Public Works and Government Services Canada

Travaux publics et Services gouvernementaux Canada

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Bid Receiving - PWGSC / Réception des soumissions – TPSGC
11 Laurier St. / 11, rue Laurier
Place du Portage , Phase III
Core 0A1 / Noyau 0A1
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K1A 0S5
Bid Fax: (819) 997-9776

SOLICITATION AMENDMENT
MODIFICATION DE L'INVITATION

The referenced document is hereby revised; unless otherwise indicated, all other terms and conditions of the Solicitation remain the same.

Ce document est par la présente révisé; sauf indication contraire, les modalités de l'invitation demeurent les mêmes.

Comments - Commentaires

Title - Sujet HELICOPTER PROJECT (DFO)	
Solicitation No. - N° de l'invitation F7013-120014/F	**Amendment No. - N° modif.** 008
Client Reference No. - N° de référence du client F7013-120014	**Date** 2014-05-28
GETS Reference No. - N° de référence de SEAG PW-$CAG-003-24343	
File No. - N° de dossier 003cag.F7013-120014	**CCC No./N° CCC - FMS No./N° VME**
Solicitation Closes - L'invitation prend fin **at - à 02:00 PM** **on - le 2014-06-06**	**Time Zone** **Fuseau horaire** Eastern Daylight Saving Time EDT
F.O.B. - F.A.B. **Plant-Usine:** ☐ **Destination:** ☑ **Other-Autre:** ☐	
Address Enquiries to: - Adresser toutes questions à: MacNeil, Michael	**Buyer Id - Id de l'acheteur** 003cag
Telephone No. - N° de téléphone (819) 956-0078 ( )	**FAX No. - N° de FAX** (819) 997-0437
Destination - of Goods, Services, and Construction: **Destination - des biens, services et construction:**	

Vendor/Firm Name and Address
Raison sociale et adresse du fournisseur/de l'entrepreneur

Instructions: See Herein

Instructions: Voir aux présentes

Delivery Required - Livraison exigée	**Delivery Offered - Livraison proposée**

Vendor/Firm Name and Address
Raison sociale et adresse du fournisseur/de l'entrepreneur

Telephone No. - N° de téléphone
Facsimile No. - N° de télécopieur

Name and title of person authorized to sign on behalf of Vendor/Firm (type or print)
Nom et titre de la personne autorisée à signer au nom du fournisseur/ de l'entrepreneur (taper ou écrire en caractères d'imprimerie)

Signature **Date**

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Canada

The purpose of this of this amendment is:

- To incorporate the change from Industrial and Regional Benefits (IRBs) to Industrial and Technological Benefits (ITBs);
- To incorporate Value Proposition; and
- To make administrative changes

1. Industrial and Technological Benefits

For this procurement Industrial and Regional Benefits (IRB) has been replaced with Industrial and Technological Benefits (ITB). As a result the RFP is amendment to reflect this change by replacing the existing wording of Industrial and Regional Benefits (IRB) with Industrial and Technological Benefits (ITB) throughout the RFP. Should any reference to IRB's be found in any documentation associated to this procurement it shall be interpreted as ITB's."

Within the body of the Request for Proposal document the following changes are to read as follows:

1.1 At TABLE OF CONTENTS, PART 2, section 6,

DELETE: Best Value

INSERT: Value Proposition

1.2 At TABLE OF CONTENTS, PART 4, section 4,

DELETE: 4. Industrial and Regional Benefits Evaluation

INSERT: 4. Industrial and Technological Benefits Evaluation

1.3 At TABLE OF CONTENTS, PART 7, section 17,

DELETE: 17. Industrial and Regional Benefits

INSERT: 17. Industrial and Technological Benefits

1.4 At TABLE OF CONTENTS, List of Annexes:,

DELETE: Annex C Industrial and Regional Benefits Terms and Conditions

INSERT: Annex C Industrial and Technological Benefits Terms and Conditions

DELETE: Annex H Industrial and Technological Benefits Evaluation Plan

INSERT: Annex H Industrial and Technological Benefits Evaluation Plan

ADD:	Appendix A	(after Annex G) Allocation of Value Proposition Points
ADD:	Annex I	Value Proposition Terms and Conditions
ADD:	Annex J	Value Proposition Bid Evaluation Plan

1.5 At PART 1 - GENERAL INFORMATION, 1 INTRODUCTION, 1.1 Organization of This Document.

DELETE:	Annex C	Industrial and Regional Benefits Terms and Conditions
INSERT:	Annex C	Industrial and Technological Benefits Terms and Conditions
DELETE:	Annex H	Industrial and Regional Benefits Evaluation Plan
INSERT:	Annex H	Industrial and Technological Benefits Evaluation Plan
ADD:	Appendix A	(after Annex G) Allocation of Value Proposition Points
ADD:	Annex I	Value Proposition Terms and Conditions
ADD:	Annex J	Value Proposition Bid Evaluation Plan

1.6 At PART 2 - BIDDER INSTRUCTIONS, section 6,

DELETE: section 6. Best Value, in its entirety

INSERT: 6. Value Proposition

Bidders must submit their Value Proposition proposal in accordance with the requirements detailed within information of Annex “I” Value Proposition Terms and Conditions and Annex “J” Value Proposition Bid Evaluation Plan (attached).

1.7 At PART 3 - BID PREPARATION INSTRUCTIONS, section 1. Bid Preparation Instructions,

DELETE: Industrial and Regional Benefits, see GENERAL INSTRUCTIONS in Section IV of Part 3.

