

Sustainable Canadian Agricultural Partnership
Value-Added Program
Approval Letter Grant Terms

1. INTERPRETATION

1.1 Definitions – In these Approval Letter Grant Terms:

- a) **“Agreement”** means the Approval Letter and these Approval Letter Grant Terms,
- b) **“Application”** means the application submitted by the Eligible Applicant to the Program,
- c) **“Eligible Activity”** means the part or parts of the Project that have been approved under the Program, as set out in the Eligible Activity and Expense Schedule,
- d) **“Eligible Activity and Expense Schedule”** means the document at Schedule “A” of the Approval Letter,
- e) **“Eligible Capital Expenses”** means the capital expenses that are eligible for payment under the Agreement, as listed in the Eligible Activity and Expense Schedule,
- f) **“Eligible Expenses”** means Eligible Capital Expenses and Eligible Non-Capital Expenses,
- g) **“Eligible Non-Capital Expenses”** means non-capital expenses that are eligible for payment under the Agreement, as listed in the Eligible Activity and Expense Schedule,
- h) **“Event of Default”** has the meaning given in section 7.1,
- i) **“Federal Minister”** means His Majesty in Right of Canada, as represented by the Minister of Agriculture and Agri-Food,
- j) **“Final Report”** means the final report described in section 5.1.
- k) **“Grant”** means the grant described in section 2.1,
- l) **“Ineligible Expenses”** means expenses that are not eligible for payment under the Agreement, as listed in section 4.7,
- m) **“Program”** means the Value-Added Program, a program under Sustainable CAP,
- n) **“Program Terms and Conditions”** means the terms and conditions for the Program as of the date that the Application was received by the Minister,
- o) **“Project”** means the activities in the Application that the Eligible Applicant proposed to conduct under the Program,
- p) **“Project Term”** has the meaning given in the Approval Letter,
- q) **“Regulation”** means the *Ministerial Grants Regulation* (AR 215/2022),
- r) **“Reimbursement Claim Form”** means the form to be submitted by the Eligible Applicant, together with all documentation required to be submitted pursuant to that form and the Agreement, to request payment for Eligible Expenses,

- s) **“Sustainable Canadian Agricultural Partnership”** (or **“Sustainable CAP”**) means the Federal-Provincial-Territorial agricultural program,
- t) **“Travel Expense Policy”** means the document at Schedule “B” of the Approval Letter.

1.2 Program Terms and Conditions – The Program Terms and Conditions form part of the Agreement.

1.3 Entire Agreement - The Agreement is the entire agreement between the Minister and the Eligible Applicant with respect to support by the Minister of the Eligible Activity, and supersedes all previous agreements, correspondence, negotiations, and understandings. There are no agreements, representations, warranties, terms, conditions, or commitments except as expressed in the Agreement. In the event of a conflict between the Approval Letter, these Approval Letter Grant Terms, and the Program Terms and Conditions, the order of precedence is the Approval Letter Grant Terms, Program Terms and Conditions, and Approval Letter.

1.4 Regulation – Nothing in the Agreement relieves the Eligible Applicant from strict compliance with the Regulation or otherwise affects the interpretation or application of the Regulation.

2. THE GRANT

2.1 Payment of Grant – Subject to the terms and conditions of the Agreement, the Minister will contribute an amount by way of grant (the **“Grant”**) in the amount stated in the Approval Letter to the Eligible Applicant for the purposes of the Eligible Activity.

2.2 Amount of Grant – The Minister shall provide support for the Eligible Expenses for the Eligible Activity on a cost-shared basis as set out in the Eligible Activity and Expense Schedule. The total amount of the Grant payable to the Eligible Applicant, pursuant to the Regulation and subject to the provisions of the Agreement, shall be based upon Eligible Expenses that are claimed by the Eligible Applicant and approved by the Minister. The amount of the Grant stated in section 2.1 shall be adjusted so the total amount of the Grant equals all Eligible Expenses claimed by the Eligible Applicant and approved by the Minister during the Project Term, after application of the cost-share requirement, but in no event shall the amount of the Grant exceed the amount stated in section 2.1.

If the Eligible Expenses claimed by the Applicant and approved by the Minister during the Project Term are ultimately less than the amount stated in section 2.1, the Grant will be reduced upon review by and at the absolute discretion of the Minister, and the Eligible Applicant shall immediately repay the difference to the Minister.

