IV. TRAVEL EXPENSES</b>		<b>Cost per Person per trip(\$)</b>	<b>No. of trips</b>	<b>No. of People per Trip</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>FOREIGN TRAVEL</b>						
<b>Destination &amp; Purpose</b>						
1.						
2.						
3.						
Etc.						
<b>Subtotal, Foreign Travel</b>						
<b>DOMESTIC TRAVEL</b>		<b>Cost per Person per trip(\$)</b>	<b>No. of trips</b>	<b>No. of People per Trip</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Destination &amp; Purpose</b>						
1.						
2.						
3.						
Etc.						
<b>Subtotal, Domestic Travel</b>						
<b>TOTAL TRAVEL (Foreign Travel Subtotal + Domestic Travel Subtotal)</b>						
<b>V. SUBCONTRACTS (TBD)</b>		<b>Description of Service</b>			<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Name of Subcontractor</b>						
1.						
2.						
Etc.						
<b>TOTAL SUBCONTRACT</b>						
<b>VI. CONSULTANTS</b>		<b>Description of Service</b>	<b>Rate per (\$/Hr.)</b>	<b>No. of Hours</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Name of Consultant</b>						
1.						
2.						
Etc.						
<b>TOTAL CONSULTANT</b>						
<b>VII. OTHER EXPENSES</b>		<b>Description &amp; Purpose</b>			<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Item Description</b>						
1.						
2.						
Etc.						
<b>TOTAL OTHER EXPENSES</b>						
<b>TOTAL SUBTOTAL BEFORE G&amp;A EXPENSES</b>						
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>						
Calculated @ 5% of figure above: Total Subtotal Before G&A Expenses						
<b>TOTAL PROJECT PERIOD BUDGET</b>						

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

Company Name:

Official Project term (start and finish date): DD/MM/Year to DD/MM/Year

Total Project Duration:  Months      Total Project Periods:       Total Project Budget:  USD

Project Period:		Period Duration:		Months		
QUALIFYING ITEM		SPECIFICATIONS			TOTALS	
I .DIRECT LABOR		Gross Annual Salary USD	% on project	Period Duration	Cost To Project USD	Qualifying Cost USD <small>Column for Official Use Only</small>
Name, Title, Role (TBD if yet unknown)						
1.						
2.						
3.						
4.						
Etc.						
<b>Subtotal, Direct Labor</b>						
DIRECT LABOR OVERHEAD (O/H)		Calculated @25% of Total Direct Labor <small>*Includes all indirect labor overhead expenses and social benefits</small>			Cost To Project USD	Qualifying Cost USD <small>Column for Official Use Only</small>
Subtotal, Director Labor		X 25% =				
<b>Subtotal, Direct Labor Overhead (O/H)</b>						
<b>TOTAL DIRECT LABOR</b> (Direct Labor Subtotal +Direct Labor Overhead Subtotal)						
II. EQUIPMENT		Total Purchase Costs <small>(Cost X Units)</small>	%Time On Project	Annual Depreciation Rate <small>(Life - Years)</small>	Cost To Project USD	Qualifying Cost USD <small>Column for Official Use Only</small>
This budget Item refers to depreciation allowance on capital equipment employed and NOT TO CAPITAL EXPENDITURES.						
Item Description	NO. of Units					
1.						
2.						
3.						
4.						
Etc.						
<b>Subtotal, Purchased Equipment</b>						
LEASED EQUIPENT		Monthly Lease Cost <small>(Cost X Months X Units)</small>	%time on project	Cost To Project USD	Qualifying Cost USD <small>Column for Official Use Only</small>	
Item Description	NO. of Units					
1.						
2.						
3.						
4.						
Etc.						
<b>Subtotal, Leased Equipment</b>						
<b>TOTAL EQUIPMENT COST</b> (Purchased Equip. Subtotal + Leased Equip Subtotal)						
III. EXPENDABLE MATERIALS & SUPPLIES		Total Purchase Costs <small>(Cost X Units)</small>	%time on project	Cost To Project USD	Qualifying Cost USD <small>Column for Official Use Only</small>	
Item Description	NO. of Units					
1.						
2.						