INSERT: Industrial and Technological Benefits, see GENERAL INSTRUCTIONS in Section IV of Part 3.

ADD: New Section V, Value Proposition Bidder’s Instructions.

DELETE: (a) financial information that is necessary for responding to IRB Bid Requirements and Evaluation is to be included in the IRB Bid only.

INSERT: (a) financial information that is necessary for responding to ITB Bid Requirements and Evaluation is to be included in the ITB Bid only.

DELETE: Section IV, Industrial and Regional Benefits (IRB) Bidder's Instructions, in its entirety.

INSERT: Section IV, Industrial and Technological Benefits Bidder's Instructions (attached).

ADD: New Section V, Value Proposition Bidder's Instructions (attached).

1.8 At PART 4 - EVALUATION PROCEDURES AND BASIS OF SELECTION, section 1. Evaluation Procedures,

DELETE: (a) Bids will be assessed in accordance with the entire requirement of the bid solicitation including the demonstrated, technical, IRB and financial evaluation criteria.

INSERT: (a) Bids will be assessed in accordance with the entire requirement of the bid solicitation including the demonstrated, technical, ITB and financial evaluation criteria.

1.9 At PART 4 - EVALUATION PROCEDURES AND BASIS OF SELECTION, section 2. Basis of Selection - Highest Combined Rating of Technical Merit and Price, paragraph 3,

DELETE: Paragraph 3. in its entirety

INSERT: 3. The selection will be based on the highest responsive combined rating of technical merit, price and value proposition. The ratio will be 45% for the technical merit, 45% for the price and 10% for Value Proposition.

1.10 At PART 4 - EVALUATION PROCEDURES AND BASIS OF SELECTION, section 4,

DELETE: Section 4. Industrial and Regional Benefits Evaluation Plan, in its entirety.

INSERT: 4. Industrial and Technological Benefits Evaluation Plan

Bidders must submit their Industrial and Technological Benefits bid in accordance with the requirements detailed within information of ANNEX C - Industrial and Technological Benefits Model Contract and ANNEX H - Industrial and Technological Benefits Evaluation Plan (attached).

ADD: 5. Value Proposition

Bidders must submit their Value Proposition bid in accordance with the requirements detailed within information of ANNEX I – Value Proposition

Terms and Condition and ANNEX J – Value Proposition Evaluation Plan (attached).

1.11 At PART 7 - RESULTING CONTRACT CLAUSES, section 1,

DELETE TITLES: 1. Statement of Work
1.1 Statement of Work

INSERT TITLES: 1. Requirement
1.1 Requirement

1.12 At PART 7 - RESULTING CONTRACT CLAUSES, section 1.4,

DELETE: 1.4 Industrial and Regional Benefits (IRB), in its entirety.

INSERT: 1.4 Industrial and Technological Benefits (ITB)

The ITB Terms and Conditions attached hereto as Annex C, which contain the Contractor's proposal for ITBs dated _____, shall form part of this contract.

1.13 At PART 7 - RESULTING CONTRACT CLAUSES, after section 1.4, add new section 1.5,

ADD: 1.5 Value Proposition requirements are detailed within Annex "I" Value Proposition Terms and Conditions (attached).

1.14 At PART 7 - RESULTING CONTRACT CLAUSES, section 3.1,

DELETE 3.1 Period of the Contract (A9022C, 2007-05-25), in its entirety.

INSERT: 3.1 Period of the Contrac**t**

The period of the Contract is from date of Contract Award to (date to be inserted) inclusive**.** (seven years following contract award for ITB and Value Proposition purposes)

1.15 At PART 7 - RESULTING CONTRACT CLAUSES, section 4.3,

DELETE: 4.3 Industrial and Regional Benefits Authority, in its entirety.

INSERT: 4.3 Industrial and Technological Benefits Authority

Industrial and Technological Benefits (ITB) Authority

The ITB Authority is:

Name: Dennis Kean

Organization: Industry Canada

Address: ITB Directorate
235 Queen Street, 7th floor east
Ottawa, Ontario K1A 0H5
Attention: Dennis Kean

Telephone: (613) 941-1132
Email: Dennis.Kean@ic.gc.ca

The ITB Authority is responsible for all matters concerning the ITB requirements in the Contract. ITB matters should be discussed with the ITB Authority. However, changes to the Contract can only be made through a Contract Amendment issued by the Contracting Authority.

1.16 At PART 7 - RESULTING CONTRACT CLAUSES, section 5.1.3,

DELETE: 5.1.3 Milestone Payments **(**H3009C, 2010-01-11), in its entirety

INSERT: 5.1.3 Milestone Payments

Canada will make milestone payments in accordance with the Schedule of Milestones detailed in the Contract and the payment provisions of the Contract, up to 100 percent of the amount claimed and approved by Canada if:

(a) an accurate and complete claim for payment using form PWGSC-TPSGC 1111, Claim for Milestone Payment, and any other document required by the Contract have been submitted in accordance with the invoicing instructions provided in the Contract;

(b) the total amount for all milestone payments paid by Canada does not exceed 100 percent of the total amount to be paid under the Contract;

(c) If the requirement identified at 2.1.2 in Annex “I” Value Proposition (VP) Terms and Conditions have not been met; a holdback of 10% of the next milestone payment (due after 24 MACA) for a helicopter will be withheld as long as the holdback identified at 5.1.3 (d) has not been enforced and will only be paid once the requirement is satisfied.