If the total amount of funding from federal, provincial, and municipal governments exceeds 100% of the Eligible Expenses incurred by the Eligible Applicant, the amount of the Grant shall be adjusted so that the total government funding for Eligible Expenses does not exceed 100% of these expenses.

2.3 Cost-share – The cost of approved Eligible Expenses must be shared as follows:

- a) Eligible Capital Expenses: 25% Program and 75% Eligible Applicant, and
- b) Eligible Non-Capital Expenses: 50% Program and 50% Eligible Applicant, up to a

maximum total of \$50,000. The \$50,000 maximum includes a \$5,000 maximum for travel expenses.

Funding received through any other Sustainable CAP programs may not be used toward the cost-share requirements of the Program.

- 2.4 Timing of Grant** – Subject to the terms and conditions of the Agreement and any adjustments to the Grant amount made pursuant to section 2.2, the Minister will pay the Grant to the Eligible Applicant upon receipt, to the satisfaction of the Minister, of a Final Report and the other documentation required under section 5.1.
- 2.5 No Other Financial Assistance** – The Eligible Applicant acknowledges that the Grant may not be sufficient to cover the entire cost of the Eligible Activity and that the Eligible Applicant shall be solely responsible for raising funds from other sources to complete the Eligible Activity. The Eligible Applicant acknowledges that the Grant is the only financial assistance the Minister will provide to the Eligible Applicant for the Eligible Activity.
- 2.6 No Obligation to Provide Licenses or Approvals** – The Eligible Applicant acknowledges that the payment of the Grant creates no obligation on the part of the Minister or the Federal Minister to provide licenses or approvals under any legislation.

3. ELIGIBLE ACTIVITY

- 3.1 Conduct of Eligible Activity** – Except for items permanently affixed to land sold by the Eligible Applicant, equipment for which the Eligible Applicant received payment under the Program must, during the Project Term and for at least three (3) years afterwards, remain owned by the Eligible Applicant.
- 3.2 Completion of the Eligible Activity** – The Eligible Applicant agrees to undertake all reasonable efforts to proceed diligently and in a timely manner with the Eligible Activity in accordance with the Eligible Activity and Expense Schedule and agrees to complete the Eligible Activity by end of the Project Term. Where an Eligible Activity involves buying equipment, the Eligible Activity will be deemed complete when the equipment is in the Eligible Applicant's possession.
- 3.3 Alteration of Eligible Activity** – The Eligible Applicant shall not alter the Eligible Activity in any respect material to the Agreement, except with the prior written consent of the Minister. Alteration of the Eligible Activity may result in a reduction of the Grant, in the sole discretion of the Minister.
- 3.4 Compliance with Laws** – In completing the Eligible Activity, the Eligible Applicant shall:
- a) comply with all applicable laws, and
 - b) obtain all required governmental approvals prior to commencing the Eligible Activity, including those related to public health and safety, labour codes and standards, care and use of animals in research, wildlife habitat, and environmental protection.

4. ELIGIBLE EXPENSES

4.1 Eligible Expenses – Unless otherwise permitted by the Minister, to be approved as an Eligible Expense, an expense must:

- a) be listed in the Eligible Activity and Expense Schedule and, if applicable, be at the funding level specified in the Eligible Activity and Expense Schedule,
- b) have been incurred directly in furtherance of the Eligible Activity, during the Project Term,
- c) have been incurred by, invoiced to, and paid by the Eligible Applicant,
- d) be of fair market value and have been incurred following a competitive process that is transparent, fair, and promotes the best value for the money expended,
- e) if it is a travel related expense, comply with the Travel Expense Policy,
- f) be calculated based on the actual out-of-pocket cost to the Eligible Applicant (e.g., cost less rebates, discounts, incentives and/or credits, whether provided at the time of purchase or at a later date), and
- g) not be an expense that is deemed ineligible under section 4.2.