3.						
4.						
Etc.						
<b>TOTAL EXPENDABLE MATERIALS &amp; SUPPLIES</b>						
<b>IV. TRAVEL EXPENSES</b>		<b>Cost per Person per trip(\$)</b>	<b>No. of trips</b>	<b>No. of People per Trip</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>FOREIGN TRAVEL</b>						
<b>Destination &amp; Purpose</b>						
1.						
2.						
3.						
Etc.						
<b>Subtotal, Foreign Travel</b>						
<b>DOMESTIC TRAVEL</b>		<b>Cost per Person per trip(\$)</b>	<b>No. of trips</b>	<b>No. of People per Trip</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Destination &amp; Purpose</b>						
1.						
2.						
3.						
Etc.						
<b>Subtotal, Domestic Travel</b>						
<b>TOTAL TRAVEL (Foreign Travel Subtotal + Domestic Travel Subtotal)</b>						
<b>V. SUBCONTRACTS (TBD)</b>		<b>Description of Service</b>			<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Name of Subcontractor</b>						
1.						
2.						
Etc.						
<b>TOTAL SUBCONTRACT</b>						
<b>VI. CONSULTANTS</b>		<b>Description of Service</b>	<b>Rate per (\$/Hr.)</b>	<b>No. of Hours</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Name of Consultant</b>						
1.						
2.						
Etc.						
<b>TOTAL CONSULTANT</b>						
<b>VII. OTHER EXPENSES</b>		<b>Description &amp; Purpose</b>			<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Item Description</b>						
1.						
2.						
Etc.						
<b>TOTAL OTHER EXPENSES</b>						
<b>TOTAL SUBTOTAL BEFORE G&amp;A EXPENSES</b>						
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b> Calculated @ 5% of figure above: Total Subtotal Before G&A Expenses						
<b>TOTAL PROJECT PERIOD BUDGET</b>						

## **ANNEX B - PAYMENT OF GRANT**

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

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

## **ANNEX C- APPROVED PROGRAM PLAN**

(see your approved project)

## **ANNEX D - ROYALTY PAYMENTS ON SALE OF PATENTED PRODUCTS**

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

or inventions made in whole or in part on the implementation of the Proposal, and the denominator of which shall be the manufacturing cost of the product sold.

- (c) If, however, a market price shall have been established for any subsystem or entity which incorporates a patented invention or inventions made in whole or in part under this project and which is sold separately, sold as part of the Innovation, or sold as part of any other product, such market price shall be the Royalty Base.

**3. ROYALTY:** The Royalty due shall be the Royalty Rate multiplied by the appropriate Royalty Base.

**4. ROYALTY PAYMENTS:**

- (a) Save as provided in sub-paragraph (c) of this paragraph 4, no Royalty payments shall be made on sales between Participants and the Third Party.
- (b) Each Participant shall make Royalty payments, as computed according to paragraphs 1., 2., and 3. of this Annex D, only when there is outstanding obligation of the Participant with respect to payments under Clause 3 of this Agreement.
- (c) However, in no event shall the Participant's obligation with respect to payments be greater than the amounts indicated in Clause 3.1(b) of this Agreement. Should Participant's obligations for payment to KORIL-RDF under Clause 3.1(b) not be fully discharged, any such deficiency shall be made up from Royalty payments on sales of the products between the Participants and the Third Party under sub-paragraph (a) of this paragraph 4, if any.

**5. TERMS OF ROYALTY PAYMENTS:**

The obligation to make Royalty payments in the full amount under this Agreement shall continue for the life of the last-to-expire patent issued on any invention made in whole or in part under this KORIL-RDF-supported project.

**6.** Royalty payments shall be made on a semiannual calendar basis; commencing at the end of the semiannual period during which any royalty first becomes due.

**7. DEFINITIONS**

The terms "Royalty Rate", "Royalty Base" and "Royalty" shall have the meanings as respectively provided in paragraphs 1, 2 and 3 of this Annex D, and "Third Party" shall mean such third party person(s) who is granted the right for the sales of any products embodying the Innovation or made by practicing the Innovation under a license of a patent obtained for the Innovation.

**ANNEX E - LICENSE AGREEMENTS**

**1.** If any patented invention or inventions made in whole or in part during this project becomes the subject of any license agreement between the Participants, or either Participant, and a third party, such licensor-Participant shall pay to KORIL-RDF 30% of all payments received by it under such license agreement.

