

TERM SHEET TEMPLATE FOR CRCs

PURPOSE

The objective of this term sheet template is to assist potential participants to identify key issues and reach agreement on the terms of collaboration in the proposed CRC.

The term sheet should be initiated by a proposed consortium early in the process of preparing a CRC bid and guide the preparation of the application.

The term sheet should be developed in consultation with all proposed participants.

In its early iterations, the term sheet should provide a general overview of terms and serve as the basis for further discussion amongst participants. As discussion progresses, the participants should seek to reach formal agreement on all items identified in the term sheet.

A successful CRC bid can then use the agreed term sheet as a basis for drafting the terms and conditions of the Participants Agreement.

The term sheet is not intended to be and does not constitute a legally binding document.

SUMMARY OF TERMS

Topic:	Proposed Terms:
CRC NAME	What is the name of the CRC?
VISION / CHALLENGE	What is the key reason for the existence of the CRC? - What is the key challenge that the CRC will address?
RATIONALE	Why is a collaborative effort required to address the key challenge? - Why is a CRC the best model for the collaboration? - Why are other funding sources or structures not appropriate? What is the value proposition for each of the following stakeholders: end-users; the industry; researchers; and the Commonwealth?
CRC PROGRAM FUNDING BID	What amount of CRC program funding will be sought? - Will the CRC's proposed participants at a minimum match their contributions with the amount of CRC program funding sought?
TERM	How many years of CRC program funding will be sought and why?

<p>PARTICIPANTS</p>	<p>Who are the participants and what categories do they fall within (e.g. Essential or Other, research or industry, SME, etc.)?</p> <ul style="list-style-type: none"> - What are the participation rights for each category of participant? - What are the expected levels of investment of each participant? <p>Who will be the nominated end-user and Australian university to meet CRC program requirements?</p> <p>How will the CRC decide which participants are Essential?</p> <ul style="list-style-type: none"> - E.g.: How important is a participant to achieving either the research outputs or utilisation? - Are there minimum levels of investment (cash and/or in-kind)? If so, are exceptions allowable and in what circumstances? <p>Do any participants have minimum investment-return or leverage requirements and what are they?</p> <ul style="list-style-type: none"> - Do these requirements 'fit' with the proposed CRC? <p>Is there a special mechanism needed for SME engagement, e.g. "SME Entity/Club"?</p> <p>How flexible is the CRC in terms of admitting new participants?</p> <ul style="list-style-type: none"> - What are the rules for a participant to join or exit the CRC? - How will the CRC manage the early exit of a participant? - Use the template at Attachment A to specify the proposed participants and their level of involvement in the CRC
<p>STRUCTURE</p>	<p>How will the CRC be structured?</p> <ul style="list-style-type: none"> - Why is this structure the most appropriate? E.g.: Incorporated or Unincorporated Joint Venture; - Company limited by guarantee or company limited by shares; <p>Who will be members of the CRC company?</p> <p>Who will be the Recipient identified in the Commonwealth Agreement?</p>

<p>TAX STATUS</p>	<p>What is the expected tax status of the CRC?</p> <ul style="list-style-type: none"> - Will the CRC seek tax exemption status with the ATO? - If so, how will this affect the distribution of CRC assets upon wind-up? - Is a tax exempt status consistent with the proposed structure (above) and IP arrangements (below)?
<p>GOVERNANCE</p>	<p>Who will be on the CRC’s governing Board?</p> <ul style="list-style-type: none"> - Who is the interim independent Chair? - How many directors will be on the Board and how often will they meet? - How many directors will be independent? - How will the membership of the Board be determined? - What process will be used to elect and re-elect Board members? - What will be the collective skills set of the Board members? <p>What role(s) will be performed by Board committees?</p> <ul style="list-style-type: none"> - E.g.: finance, audit and risk committee; research committee; remuneration committee; education committee; intellectual property committee <p>Will the Board of the company have the same membership as the Board of the CRC?</p> <p>How will decisions be reached?</p> <ul style="list-style-type: none"> - Will any matters require special or unanimous approval? <p>Consider whether the proposed governance arrangements demonstrate best practice (see: the CRC program’s Guide to Good Governance)</p>
<p>MANAGEMENT / ADMINISTRATION</p>	<p>How will the CRC be managed?</p> <ul style="list-style-type: none"> - Who is the interim CEO? - Does the CEO have the required skills set to manage the CRC? - If successful, how will the CEO be appointed? <p>How will management performance be monitored and reviewed?</p> <p>What administrative arrangements and structures will be created?</p>

	Where will the CRC be headquartered?
IP OWNERSHIP	<p>What are the proposed arrangements for managing background IP?</p> <ul style="list-style-type: none"> - E.g. Under what terms will background IP be made available for use in CRC projects and to owners/licensees of Centre IP which is dependent on that background IP? - Who will own Centre-generated IP? - Why is this the most appropriate model? <p>E.g.: Will Centre IP be legally and beneficially owned by the CRC company; or legally owned by the CRC company on trust for the benefit of participants; or owned by Participants on a project by project basis, etc.</p>
IP USE & COMMERCIALISATION	<p>How will Centre IP rights be assigned or licensed?</p> <ul style="list-style-type: none"> - Will participants have rights to Centre IP for research and internal use? - Who has the rights to commercialise or utilise Centre IP and who makes these decisions? - Do any participants have a first right of refusal and what are the terms thereof? - What are the rules regarding publication of research outputs (including timing of publication)? - How will expected returns be distributed?
INDEMNITY / INSURANCE	<p>Will the participants in the CRC be expected to mutually indemnify each other?</p> <ul style="list-style-type: none"> - Will a CRC operating company indemnify the participants? - What are the nature and scope of those indemnities? - Will there be any limitations or caveats for those indemnities? - How will the indemnities interact with insurance requirements?
LEGACY / TRANSITION	<p>What will be the CRC's expected legacy once its funding term ceases?</p> <p>What do you intend to do at the end of the Commonwealth's funding of the CRC?</p> <ul style="list-style-type: none"> - Will the CRC transition to a new entity or dissolve? - Will the company or joint venture continue to

	<p>operate?</p> <p>What are the arrangements for distributing the assets of the CRC if the existing entity cannot continue or a new entity cannot be created?</p> <p>How will IP be managed or dispersed at the end of the life of the CRC (consider both ownership and assignment of rights)?</p> <ul style="list-style-type: none">- Is the proposed IP distribution on wind-up consistent with the tax status identified above?
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