4.2 Ineligible Expenses – In no event shall any of the following be an Eligible Expense:

- a) travel expenses not in compliance with the Travel Expense Policy,
- b) expenses not incurred by the Eligible Applicant in carrying out the Eligible Activity,
- c) expenses associated with activities that are ineligible for the Program, including: purchase or construction of real property or structural works, activities associated with aquaculture, aquaponics, or seafood processing, and activities that provide province-specific branding, promotion or marketing activities that are detrimental to another province or territory,
- d) shipping costs for equipment,
- e) costs of lease of office furniture, space, and equipment,
- f) fixtures that are not an Eligible Capital Expense,
- g) costs of equipment for storage purposes not directly related to the Eligible Activity,
- h) costs associated with the building such as plumbing, framing, flooring, electrical and insulation,
- i) on-going business operational activities and overhead expenses (such as salaries, normal consulting and contracting expenses, legal costs, sales commissions, warehousing, maintenance costs, utilities, and photocopying),
- j) staff or consulting expenses for product sale activities, or in market representation for existing products,
- k) advertising expenses (including radio, social media, vehicle wraps, billboards, signage),
- l) sponsorship,
- m) donation of product,
- n) listing fees, distribution fees or shelf stocking fees,
- o) website hosting, domain registration or ongoing website maintenance,

- p) vehicles of any kind (including trucks, forklifts, refrigerated trucks),
- q) expenses related to non-specific activities, such as those marked “miscellaneous”,
- r) Goods and Services Tax (GST),
- s) costs incurred outside of the Project Term, as determined by the Minister, and
- t) any other expense deemed ineligible by the Minister.

4.3 Calculation of Eligible Expenses - Eligible Expenses shall be calculated based on the actual out of pocket cost to the Eligible Applicant (i.e., cost of the Eligible Expense less any rebates, discounts, incentives and/or credits, whether provided at the time of purchase or at a later date).

4.4 Approval and Determination of Eligible Expenses – The Minister has the sole discretion to approve or not approve a claimed expense as an Eligible Expense, and may determine the amount of an Eligible Expense where:

- a) the Minister considers the amount of a claimed Eligible Expense to be unreasonable or not reflective of actual out-of-pocket cost, or
- b) the Eligible Applicant fails to establish the amount of an Eligible Expense to the satisfaction of the Minister.

4.5 Claims for Eligible Expenses – In conjunction with its Final Report, the Eligible Applicant shall submit Reimbursement Claim Forms to claim Eligible Expenses. Unless otherwise authorized by the Minister, claims will only be accepted for Eligible Expenses incurred by the Eligible Applicant during the Project Term. The claims must include invoices, receipts, calculations, and any other documentation necessary to establish, to the satisfaction of the Minister, the nature and amount of the expense, and the Eligible Applicant’s payment of its designated share of Eligible Expenses. The following conditions apply to invoices submitted for Eligible Expenses:

- a) for invoices not generated on an official company voucher or vouchers without a company stamp, a copy of the cancelled cheque (front and back) is required,
- b) the Eligible Applicant’s name must match the name on the invoice,
- c) all items on an invoice must be listed separately and the amount of each item must be clearly identified.

In addition to invoices, the Eligible Applicant agrees to provide such other information and records as the Minister may require to verify the eligibility of the expense and the payment by the Eligible Applicant. No claims will be accepted after the submission of the Final Report.

4.6 Documentation for Eligible Expenses – The Eligible Applicant shall in a timely manner provide all documentation and calculations required to establish the Eligible Expenses of the Eligible Activity to the reasonable satisfaction of the Minister, and should the Eligible Applicant fail to do so, the Minister shall be entitled to determine the Eligible Expenses of the Eligible Activity, and such determination shall be binding upon the Eligible Applicant.

5. REPORTING, MONITORING AND INSPECTION

5.1 Final Report - The Eligible Applicant shall provide the Minister with a Final Report, in the form

provided by the Minister and completed to the Minister's satisfaction, by the date stated in the Approval Letter or by no later than 30 days after the earlier termination of the Agreement. The Final Report must include:

- a) a list of activities (including but not limited to capital investment, capacity expansion, food safety, market development etc.) completed by the Eligible Applicant in relation to the Eligible Activity,
- b) a report of the Eligible Applicant's success in meeting the Eligible Activity's objectives,
- c) a description of the successful aspects of the Eligible Activity, as well as any recommendations for improvements,
- d) a narrative of any value-added benefits of the Eligible Activity (including but not limited to number and description of products developed, the commercial status of products developed, increased availability of Alberta products and/or ingredients, increased productive capacity),
- e) a narrative of any impacts of the Eligible Activity on the Eligible Applicant's business (including but not limited to increased sales, job creation and/or retention, and increased productive capacity),
- f) a signed declaration detailing the launch of New Products into the marketplace, if applicable,
- g) a signed declaration detailing expansion of and/or entry into New Markets, if applicable,
- h) a list of any market information and/or intelligence products created, updated, or disseminated, if applicable,
- i) copies of any publications for industry, if applicable,
- j) a financial report, detailing all expenditures of the Eligible Activity, the expenditures attributed to the grant, and the expenditures attributed to other funding sources for the Eligible Activity, including the Eligible Applicant's contribution, and
- k) any other information requested by the Minister

The Minister may require that any such report be reviewed, assessed, and reported on by the Eligible Applicant's auditors. Further to the Final Report, the Minister may request an independent evaluation of the Eligible Activity.

- 5.2 Additional Reports** - The Minister may request the Eligible Applicant to submit additional reports during the Project Term which the Eligible Applicant shall submit, to the Minister's satisfaction, by the dates specified by the Minister.
- 5.3 Generally Accepted Accounting Principles** – The Eligible Applicant shall carry out its financial functions under the Agreement in accordance with generally accepted accounting principles.
- 5.4 Accounting Records** – From the effective date of the Agreement until six years following the end of the Term, the Eligible Applicant shall maintain separate accounting records for the Eligible Activity and make them available for inspection by the Minister and representatives of the Minister (including the Auditor General of Alberta or any other auditor of the Eligible Activity engaged by the Minister at its own expense) at all reasonable times upon reasonable notice.
- 5.5 Audits** – The Eligible Applicant agrees to give the Minister and representatives of the Minister access to examine their operation from the Effective Date until six years following the end of the Project Term. The Eligible Applicant agrees to make available to the Minister and

representatives of the Minister all records, books of account, income tax returns, information, databases, invoices, and audit and evaluation reports in relation to the Eligible Activity that are necessary to for the audit and evaluation of the Eligible Activity. If the Eligible Applicant fails to provide records within a reasonable time on reasonable notice, as determined by the Minister, the Eligible Applicant may be required to refund some or all of the Grant, as well as forfeit any future payments of the Grant.

- 5.6 Inspection** – From the effective date of the Agreement until three years following the end of the Project Term, the Minister is entitled, at reasonable times and upon reasonable notice to the Eligible Applicant, to attend the operation of the Eligible Applicant for the purpose of examining any items pertinent to the Eligible Activity in order to assess whether the Eligible Applicant is in compliance with the terms of the Agreement.
- 5.7 Cooperation** - The Eligible Applicant agrees to cooperate with the Minister in the completion of any audit, evaluation or inspection of the Eligible Activity or of the Grant.
- 5.8 Repayment** – The Eligible Applicant must repay, by the date specified by the Minister, all amounts of the Grant that the Minister determines (whether through an inspection, audit, evaluation, or other process) to have been paid in respect of an expense that is not an Eligible Expense.

6. OTHER OBLIGATIONS OF THE ELIGIBLE APPLICANT

- 6.1 Representations and Warranties** - The Eligible Applicant represents and warrants to the Minister that:
- a) it has made full, true and plain disclosure to the Minister of all facts relating to the Eligible Activity that are material to the Agreement, including without limitation all sources of funding from federal, provincial and municipal governments,
 - b) it is not aware of any discussions to affect a sale, transfer, assignment or pledge of interest which would result in a change of the control of the Eligible Applicant or of the disposition of all or substantially all the assets of the Eligible Applicant,
 - c) it has the necessary financial resources to complete the Eligible Activity,
 - d) it has adequate human resources, experience and skills to carry out its responsibilities under the Agreement,
 - e) no application has been made for the same Eligible Activity by any other person, including without limitation, a person who is not arms-length or a related person as defined by the *Income Tax Act* (Canada) or by a shareholder, member or partner who is actively carrying on farming or business on behalf of a corporation,
 - f) no member of the House of Commons or the Senate shall derive any financial advantage from the Grant that would not be permitted under the *Parliament of Canada Act*,
 - g) no current or former federal public office holder or federal public servant to whom the *Conflict of Interest Act*, the Conflict of Interest Code for Members of the House of Commons, or the Values and Ethics Code for the Public Sector and the Policy on