2. If any technology developed, but not including any patented invention or inventions made in whole or in part during this KORIL-RDF-supported project, becomes the subject of any license agreement between the Participants, or either Participant, and a third party, such licensor-Participant shall pay to KORIL-RDF 30% of all payments received by it under such license agreements.
3. In no event shall this Annex E be construed as requiring payments of any amounts greater than those indicated in Clause 3.1 of this Agreement.
4. "License Agreement" as defined in paragraphs 1. and 2. of this Annex E shall comprise only license agreements under which the Participants, or either Participant, cedes to third parties the rights to use any patents or technology arising from this KORIL-RDF-supported project for purposes of using said patents or technology for engendering sales or products developed hereunder. "License Agreements" shall not include any license agreements which the Participants, or either Participants, enters into as a necessary, common or convenient means by which said products are sold to end-users in the ordinary course of business.

#### **SCHEDULE 1 - Project Proposal**

## Confidential Disclosure Agreement

### PREAMBLE

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

AMONG

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

AND

ISRAELI COMPANY

AND

KOREAN COMPANY

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

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

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

Now therefore the parties hereto agree as follows:

1. The Proposer shall disclose the information to KORIL-RDF only in accordance with the regulations and requirements of KORIL-RDF and in the form prescribed.
2. KORIL-RDF agrees to use its best efforts to maintain the confidentiality of information so given and to make disclosure and use such information only for purposes of evaluating the Proposal in accordance with KORIL-RDF's practices and procedures or as may further be agreed in a Funding Agreement between the parties. In no event, however, shall KORIL-RDF be liable for inadvertent disclosure.
3. Information as to which the Proposer claims proprietary rights or which he deems to be commercially confidential shall be clearly identified as such in any submission by appropriate legend on the cover page and on each page on which such information appears.
  - 3.1. Unless the Proposer otherwise formally requests, such information may be incorporated in, and become part of, any award or grant instrument.

- 3.2.** KORIL-RDF shall not be liable on account of disclosure of any information unless KORIL-RDF's conduct shall constitute a deliberate appropriation of Proposer's proprietary rights.
- 4.** KORIL-RDF's obligations pursuant to Secs. 2. and 3. above shall expire three years following the execution of this Agreement or expiration of the period of any Funding Agreement between the parties, whichever is later.
- 5.** This Agreement shall not apply to any part of the information:
- 5.1.** which has become, or becomes, part of the public domain or is publicly disclosed other than through the fault of KORIL-RDF; or
  - 5.2.** which was in possession of KORIL-RDF or available to it from a public source prior to its disclosure by Proposer;
  - 5.3.** which is subsequently made available to KORIL-RDF by a third party not under any confidential obligation to the Proposer; or
  - 5.4.** which KORIL-RDF is compelled by order of a court of competent jurisdiction or other authority having jurisdiction over KORIL-RDF to disclose.
- 6.** This Agreement is made in Korea and shall be governed by the laws of Korea.

Signed the day and date above first given

---

CE Name  
Chief Executive  
KORIL-RDF

---

Il Name  
CEO  
ISRAELI COMPANY

---

Ko Name  
CEO  
KOREAN COMPANY

## **COOPERATION AND PROJECT FUNDING AGREEMENT** **(CPFA for Feasibility Projects)**

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

- (1) **KOREA-ISRAEL INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION**, a company incorporated in Korea and having its principal place of business at Korea Technology Center (KOTECH 5F), 701-1 Yeoksam-Dong, Gangnam-Gu, Seoul, Korea, 135-080 ("KORIL-RDF", which expression shall where the context so admits include KORIL-RDF's successors in title and assigns);
- (2) **ISRAELI COMPANY** a company incorporated in Israel and having its principal place of business at Il Address ("ISRAELI COMPANY", which expression shall where the context so admits include ISRAELI COMPANY's successors in title and assigns); and
- (3) **KOREAN COMPANY** a company incorporated in Korea and having its principal place of business at Ko Address ("KOREAN COMPANY", which expression shall where the context so admits include KOREAN COMPANY's successors in title and assigns).