(d) If the requirement identified at 2.1.5 in Annex “C” Industrial and Technological Benefits (ITBs) Terms and Conditions have not been met; a holdback of 10% of the next milestone payment for a helicopter will be withheld as long as the holdback identified at 5.1.3 (c) has not been enforced and will only be paid once the requirement is satisfied.

(e) The milestone payment CLIN 023 (final receipt of all deliverables) of the Basis of Payment will be paid once all deliverables of the contract have been met including the

requirements identified at 2.1.6 in Annex "C" Industrial and Technological Benefits (ITBs) Terms and Conditions and Paragraph 2.1.3 in Annex "I" Value Proposition Terms and Conditions.

(f) all the certificates appearing on form PWGSC-TPSGC 1111 have been signed by the respective authorized representatives; and

(g) all work associated with the milestone and, as applicable, any deliverable required have been completed and accepted by Canada.

1.17 At PART 7 - RESULTING CONTRACT CLAUSES, section 9. Priority of Documents,

DELETE: (f) Annex C, Industrial Regional Benefits Model Contract

INSERT: (f) Annex C, Industrial Technological Benefits Terms and Conditions

1.18 At PART 7 - RESULTING CONTRACT CLAUSES, section 17,

DELETE: 17. Industrial and Regional Benefits (IRB) Bid, in its entirety.

INSERT: 17. Industrial and Technological Benefits (ITB) and Value Proposition Bid

Detailed information is within ANNEX C - Industrial and Technological Benefits Terms and Conditions and Annex I – Value Proposition Terms and Conditions.

All other terms and conditions remain the same.

CANADIAN COAST GUARD MEDIUM HELICOPTER PROCUREMENT

Industrial and Technological Benefits (ITB)

Bidder Instructions

Version 3.0

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1. INTRODUCTION

1.1. It is the intent of the Canadian Government, (referred to herein as "Canada") that this Project provide Industrial and Technological Benefits (ITB) that will contribute to the continuing viability of Canadian companies' capabilities in advanced technology manufacturing and services and to improve their ability to compete in both domestic and international markets.

1.2. Canada's objectives recognize the importance of ITB in procurement and therefore they will be a factor to be evaluated in the awarding of the Contract.

1.3. Bidders must submit an acceptable ITB Proposal at bid closing. The ITB Proposal will be deemed acceptable by the ITB Authority if it i) meets the ITB Mandatory Requirements outlined in Section 5; and, ii) achieves minimum points during Evaluation as outlined in Section 3 of the ITB Evaluation Plan.

1.4. ITB Evaluation results will be conveyed to the PWGSC Contracting Authority, who will then integrate them on a pass/fail basis into the overall bid evaluation results.

1.5. It is the responsibility of the ITB Authority, in cooperation with the Regional Development Agencies, to ensure that ITB Proposals are evaluated as outlined in the ITB Evaluation Plan.

2. GENERAL INSTRUCTIONS

2.1. In preparing its ITB Proposal, the Bidder should be guided by these ITB Bidder Instructions, as well as by the ITB Evaluation Plan and the ITB Terms and Conditions. All three documents provide important guidance, definitions and/or contractual provisions related to the ITB Policy.

2.2. The ITB Proposal should be submitted in a separate, self-contained volume. Only the ITB Proposal is reviewed during the ITB evaluation. In order to facilitate the ITB evaluation process, any material contained in another section of the bid but relevant to the ITB Proposal should be repeated in the ITB Proposal.

2.3. Six (6) hard copies and one electronic copy of the ITB Proposal are required.

2.4. The Bidder's ITB Proposal and its receipt, storage and protection by the ITB Authority is governed by applicable federal laws and processes.

3. CANADA'S INDUSTRIAL AND TECHNOLOGICAL BENEFITS OBJECTIVES

3.1. The Bidder's ITB Proposal should clearly indicate how the proposed business activities will be achieved if it wins this Contract. The optimum ITB Proposal will result in the long-term creation and exploitation of capabilities, knowledge, advanced technologies and markets of lasting impact on Canadian industry.

3.2. Proposed ITB activities with a Canadian Company should result in the enhancement of Canadian capability to undertake other work of a similar nature. They should make a positive contribution to the continuing viability, growth, innovation, export growth and overall development of the Canadian ITB recipient.

3.3. The regional development objectives of Canada are to encourage long term quality improvements to the capability, capacity, international competitiveness and growth potential of Canadian firms in those regions where Canada has established specific initiatives to promote economic growth and diversification through procurement. These Designated Regions of Canada, as defined in the ITB Terms and Conditions, include: Atlantic; Quebec; Northern Ontario; Southern Ontario; West; and, North. Canadian industry in all the Designated Regions of Canada should have the opportunity to participate in the Canadian Coast Guard Medium Helicopter Procurement. ITB Transactions proposed by the Bidder in support of regional development will be assessed on this Project.

3.4. It is an objective of Canada to encourage the participation of Canadian Small and Medium Businesses (SMB) as suppliers on major federal procurements and to increase their competitiveness and export market access. Canadian SMB should have the opportunity to participate in the Canadian Coast Guard Medium Helicopter Procurement. ITB Transactions proposed by the Bidder in support of SMB supplier development and subcontracting will be assessed on this Project.

3.5. Canadian industry should have the opportunity to participate in, when possible, the maximum high quality, low risk, Direct ITB activities associated with the delivery of the Work on this Project.