Conflict of Interest and Post-Employment applies shall derive any advantage or benefit from the Grant unless the provision or receipt of such advantage or benefit is in compliance with such legislation, codes and policies,

- h) any person lobbying, as that term is defined in the Lobbyists Registration Act (Canada), on the Eligible Applicant's behalf is registered pursuant to that Act,
- i) the execution by the Eligible Applicant of the Agreement and the carrying out of the Agreement have been duly and validly authorized by the Eligible Applicant in accordance with applicable law, and the Agreement will constitute a binding legal obligation of the Eligible Applicant,
- j) it has the power and authority and all necessary licenses and permits to own and operate its properties and carry on its operations, to enter into the Agreement, and to perform its obligations under the Agreement,
- k) there is presently no action, suit, or proceeding being brought or pending or threatened against or affecting the Eligible Applicant which could result in the expropriation of any property of the Eligible Applicant or which could affect its operations, properties, or financial condition or its ability to complete the Eligible Activity,
- l) if Eligible Activity requires authorization by an agency, that the Eligible Applicant has obtained such approval prior to the commencement of the Eligible Activity,
- m) it is in compliance with all laws, orders, and authorizations which relate to or affect it and is not subject to any order of any court or other tribunal affecting its operations,
- n) the persons signing is duly authorized to enter the Agreement, bind the Eligible Applicant to the Agreement, and in the case of a partnership, bind the partners to the Agreement on the basis of joint and several liability.

6.2 Change in Control – From the Effective Date until three years after the Project Term, the Eligible Applicant shall not, without the prior written consent of the Minister, cause or suffer to exist any sale, transfer, assignment, or pledge of interest which would result in a change of control of the Eligible Applicant, or the disposition of all, or substantially all, of the assets of the Eligible Applicant.

7. NON-COMPLIANCE

7.1 Event of Default – Any one or more of the following, as determined in the Minister's discretion, shall constitute an event of default ("Event of Default"):

- a) failure of the Eligible Applicant to make satisfactory progress on the Eligible Activity over a consecutive two month period, in the sole discretion of the Minister,
- b) failure of the Eligible Applicant to comply with any of its obligations under the Agreement, in the sole discretion of the Minister,
- c) the Eligible Applicant fails to repay an amount due under section 2.2 or section 5.8 by the date specified by the Minister,
- d) the Eligible Applicant ceases to carry out the Eligible Activity during the Project Term, in the sole discretion of the Minister,
- e) the Eligible Applicant provides false or misleading information to the Minister,
- f) the Eligible Applicant becomes insolvent or ceases to carry on its operations during the

Project Term,

- g) a resolution is passed or an application is made for winding up, dissolution, liquidation or amalgamation of the Eligible Applicant.

7.2 Consequences of Default – Upon the occurrence of an Event of Default, the Minister shall give written notice to the Eligible Applicant, specifying the period of time within which the Eligible Applicant must cure the Event of Default. The Eligible Applicant shall diligently work to cure the default after receiving the notice. If the Eligible Applicant does not cure the Event of Default to the Minister’s satisfaction:

- a) in addition to any other remedy under the Agreement or at law, the Minister may do one or more of the following:
 - i) withhold payments of the Grant,
 - ii) demand that the Eligible Applicant immediately repay to the Minister all or part of the Grant,
 - iii) terminate the Agreement, and
- b) the Minister may require the Eligible Applicant to do one or more of the following, and depending on the requirement, the Eligible Applicant shall immediately:
 - i) make no further commitments for expenditures of the Grant and make no further disbursements that would be Eligible Expenses, except with the Minister’s prior written consent,
 - ii) pay to the Minister the amount demanded pursuant to section 7.2(a)(ii),
 - iii) provide an accounting of the full amount of the Grant with an audit report.

7.3 Repayments – The Eligible Applicant shall pay the amounts due under the Agreement to the Finance Minister, by the dates set by the Minister. An amount repayable by the Eligible Applicant under the Agreement is a debt due to and recoverable by the Provincial Crown

7.4 Right of Set-Off - The Eligible Applicant agrees that the Minister may set-off against any other grant or amount payable to the Eligible Applicant under any programs administered within Alberta Agriculture and Irrigation any amounts that become repayable by the Eligible Applicant to the Minister under the provisions of the Agreement.