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

### **WHEREAS: -**

- (A) The Ministry of Foreign Affairs for the Government of the State of Israel and the Ministry of Knowledge Economy of Korea, did, on November 25th, 1998, sign an Agreement concerning bilateral cooperation in private sector industrial research and development through the establishment of a Korea-Israel Industrial R&D program.
- (B) The Ministry of Knowledge Economy of Korea has been provided authority to make a grant of USD 1,000,000 annually starting from 2000, to the Korea-Israel Industrial Research and Development Foundation. As of May 2004, this amount has been increased to a grant of USD 1,500,000.
- (C) The Office of the Chief Scientist, MOITaL has been provided authority to make a yearly grant of the equivalent of USD 1,000,000 annually starting 2000, to the Korea-Israel Industrial Research and Development Foundation. As of May 2004, this amount has been increased to a grant of USD 1,500,000.
- (D) KORIL-RDF has examined and duly approved the Proposal (as hereinafter defined) and is willing to provide certain funding for the implementation of the Proposal on the terms and conditions hereinafter set forth.

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

**1. DEFINITIONS & GENERAL TERMS**

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

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

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

## **2. PROJECT FINANCING**

- 2.1 KORIL-RDF hereby agrees to fund the implementation of the Proposal by the Participants by providing a grant (the "Grant") of fifty per cent. (50%) of the actual expenses incurred for each Qualifying Item up to fifty per cent. (50%) of the Qualifying Cost for such Qualifying Item, provided that in respect of all Qualifying Items, the aggregate amount of the Grant shall not exceed **USD [TOTAL APPROVED GRANT]** or 50% of the Projected Expenditure, whichever is less.
- 2.2 The Grant shall be provided to the Participants at the times as set forth in the manner as set forth in Annex B.
- 2.3 The Participants shall bear the expenditures incurred for the implementation of the Proposal in a timely fashion in excess of those provided under the Grant.

## **3. CONDUCT OF THE PROJECT**

- 3.1 Each Participant agrees to implement the Proposal in accordance with the Work Plan and the KORIL-RDF Information Handbook and shall expend funds received hereunder only in accordance with such Proposal and the requirements of this Agreement.

- 3.2 Each Participant agrees to comply with the Approved Program Plan (Annex C) for the Innovation in accordance with the Approved Program Plan. Each Participant shall, in furtherance of the implementation of the Proposal, carry out the tasks and contribute all necessary funds, resources and facilities for the implementation of the Proposal.
- 3.3 The participant shall not make any transfer of KORIL funds between themselves under any circumstances. Grant funds shall be disbursed directly from KORIL-RDF to the appropriate partner company.
- 3.4 The Participant shall not make transfers of funds from one budget item to another, change key personnel or their duties and responsibilities or diminish their time allocated to the proposed work hereunder without prior written approval by KORIL-RDF, which approval shall not be unreasonably withheld.
- 3.5 Should any key person be absent from his work or should such absence be expected for 90 days or more, or should there be any significant reduction in the total personnel force assigned under the Proposal, the Participant shall forthwith notify KORIL-RDF.
- 3.6 Each Participant shall:-
- (a) co-operate in ensuring that the implementation of the Proposal is carried out on its part by properly qualified personnel;
  - (b) procure that authorized representatives of KORIL-RDF are allowed reasonable access to the work carried out by it in connection with the Proposal and to the, records, accounts, reports and any form of documentation relating to, and personnel involved in the implementation of the Proposal from time to time; and
  - (c) promptly notify KORIL-RDF if there is any unforeseen technical or scientific problem which is likely to cause a material delay or difficulty in achieving any of the objectives of the Proposal or result in any material increase in the costs of implementing the Proposal.
- 3.7 If at any time the Participants believe that:
- (a) there is no reasonable likelihood of success of the project of the Proposal;
  - (b) substantial costs will have to be additionally incurred or amount of funding will have to be additionally provided to complete the implementation of the Proposal;
  - (c) there has been a failure to achieve any of the material steps or milestones as set out in the Work Plan and the Proposal; or
  - (d) the objectives of the Proposal have been substantially achieved by research outside the Proposal,
- they shall inform KORIL-RDF in writing thereof.

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

#### **4. REPAYMENT OF GRANT**

In the event that KORIL-RDF enters into a Cooperation Project and Funding Agreement with the Participants, or with any one of the Participants, to conduct a project according to the detailed proposal as referred to therein, the Participants or such Participant (as the case may be) agree(s) to repay the Grant as provided by KORIL-RDF under this Agreement in addition to any sums that shall be repaid under the Cooperation Project and Funding Agreement.