3.6. In addition, Canadian industry should have the opportunity to participate in high quality, low risk, Indirect ITB activities, generally at the same level of technology or higher as the Work on this Project.

4. ITB TRANSACTIONS

4.1. The business activities proposed in support of the ITB Objectives outlined above must be in the form of specific ITB Transactions. A Proposed ITB Transaction is a work package that would become a contractual obligation of the Contractor in any ensuing Contract.

4.2. An ITB Transaction proposed for the Canadian Coast Guard Medium Helicopter Procurement cannot be the same or substantially similar to a proposed or existing ITB Transaction associated with an ITB obligation on another project.

4.3. There are two types of ITB Transactions: Direct ITB Transactions and Indirect ITB Transactions.

4.3.1. Direct ITB Transactions

4.3.1.1. Direct ITB Transactions are those achieved through the provision of the goods and services required to deliver the Canadian Coast Guard Medium Helicopter Procurement

4.3.1.2. Canadian resources should be utilized to the maximum extent possible to develop, produce, integrate and deliver the Canadian Coast Guard Medium Helicopter Procurement.

4.3.2. Indirect ITB Transactions

4.3.2.1. Indirect ITB Transactions are those achieved through business activities not related to the Canadian Coast Guard Medium Helicopter Procurement**.**

4.3.2.2. Indirect Transactions proposed by the Bidder should involve advanced technology products, services and activities that are generally at the same level of technology, or higher, as the Work on this Project.

4.3.2.3. Indirect ITB Transactions must have a Canadian Content Value (CCV) of no less than 30 percent of the total value of a given activity.

4.3.3. ITB Eligibility Criteria

4.3.3.1. Any business activity proposed as an ITB Transaction in support of Canada's ITB Objectives must meet the Eligibility Criteria for ITB Transactions outlined in the ITB Terms and Conditions. These criteria will be used in evaluating the Bidder's ITB Proposal submitted at bid closing and will form the basis for ITB Transaction eligibility under any ensuing

Contract. Bidders are asked to provide complete details and documentation in support of ITB Transaction eligibility within their ITB Proposals submitted at bid closing.

4.3.4. Validating ITB Transactions

4.3.4.1. The ITB Authority reserves the right to validate, within one year of Contract award, the eligibility of any proposed ITB Transaction included in the Bidder's ITB Proposal. This validation could involve the ITB Eligibility Criteria. Validation details are outlined in the ITB Terms and Conditions.

5. ITB MANDATORY REQUIREMENTS

5.1. There are six (6) mandatory requirements that the Bidder must meet with its ITB Proposal. The omission of any part of the following six (6) requirements will result in the Bidder's ITB Proposal being deemed not acceptable:

5.1.1. Requirement One: The Bidder's ITB Proposal must commit to achieving ITB activities, measured in Canadian Content Value (CCV), valued at 100% of the Contract value (including any Contract options), to be achieved within the period beginning August 20, 2012 and ending 7 years after the Effective Date of Contract. For the winning Bidder, their 100% ITB Commitment will become an ITB obligation which must be achieved under Article 2 of the pursuant Contract.

5.1.2. Requirement Two: In its ITB Proposal due at bid closing, the Bidder must:

5.1.2.1. specify its bid price (for evaluation purposes, the Bidder must use the bid price based on 4 helicopters as identified in Item Number 001a of Table 1 of Annex D (Financial Bid Proposal) of the RFP), not including taxes and rounded to the nearest dollar;

5.1.2.2. identify eligible ITB Transactions which are detailed, fully described and equal in total to not less than 30% of the bid price (for evaluation purposes, the Bidder must use the bid price based on 4 helicopters as identified in Item Number 001a of Table 1 of Annex D (Financial Bid Proposal) of the RFP) without options, measured in CCV;

5.1.2.3. commit to identifying, one (1) year after the Effective Date of the Contract, additional eligible ITB Transactions which are detailed, fully described and

bring the cumulative total of identified eligible ITB Transactions to not less than 60% of the Contract value, measured in CCV;

5.1.2.4. commit to identifying, three (3) years after the Effective Date of the Contract, additional eligible ITB Transactions which are detailed, fully described and bring the cumulative total of identified eligible ITB Transactions to 100% of the Contract value, measured in CCV.

5.1.3. Requirement Three: The Bidder must commit to achieving not less than 15% of the Contract value in Small and Medium Business ITB Transactions, measured in CCV.

5.1.4. Requirement Four: The Bidder must accept and agree to the terms associated with Performance Guarantees (Holdbacks and/or Liquidated Damages).

5.1.5. Requirement Five: The Bidder must accept all of the ITB Terms and Conditions.

5.1.6. Requirement Six: The Bidder's ITB Proposal must contain the following components:

5.1.6.1. Executive Summary of ITB Commitments;
5.1.6.2. Company Business Plan;
5.1.6.3. ITB Management Plan;
5.1.6.4. Regional Development Plan;
5.1.6.5. Small and Medium Business Development Plan;
5.1.6.6. Detailed ITB Transaction Sheets, accompanied by a summary chart of all ITB Transactions; and,
5.1.6.7. Mandatory ITB Requirements Certificate, signed by a duly authorized company official. See Annex A.

6. STATEMENT OF ITB WORK: The following sections detail the requested content of each of the ITB Proposal mandatory components referred to above in Section 5.1.6. Bidders are strongly encouraged to thoroughly review and respond to the instructions listed below. Failure to adequately respond to the instructions may result in the Plan or Transaction receiving a poor score or being rejected as ineligible.