7.5 Debts to the Minister or Federal Minister – The Minister has the right to deduct from the Grant any amount due and owing to the Minister or Federal Minister.

8. COMMUNICATIONS AND DISCLOSURE OF INFORMATION

8.1 Announcements – The Eligible Applicant shall not make any public announcement regarding the Minister’s funding of the Eligible Activity except in consultation with the Minister, and with the approval of the Minister as to the content of the announcement.

8.2 Approval of Communications – Communications and communication materials related to the Eligible Activity must be approved by the Minister.

8.3 Communication Materials – The Eligible Applicant shall adhere to the Sustainable CAP communication standards for all communications related activities related to the Eligible Activity, by ensuring:

- a) the Sustainable CAP graphic standard, the official mark “Alberta”, and the official mark “Canada” are applied and represented in this order, and
- b) the official mark “Canada” and the official mark “Alberta” are identified equally.

Electronic copies of the Sustainable CAP graphic standard, the official mark “Alberta” and the official mark “Canada” may be obtained from the Minister upon request.

8.4 Disclosure - The Eligible Applicant acknowledges and agrees that the Minister may disclose this Agreement and its contents by any means chosen by the Minister including without limitation tabling it before the Legislature. The Eligible Applicant further acknowledges and agrees that the Minister will publicly disclose the following information relating to the Agreement in accordance with the *Fiscal Planning and Transparency Act*: grant recipient name, amount of the grant, the program under which the grant is paid, and the payment date. The Eligible Applicant also acknowledges and agrees that the Federal Crown is authorized to publicly release the grant recipient’s name, the amount of the grant, and the general nature of the Eligible Activity.

8.5 Freedom of Information and Protection of Privacy Act - The Eligible Applicant acknowledges that information and records maintained by the Minister relating to the Agreement are subject to the *Freedom of Information and Protection of Privacy Act (Alberta)*. This Act allows any person a right of access to records in the custody or under the control of a public body, subject to limited and specific exceptions.

9. INTELLECTUAL PROPERTY

9.1 Non-Commercial Use by Minister - The Eligible Applicant shall own any intellectual property, including any copyright, trademarks, and patents, over the materials developed or arising from the course of carrying out the Eligible Activity. The Minister may use, for non-commercial purposes, the intellectual property delivered in the Eligible Applicant’s reporting (including excerpts therefrom), and the Eligible Applicant shall, upon request, provide to the Minister any specific licenses or authorizations as may be required, including waivers of moral rights.

10. NOTICES

10.1 Notices - All notices or documents required or permitted to be given or submitted by one party to the other under the Agreement shall be deemed given or submitted to the other party if in writing and either personally delivered, sent by registered mail or sent by e-mail to the office of the addressee as stated in the Approval Letter. Either party may change its contact information by giving notice to the other in the above manner. Notices or documents may be delivered by e-mail if the notice or document is sent to the designate specified at the specified address, and the electronic agent receiving the document or notice at that address receives the notice or document in a form that is usable for subsequent reference, and the sending electronic agent obtains or receives a confirmation that the transmission to the address of the person to be served was successfully completed.

11. GENERAL

11.1 Amendment – During the Project Term, the Eligible Applicant may request that:

- a) activities described in the Eligible Activity and Expense Schedule be added, modified or removed,
- b) Eligible Expenses listed in the Eligible Activity and Expense Schedule be added, modified or removed, or
- c) the Project Term be changed,

by submitting a written request to the Minister outlining and justifying the proposed amendments. If the Minister approves a proposed amendment, the Minister will enter into an amending agreement with the Eligible Applicant. The Minister is not required to approve any proposed amendment.

- 11.2 Waiver** – The Agreement may be amended in writing signed by duly authorized representatives of each party. Any waiver by any party of the performance by another of an obligation under the Agreement must be in writing, and such waiver does not constitute a continuing waiver of the performance of that obligation unless a contrary intention is expressed otherwise.
- 11.3 Assignment** - The Eligible Applicant may not assign the Agreement or any right or benefit under it.
- 11.4 Survival** - Despite any other provision of the Agreement, those sections which by their nature continue after the conclusion or termination of the Agreement shall continue after such conclusion or termination.