#### **5. TERM, EXPIRATION & TERMINATION**

5.1 The effective date of this Agreement shall be the date of signing of this Agreement. Unless terminated sooner by KORIL-RDF hereunder, this Agreement shall continue to be binding until [duration] from the effective date or the entry into of the Cooperation and Funding Agreement, whichever is earlier.

5.2 Notwithstanding Clause 5.1, KORIL-RDF may terminate the Agreement forthwith by written notice ("Termination Notice") to the Participants in any of the following circumstances:-

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

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

5.3 Notwithstanding any other provision in this Agreement to the contrary, on the occurrence of the event stated under Clause 5.2 (a), KORIL-RDF shall not be obliged to provide any further funding of the Grant after the issue of the Termination Notice until and unless the said default is cured and so demonstrated to the reasonable satisfaction of KORIL-RDF.

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

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

**6. MISCELLANEOUS**

6.1. The Participant may not assign this Agreement or any of the work undertaken pursuant to it without the prior written consent of KORIL-RDF, which consent shall not be unreasonably withheld. The provisions hereof shall be binding upon and inure to the benefit of the parties, their successors and permitted assigns.

6.2 This Agreement shall be governed by and construed under the [laws of the Republic of Korea]. The forum for the resolution of any dispute arising from this Agreement shall be the State of Israel or the Republic of Korea as the moving party may elect. Execution of this Agreement shall be taken as submission to the forum selected pursuant to this Clause.

6.3 Unless the parties to a dispute shall agree otherwise, the dispute shall be referred to arbitration under the rules of the Israel Arbitration Law if the forum is Israel, and under the Arbitration Rules of the Korean Commercial Arbitration Board if the forum is in Korea which rules are deemed to be incorporated by reference into this Clause. All arbitration proceedings shall be in the English language. The decision of the arbitrator shall be final and binding on all the parties.

6.4 Each Participant undertakes to comply with all applicable laws, rules and regulations of the Republic of Korea, and those of the State of Israel, and will apply for and obtain all necessary licenses and permits for carrying out of its obligations hereunder.

6.5 Each party shall bear its own legal and other costs and expenses incurred by it in connection with this Agreement. Under Israeli law, no stamp duty is required on KORIL-RDF Cooperation and Project Funding Agreements.

6.6 Any demand, consent, notice or other communication ("notice") authorized or required to be made hereunder shall be in writing and may be given by facsimile, courier, post or hand to a party addressed as follows:-

(a) KORIL-RDF, Korea-Israel Industrial Research and Development Foundation  
 Korea Technologies Center (KOTECH 5F)  
 701-7, Yeoksam-Dong, Gangnam-Gu  
 Seoul, Korea #156-711  
 Facsimile : 82-2-6009-8254  
 Attn : Chief Executive

(b) ISRAELI COMPANY  
 Il Address  
 Facsimile : [123-456-7890]  
 Attn : Il Name

(c) KOREAN COMPANY  
 Ko Address  
 Facsimile : [123-456-7890]  
 Attn : Ko Name

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

A notice:-

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

- 6.7 Nothing herein shall create a partnership, joint venture or agency between the parties.
- 6.8 Save as otherwise specifically provided herein, this Agreement shall not be altered, changed, supplemented or amended except by written instruments signed by all parties or their authorized representatives.
- 6.9 No remedy conferred by any of the provisions of this Agreement is intended to be exclusive of any other remedy which is otherwise available at law, in equity, by statute or otherwise, and each and every other remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity, by statute or otherwise. The election of any one or more of such remedies by a party shall not constitute a waiver by such party of the right to pursue any other available remedies.
- 6.10 The provisions contained herein shall constitute the entire agreement between the parties with respect to the subject matter and the Schedule and Annexes, and shall supersede any pre-existing or other agreement, and merge all prior negotiations and discussions or any oral and written communications between the parties concerning the subject matter hereof. No party shall be bound by any statements, inducements, conditions, representations or warranties (whether oral or written) with respect to the subject matter hereof by any party or its agents or representatives other than as expressly set forth herein or subsequently set forth in writing executed by both parties hereto.
- 6.11 If any of the terms or provisions in this Agreement or the Schedules or Annexes shall be held to be illegal, invalid or unenforceable by any court of competent jurisdiction, in whole or in part, it shall not invalidate the rest of this Agreement which shall remain full force and effect as if such terms or provisions had not been a part of this Agreement. Such terms or provisions held to be illegal, invalid or unenforceable by any court of competent jurisdiction in any state or city shall not affect their legality, validity and enforceability in other states or cities.