6.1. Executive Summary of ITB Commitments

6.1.1. The Executive Summary should summarize how the Bidder will address Canada's ITB Objectives in Section 3 and how each of these Objectives will be achieved through the proposed ITB Plans and Transactions.

6.1.2. The Executive Summary should constitute an integrated overview of the complete ITB Proposal. The information in the Executive Summary should only summarize and/or be drawn from content in other sections in the ITB Proposal.

6.2. Company Business Plan

6.2.1. The purpose of the Company Business Plan is to demonstrate the ability of the Bidder to assemble, plan and describe its proposed team to complete the Work on the Project. The Plan should also demonstrate the bidding team's ability to meet the ITB Objectives.

6.2.2. The Bidder's Company Business Plan should outline the structure, conduct and performance of the business operations of the Bidder and each of its Eligible Parties/major sub-contractors that are performing Work on the Project.

6.2.3. The Plan should outline, in detailed text or graphic format, the proposed role of each company (Bidder, Eligible Party and major sub-contractors) in delivering all elements of the Project and the proposed location of that Work. It should also include an organizational chart identifying the key personnel in each company who would be responsible to manage and deliver the Project.

6.2.4. The Plan should include a description of the long-term impact of the Work on each company's business operations, in Canada and abroad.

6.2.5. The Plan should include the following information, both on the Bidder and each of its Eligible Parties:

6.2.5.1. a description of the decision-making process for establishing product and services responsibilities and market mandates within the company;

6.2.5.2. a description of the management and oversight of company functions, including but not limited to future planning, research and development and marketing, including the identification and location of these responsibility centres;

6.2.5.3. an outline of worldwide corporate operations, including a narrative description and hierarchically ordered chart which describes the present corporate family structure, including parent and subsidiary relationships;

6.2.5.4. a detailed description of any existing Canadian facilities, which includes: the location, date of establishment, nature of operations, number of employees, identification of key personnel, corporate structure and functional interrelationship with the worldwide corporate structure.

6.3. ITB Management Plan

6.3.1. The purpose of the ITB Management Plan is to demonstrate the Bidder's ability to develop, implement, manage and report on the proposed ITB program. It is also the place for Bidder to detail and document its proposed Eligible Parties.

6.3.2. The ITB Management Plan should provide a detailed overview of all of the ITB management functions and associated organization required by the Bidder to execute a successful ITB program, in a level of detail sufficient to demonstrate that the Bidder understands its ITB Commitment and is prepared to respond to requirements associated with it for the full duration of the ITB Achievement Period.

6.3.3. The ITB Management Plan should include a list of the Bidder's proposed Eligible Parties, with details and documentation justifying how each one meets the Eligible Party criteria outlined in the ITB Terms and Conditions.

6.3.3.1. All proposed Eligible Parties are subject to review and approval by the ITB Authority during evaluation.

6.3.3.2. Bidders are strongly encouraged to demonstrate in the Plan that each of its proposed Eligible Parties that are Canadian Companies with less than 500 employees have the capacity to undertake ITB Obligations. Capacity is assessed in areas such as company size, product offerings, market conditions, corporate ownership, ITB management processes, level of Canadian content, etc.

6.3.3.3. Any proposed Eligible Party which is found not to meet the criteria will be excluded from the List of Eligible Parties in the ensuing Contract. In addition, any ITB Transaction with an excluded Eligible Party as the ITB Donor will be rejected as not meeting the ITB Eligibility Criteria.

6.3.4. The ITB Management Plan should include the following information on the Bidder and each of its Eligible Parties:

6.3.4.1. the name and contact information of each company's ITB official(s) assigned to the Project;

6.3.4.2. job descriptions for each company's ITB official(s) and biographical information about their work experience and education;

6.3.4.3. a description of each company's corporate and project-specific resources assigned to execute the management of the ITB program;

6.3.4.4. a description and explanation of each company's internal processes for ITB organization, advocacy and awareness, both specific to this project and in general. Bidders should include a description of how ITB considerations will be factored into the company's broader decision making processes, along with how these decisions will be documented and tracked;

6.3.4.5. a description of the methods, processes and procedures that each company will use to identify, submit, track, record keep and report ITB activities;

6.3.4.6. a description of any previous ITB/offset programs that have been undertaken over the past ten (10) years, in Canada and elsewhere, along with a brief overview of the achievement status of each project.

6.3.5. The ITB Management Plan should include a forecast plan for the Tranche 2 and Tranche 3 ITB Transactions, due one (1) and three (3) years following the Effective Date of the Contract, respectively. The forecast plan should include such information as, but not limited to: an overview of the processes and plans in place to identify and submit transactions; any planned supplier development activities; a list of Canadian firms being considered; and/or, the specific capabilities being sought from Canadian suppliers.

6.4. Regional Development Plan

6.4.1. The purpose of the Regional Development Plan is to demonstrate the Bidder's commitment to providing opportunities and assistance for businesses in the Designated Regions of Canada.

6.4.2. The Regional Development Plan should identify and describe the Bidder's proposed ITB activities in the Designated Regions, which will become ITB

obligations to be achieved under Article 2 of the ensuing Contract. The Plan should also identify any regional commitment targets to which the Bidder is prepared to commit contractually.