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

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

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

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

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

By: \_\_\_\_\_  
Name : CE Name  
Title : Chief Executive

Signed for and on behalf of  
**[ISRAELI COMPANY]**

By: \_\_\_\_\_  
Name :  
Title :

Signed for and on behalf of  
**[KOREAN COMPANY]**

By: \_\_\_\_\_  
Name :  
Title :

**SCHEDULE 1 - PROPOSAL**

**SCHEDULE 2 – KORIL-RDF INFORMATION HANDBOOK**

**ANNEX A - APPROVED PROJECT BUDGET <KOREAN COMPANY>**

Company Name:

Official Project term (start and finish date): DD/MM/Year to DD/MM/Year

Total Project Duration:  Months      Total Project Periods:       Total Project Budget:  USD

Project Period:		Period Duration:		Months		
QUALIFYING ITEM		SPECIFICATIONS			TOTALS	
<b>I .DIRECT LABOR</b>		<b>Gross Annual Salary USD</b>	<b>% on project</b>	<b>Period Duration</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> <small>Column for Official Use Only</small>
<b>Name, Title, Role (TBD if yet unknown)</b>						
1.						
2.						
3.						
4.						
Etc.						
<b>Subtotal, Direct Labor</b>						
<b>DIRECT LABOR OVERHEAD (O/H)</b>		<b>Calculated @25% of Total Direct Labor</b> <small>*Includes all indirect labor overhead expenses and social benefits</small>			<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> <small>Column for Official Use Only</small>
<b>Subtotal, Director Labor</b>						
		<b>X 25% =</b>				
<b>Subtotal, Direct Labor Overhead (O/H)</b>						
<b>TOTAL DIRECT LABOR</b> <small>(Direct Labor Subtotal +Direct Labor Overhead Subtotal)</small>						
<b>II. EQUIPMENT</b>		<b>Total Purchase Costs</b> <small>(Cost X Units)</small>	<b>%Time On Project</b>	<b>Annual Depreciation Rate</b> <small>(Life - Years)</small>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> <small>Column for Official Use Only</small>
<small>This budget Item refers to depreciation allowance on capital equipment employed and NOT TO CAPITAL EXPENDITURES.</small>						
<b>Item Description</b>	<b>NO. of Units</b>					
1.						
2.						
3.						
4.						
Etc.						
<b>Subtotal, Purchased Equipment</b>						
<b>LEASED EQUIPENT</b>		<b>Monthly Lease Cost</b> <small>(Cost X Months X Units)</small>	<b>%time on project</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> <small>Column for Official Use Only</small>	
<b>Item Description</b>	<b>NO. of Units</b>					
1.						
2.						
3.						
4.						
Etc.						
<b>Subtotal, Leased Equipment</b>						
<b>TOTAL EQUIPMENT COST</b> <small>(Purchased Equip. Subtotal + Leased Equip Subtotal)</small>						
<b>III. EXPENDABLE MATERIALS &amp; SUPPLIES</b>		<b>Total Purchase Costs</b> <small>(Cost X Units)</small>	<b>%time on project</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> <small>Column for Official Use Only</small>	
<b>Item Description</b>	<b>NO. of Units</b>					
1.						
2.						

3.						
4.						
Etc.						
<b>TOTAL EXPENDABLE MATERIALS &amp; SUPPLIES</b>						
<b>IV. TRAVEL EXPENSES</b>		<b>Cost per Person per trip(\$)</b>	<b>No. of trips</b>	<b>No. of People per Trip</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>FOREIGN TRAVEL</b>						
<b>Destination &amp; Purpose</b>						
1.						
2.						
3.						
Etc.						
<b>Subtotal, Foreign Travel</b>						
<b>DOMESTIC TRAVEL</b>		<b>Cost per Person per trip(\$)</b>	<b>No. of trips</b>	<b>No. of People per Trip</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Destination &amp; Purpose</b>						
1.						
2.						
3.						
Etc.						
<b>Subtotal, Domestic Travel</b>						
<b>TOTAL TRAVEL (Foreign Travel Subtotal + Domestic Travel Subtotal)</b>						
<b>V. SUBCONTRACTS (TBD)</b>		<b>Description of Service</b>			<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Name of Subcontractor</b>						
1.						
2.						
Etc.						
<b>TOTAL SUBCONTRACT</b>						
<b>VI. CONSULTANTS</b>		<b>Description of Service</b>	<b>Rate per (\$/Hr.)</b>	<b>No. of Hours</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Name of Consultant</b>						
1.						
2.						
Etc.						
<b>TOTAL CONSULTANT</b>						
<b>VII. OTHER EXPENSES</b>		<b>Description &amp; Purpose</b>			<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Item Description</b>						
1.						
2.						
Etc.						
<b>TOTAL OTHER EXPENSES</b>						
<b>TOTAL SUBTOTAL BEFORE G&amp;A EXPENSES</b>						
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b> Calculated @ 5% of figure above: Total Subtotal Before G&A Expenses						
<b>TOTAL PROJECT PERIOD BUDGET</b>						

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

Company Name:

Official Project term (start and finish date): DD/MM/Year to DD/MM/Year

Total Project Duration:  Months      Total Project Periods:       Total Project Budget:  USD

Project Period:		Period Duration:	Months			
QUALIFYING ITEM		SPECIFICATIONS			TOTALS	
I .DIRECT LABOR		Gross Annual Salary USD	% on project	Period Duration	Cost To Project USD	Qualifying Cost USD <small>Column for Official Use Only</small>
Name, Title, Role (TBD if yet unknown)						
1.						
2.						
3.						
4.						
Etc.						
<b>Subtotal, Direct Labor</b>						
DIRECT LABOR OVERHEAD (O/H)		Calculated @25% of Total Direct Labor <small>*Includes all indirect labor overhead expenses and social benefits</small>			Cost To Project USD	Qualifying Cost USD <small>Column for Official Use Only</small>
Subtotal, Director Labor		X 25% =				
<b>Subtotal, Direct Labor Overhead (O/H)</b>						
<b>TOTAL DIRECT LABOR</b> (Direct Labor Subtotal +Direct Labor Overhead Subtotal)						
II. EQUIPMENT		Total Purchase Costs <small>(Cost X Units)</small>	%Time On Project	Annual Depreciation Rate <small>(Life - Years)</small>	Cost To Project USD	Qualifying Cost USD <small>Column for Official Use Only</small>
Item Description	NO. of Units					
1.						
2.						
3.						
4.						
Etc.						
<b>Subtotal, Purchased Equipment</b>						
LEASED EQUIPENT		Monthly Lease Cost <small>(Cost X Months X Units)</small>	%time on project	Cost To Project USD	Qualifying Cost USD <small>Column for Official Use Only</small>	
Item Description	NO. of Units					
1.						
2.						
3.						
4.						
Etc.						
<b>Subtotal, Leased Equipment</b>						
<b>TOTAL EQUIPMENT COST</b> (Purchased Equip. Subtotal + Leased Equip Subtotal)						
III. EXPENDABLE MATERIALS & SUPPLIES		Total Purchase Costs <small>(Cost X Units)</small>	%time on project	Cost To Project USD	Qualifying Cost USD <small>Column for Official Use Only</small>	
Item Description	NO. of Units					
1.						
2.						