6.4.3. The Regional Development Plan should provide, in as much detail as possible, the following information on the Bidder and each of its Eligible Parties:

6.4.3.1. a description of the activities undertaken and the approaches to date of each company, along with the business rationale, that have resulted in the proposed distribution of ITB activities to the Designated Regions;

6.4.3.2. a description of the activities that will be undertaken and the approaches of each company that will be followed after Contract award until the end of the ITB Achievement Period, along with the business rationale, to improve the ITB opportunities available to the Designated Regions;

6.4.3.3. a description of whether and how regional considerations are factored into each company's procurement/ITB decision making processes;

6.4.3.4. a description of the economic impact of the proposed ITB activities on the regional ITB Recipients' current operations and areas of business, as well as on their capability to pursue and undertake new business activities.

6.5. Small and Medium Business (SMB) Development Plan

6.5.1. The purpose of the SMB Development Plan is to demonstrate the Bidder's commitment to providing opportunities, assistance and encouragement to SMB in Canada.

6.5.2. The SMB Development Plan should identify and describe the Bidder's proposed ITB activities involving SMB in Canada, which will become an ITB obligation to be achieved under the ensuing Contract.

6.5.3. The SMB Development Plan should provide, in as much detail as possible, the following information on the Bidder and each of its Eligible Parties:

6.5.3.1. a description of the activities undertaken and the approaches followed to date by each company, along with the business rationale, that have resulted in the proposed distribution of ITB to SMB;

6.5.3.2. a description of the activities undertaken and the approaches that will be followed by each company, after Contract award until the end of the ITB Achievement Period, to improve the ITB opportunities available to SMB;

6.5.3.3. a description of whether and how SMB consideration are factored into each company's ITB decision-making processes;

6.5.3.4. a description of the economic impact of the proposed ITB activities on the SMBs' current operations and areas of business, as well as on their capability to pursue and undertake new business activities; and,

6.5.3.5. a description of any initiatives, assistance and/or encouragement (at a broad corporate level or specific to this ITB program) that would be provided to SMB to help stimulate and promote them, both as potential suppliers to the project and for their general development. Examples could include financing, special payment provisions, mentoring programs, etc.

6.6. Detailed ITB Transaction Sheets

6.6.1. The Bidder's ITB Proposal must provide detailed information on each ITB Transaction that the Bidder proposes to provide to Canada and for which it is prepared to commit contractually. A separate transaction sheet is to be completed for each Proposed ITB Transaction. The ITB Transactions will form the basis for the ITB Commitments to be specified in Article 2 of the ensuing Contract.

6.6.2. In addition to the individual transaction sheets, the Bidder must include a summary of all of its proposed ITB Transactions in a tabular/chart format. The tabular/chart summary should clearly identify each ITB Transaction and provide a breakdown (with appropriate sub-totals and percentages) by: Direct, Indirect, Regional, SMB, EPTL and Unidentified.

6.6.3. A template of the ITB transaction sheet is attached as Annex C of the ITB Model Terms and Conditions. Bidders are encouraged to use this template, to promote administrative consistency and ease.

6.6.4. Bidders are strongly encouraged to fully complete each section of the ITB transaction sheet, as outlined below, so that the ITB Transaction can be properly evaluated. Failure to adequately describe any portion of the proposed ITB Transaction may result in it being rejected.

6.6.4.1. Obligor Contact Information (information regarding the proposed Contractor on the Canadian Coast Guard Medium Helicopter Procurement)

6.6.4.2. Transaction Details

6.6.4.2.1. Transaction Title (provide a brief title identifying the activity);

6.6.4.2.2. Transaction Number (assign a unique number, in simple, sequential order, for reference purposes)

6.6.4.2.3. Date Transaction Submitted

6.6.4.2.4. Tranche (the ITB bid Proposal is Tranche 1)

6.6.4.2.5. ITB Transaction Type (direct or indirect)

6.6.4.2.6. ITB Activity Type (purchase, investment, etc)

6.6.4.2.7. Business Activity Type (electronics, manufacturing, etc);

6.6.4.2.8. Federal Supply Class (FSC) Code (website reference provided on template)

6.6.4.2.9. Description of ITB Transaction (provide a detailed description of the proposed ITB activity, so that it is clear: the nature of the work; the location of the work in Canada, the estimated quantities and timelines; any end-use market, platform or program; that it is different from other similar Transactions; and, other relevant information);

6.6.4.2.10. Canadian Government Assistance (describe the date and details of any assistance provided -- either to the specific activity, the Donor, or the Recipient -- from any level of government in Canada);

6.6.4.3. Donor information: Note that the Donor must be an Eligible Party);

6.6.4.4. Recipient information Notes: i) the company description should include locations, business history and core capabilities; ii) each Transaction sheet should contain only one Recipient company, unless it is a Grouped Transaction; and iii) government organizations cannot be ITB Recipients, unless it is a Public Research Institution);

6.6.4.5. Consortium Member (if applicable);

6.6.4.6. Eligibility Criteria (be as specific and detailed as possible in addressing how the proposed transaction meets each Eligibility Criteria, which are outlined in the ITB Terms and Conditions. Include all details and supporting documentation in the ITB Proposal);

6.6.4.7. Quality of Transaction (detail the quality of the proposed Transaction and how it meets the ITB Objectives, including factors such as scope of innovation, increases in capability or employment, global export potential, long-term relationship, etc)

6.6.4.8. List of Supporting Documentation

6.6.4.9. Valuation and Time Phasing (specify the overall values as applicable, plus the detailed commitment schedule broken out by 12 month periods, which mirror the ITB Reporting Periods detailed in the ITB Terms and Conditions)

6.7. Mandatory ITB Requirements Certificate

6.7.1. Bidders must submit with their ITB Proposal the Mandatory ITB Requirements Compliancy Certificate (Annex A), completed with their company name and bid price, and signed and dated by a company official duly authorized to bind the company. Beyond adding their name, bid price, signature and date, Bidders shall not make any other changes to the template provided in Annex A.

7. BANKING

7.1. Bidders may use Banked ITB Transactions as part of their ITB Proposal.

7.2. Bidders submitting a Banked ITB Transaction in their ITB Proposal should include and attach the following:

7.2.1. a copy of the exact and latest version of the Banked Transaction sheet which was approved by the ITB Banker; and,

7.2.2. a copy of the signed letter of approval from the ITB Banker with respect to that Banked Transaction sheet.

7.3. If a Banked ITB Transaction is used as part of a Bidder's Proposal, the ITB Evaluation Committee will consider the Transaction as accepted for meeting the

ITB Eligibility Criteria. However, the Transaction will be evaluated for quality and risk, as outlined in the ITB Evaluation Plan.

7.4. Bidders may submit Banked ITB Transactions of any value in their ITB Proposal. However, not less than 15% of the cumulative value of the Bidders's eligible Transactions submitted in their ITB Proposal must be non-banked Transactions.

7.5. The entire CCV of a Banked ITB Transaction, not portions thereof, must be submitted as a single ITB Transaction in the ITB Proposal.

8. INVESTMENT FRAMEWORK (IF)

8.1. An *IF* Transaction should only be included in the Bidder's ITB Proposal submitted at bid closing if it has already been fully reviewed and approved by the ITB Authority as a Banked Transaction.

8.2. Any *IF* activity which has not been fully reviewed and approved by the ITB Authority as a Banked Transaction, yet included in a Bidder's ITB Proposal submitted at bid closing, will be counted as zero for the purposes of evaluation.

Annex A

Mandatory ITB Requirements Certificate

The Bidder, _____, declares and certifies that through this ITB Proposal for the Canadian Coast Guard Medium Helicopter Procurement, the Bidder:

1. Commits to achieving ITB activities valued at 100% of the Contract value (including any Contract options), measured in Canadian Content Value (CCV), to be achieved within the period beginning August 20, 2012 and ending 7 years after the Effective Date of Contract.

2. Identifies its bid price (not including taxes and rounded to the nearest dollar) as (for evaluation purposes, the Bidder must use the bid price based on 4 helicopters as identified in Item Number 001a of Table 1 of Annex D (Financial Bid Proposal) of the RFP): $_____

2(a). Identifies eligible ITB Transactions equal in total to not less than 30% of its bid price (for evaluation purposes, the Bidder must use the bid price based on 4 helicopters as identified in Item Number 001a of Table 1 of Annex D (Financial Bid Proposal) of the RFP) without options, measured in CCV

2(b). Commits to identifying, one (1) year after the Effective Date of the Contract, additional eligible ITB Transactions which bring the cumulative total of identified eligible ITB Transactions to not less than 60% of the Contract value (including any options), measured in CCV

2(c). Commits to identifying, three (3) years after the Effective Date of the Contract, additional eligible ITB Transactions which bring the cumulative total of identified eligible ITB Transactions to 100% of the Contract value (including any options), measured in CCV

3. Commits to achieving not less than 15% of the Contract value in Small and Medium Business ITB Transactions, measured in CCV.

4. Accepts and agrees to the terms associated with Performance Guarantees (Holdbacks and/or Liquidated Damages).

5. Accepts all of the ITB Terms and Conditions.

6. Has submitted all the required components of an ITB Proposal:

- Executive Summary of ITB Commitments
- Company Business Plan
- ITB Management Plan
- Regional Development Plan
- Small and Medium Business Development Plan
- Detailed ITB Transaction Sheets, accompanied by a summary chart of all ITB Transactions, and
- This Mandatory Requirements Certificate, duly completed, signed and dated.

IN WITNESS THEREOF THIS MANDATORY REQUIREMENTS CERTIFICATE HAS BEEN SIGNED THIS _____ DAY OF _____ BY A SENIOR COMPANY OFFICIAL WHO IS DULY AUTHORIZED TO BIND THE COMPANY.

_____
SIGNATURE

_____
NAME AND TITLE OF SENIOR COMPANY OFFICIAL

Canadian Coast Guard Medium Helicopter Procurement

Terms and Conditions

Industrial and Technological Benefits (ITB)

Version 3.0:

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1. DEFINITIONS

1.1. For the purpose of this Part, unless the context otherwise requires, the following definitions apply:

1.1.1. “Accepted ITB Transaction” means an Industrial and Technological Benefits (ITB) Transaction which has been accepted in writing by the ITB Authority as meeting the ITB Eligibility Criteria.