3.						
4.						
Etc.						
<b>TOTAL EXPENDABLE MATERIALS &amp; SUPPLIES</b>						
<b>IV. TRAVEL EXPENSES</b>		<b>Cost per Person per trip(\$)</b>	<b>No. of trips</b>	<b>No. of People per Trip</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>FOREIGN TRAVEL</b>						
<b>Destination &amp; Purpose</b>						
1.						
2.						
3.						
Etc.						
<b>Subtotal, Foreign Travel</b>						
<b>DOMESTIC TRAVEL</b>		<b>Cost per Person per trip(\$)</b>	<b>No. of trips</b>	<b>No. of People per Trip</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Destination &amp; Purpose</b>						
1.						
2.						
3.						
Etc.						
<b>Subtotal, Domestic Travel</b>						
<b>TOTAL TRAVEL (Foreign Travel Subtotal + Domestic Travel Subtotal)</b>						
<b>V. SUBCONTRACTS (TBD)</b>		<b>Description of Service</b>			<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Name of Subcontractor</b>						
1.						
2.						
Etc.						
<b>TOTAL SUBCONTRACT</b>						
<b>VI. CONSULTANTS</b>		<b>Description of Service</b>	<b>Rate per (\$/Hr.)</b>	<b>No. of Hours</b>	<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Name of Consultant</b>						
1.						
2.						
Etc.						
<b>TOTAL CONSULTANT</b>						
<b>VII. OTHER EXPENSES</b>		<b>Description &amp; Purpose</b>			<b>Cost To Project USD</b>	<b>Qualifying Cost USD</b> Column for Official Use Only
<b>Item Description</b>						
1.						
2.						
Etc.						
<b>TOTAL OTHER EXPENSES</b>						
<b>TOTAL SUBTOTAL BEFORE G&amp;A EXPENSES</b>						
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b> Calculated @ 5% of figure above: Total Subtotal Before G&A Expenses						
<b>TOTAL PROJECT PERIOD BUDGET</b>						

## **ANNEX B - PAYMENT OF GRANT**

1. The first payment of the Grant amounting to 50% of KORIL-RDF's pro rata share of the projected expenditures as set out in the Approved Project Budget (the "Advance"), but not exceeding **[USD]**, shall be disbursed to the Participants on the date of this Agreement such that **[USD]** shall be paid to **[ISRAELI COMPANY]** and **[USD]** to **[KOREAN COMPANY]**;
2. Final payment of the Grant not exceeding the balance due under Clause 2 of this Agreement but not exceeding **[USD]**, shall be disbursed after satisfactory receipt from the Participants of the final joint technical and respective fiscal reports by KORIL-RDF relating to the implementation of the Feasibility Study, and approval by KORIL-RDF of said reports.

## **ANNEX C - WORK PLAN**

(given in your proposed project)

## **Confidential Disclosure Agreement**

### PREAMBLE

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

AMONG

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

AND

ISRAELI COMPANY

AND

KOREAN COMPANY

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

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

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

Now therefore the parties hereto agree as follows:

1. The Proposer shall disclose the information to KORIL-RDF only in accordance with the regulations and requirements of KORIL-RDF and in the form prescribed.
2. KORIL-RDF agrees to use its best efforts to maintain the confidentiality of information so given and to make disclosure and use such information only for purposes of evaluating the Proposal in accordance with KORIL-RDF's practices and procedures or as may further be agreed in a Funding Agreement between the parties. In no event, however, shall KORIL-RDF be liable for inadvertent disclosure.
3. Information as to which the Proposer claims proprietary rights or which he deems to be commercially confidential shall be clearly identified as such in any submission by appropriate legend on the cover page and on each page on which such information appears.
  - 3.1. Unless the Proposer otherwise formally requests, such information may be incorporated in, and become part of, any award or grant instrument.

- 3.2.** KORIL-RDF shall not be liable on account of disclosure of any information unless KORIL-RDF's conduct shall constitute a deliberate appropriation of Proposer's proprietary rights.
- 4.** KORIL-RDF's obligations pursuant to Secs. 2. and 3. above shall expire three years following the execution of this Agreement or expiration of the period of any Funding Agreement between the parties, whichever is later.
- 5.** This Agreement shall not apply to any part of the information:
- 5.1.** which has become, or becomes, part of the public domain or is publicly disclosed other than through the fault of KORIL-RDF; or
  - 5.2.** which was in possession of KORIL-RDF or available to it from a public source prior to its disclosure by Proposer;
  - 5.3.** which is subsequently made available to KORIL-RDF by a third party not under any confidential obligation to the Proposer; or
  - 5.4.** which KORIL-RDF is compelled by order of a court of competent jurisdiction or other authority having jurisdiction over KORIL-RDF to disclose.
- 6.** This Agreement is made in Korea and shall be governed by the laws of Korea.

Signed the day and date above first given

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CE Name  
Chief Executive  
KORIL-RDF

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Il Name  
CEO  
ISRAELI COMPANY

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Ko Name  
CEO  
KOREAN COMPANY