1.1.2. "Achieved ITB Transaction" means all or any part of an Accepted ITB Transaction for which ITB Credits have been awarded by the ITB Authority;

1.1.3. “Allowable Investment Framework (IF) Investment” - For cash contributions, an Allowable IF Investment means: a grant; or, a purchase of common or preferred shares. It does not include either the purchase of debentures or a repayable loan. For In-Kind contributions, an Allowable IF Investment means: a licence for intellectual property (authorization to use the licensed material); equipment (equipment, software or systems to develop new or improved goods/services); knowledge transfer (lending of an employee to provide technical or managerial know-how); or, marketing and sales support (lending of an employee to undertake marketing/sales activities and share market intelligence; or, a licence for brand or trademarks);

1.1.4. “Banked ITB Transaction” means an Accepted ITB Transaction that resides in the ITB Bank;

1.1.5. "Canadian Company" or "Canadian Corporation" means a commercial enterprise that is incorporated pursuant to the laws of Canada and which has ongoing business activities in Canada;

1.1.6. "Canadian Content Value" or “CCV” is as described in Article 6, Canadian Content Value;

1.1.7. “Capitalization” means the total value of a company's issued shares plus the value associated with instruments which can be converted into shares. For publicly traded companies, this is equal to the total number of issued shares multiplied by the market price plus the equity portion of any derivative instrument according to Canadian Generally Accepted Accounting Principles. For privately held companies, this is equal to the total number of issued shares multiplied by the most recent price at which they were sold plus the equity portion of any derivative instrument according to Canadian Generally Accepted Accounting Principles;

1.1.8. “Causality” means the Eligibility Criteria of the ITB Policy which stipulates that a proposed ITB Transaction must be brought about, in part, by an ITB Obligation to Canada as set forth in Article 7 (Eligibility Criteria for ITB Transactions);

1.1.9. “Commercialization Activity” means a process through which economic value is extracted from knowledge through the production and sale of new or significantly improved goods and services. It can also include advertising, sales promotion and other marketing activities. Specific commercialization activities consist of: business and market planning; project feasibility studies; identifying customer needs; market engagement and testing; basic and applied research; experimental development; profitability analysis and financing; and, launch advertising;

1.1.10. “Consortium” or “Consortia” means a public-private partnership established with the intent of undertaking activities related to research and development, and which shall meet the criteria set out in Article 8.5 (Consortium Transactions);

1.1.11. "Designated Regions of Canada" means the following regions which have been designated by the Government of Canada for socio-economic purposes: the Atlantic Region (consisting of the Provinces of Newfoundland and Labrador, Prince Edward Island, New Brunswick and Nova Scotia); the Quebec Region (consisting of the Province of Quebec); the Northern Ontario Region (consisting of that part of the Province of Ontario north of and including Nipissing and Parry Sound Districts); the Southern Ontario Region (consisting of that part of the Province of Ontario south of Nipissing and Parry Sound Districts); the Western Region, (consisting of the Provinces of Manitoba, Alberta, Saskatchewan, and British Columbia); and, the Northern Region (consisting of the Territories of Yukon, Northwest Territories and Nunavut);

1.1.12. "Direct ITB Transaction@ means an ITB Transaction that is entered into for the performance of any part of the Work under this Contract;

1.1.13. "Eligibility Criteria" means those criteria outlined in Article 7 (Eligible Criteria for ITB Transactions), which an ITB Transaction must meet in order to be an Accepted ITB Transaction;

1.1.14. "Eligible Party" means the Eligibility Criteria of the ITB Policy which stipulates which companies can be a provider (or donor) of an ITB Transaction, as set forth in Article 7 (Eligibility Criteria for ITB Transactions);

1.1.15. “Grouped Transaction” means an ITB Transaction that has more than one Recipient. Grouped Transactions may only include activities involving: the purchase of Direct goods or services; Canadian suppliers with similar characteristics of product, size and/or region; and, a total Canadian Content Value of not more than 10% of the total ITB Obligation;

1.1.16. "Import Replacement" refers to the production/manufacture of a good or the provision of a service in Canada that was formerly manufactured or provided from off-shore sources of supply;

1.1.17. “Incrementality” means the Eligibility Criteria of the ITB Policy which stipulates that an

indirect ITB Transaction must involve new work in Canada, as set forth in Article 7 (Eligibility Criteria for ITB Transactions);

1.1.18. "Indirect ITB Transaction" means an ITB Transaction that is entered into for a business activity unrelated to the performance of any part of the Work under this Contract;

1.1.19. “In-kind Contribution” means a non-monetary contribution, such as services, equipment, intellectual property, etc. In-kind Contributions will be valued by an independent third party who possesses a Chartered Business Valuator designation (or other similar acceptable designation) and who complies with all by-laws, code of ethics and practice standards of the organizational body governing their profession. Valuation reports will be detailed, use all standard, generally-accepted report formats and valuation approaches, and arrive at one conclusion regarding valuation which balances all approaches. The Contractor or its Eligible Party will assume all costs associated with obtaining the in-kind valuation report. The in-kind valuation report is valid for twelve (12) months;

1.1.20. “Investment Framework” or “*IF*” means the method of assessing, valuing and calculating ITB Credits associated with innovation-related investments made directly with Canadian SMB, as outlined in Article 8.6 (Investment Framework Transactions).

1.1.21. “Investment Framework Business Plan” means a complete and well-supported plan which: includes an executive summary; provides detailed company information and financial statements; describes the proposed *IF* project; details the specific *IF* activities, goals and duration; and, includes key market, risk and due diligence considerations;

1.1.22. "ITB Achievement Period" means the period commencing on August 20, 2012 and ending 7 years following the Effective Date of this Contract;

1.1.23. "ITB Authority" means the Minister of Industry or any other person designated by the Minister of Industry to act on the Minister's behalf. The ITB Authority is responsible for evaluating, accepting, monitoring, verifying and crediting ITB, and for assessing the Contractor's ITB performance under this Contract;

1.1.24. "ITB Credit" means the written notice by the ITB Authority that an Accepted ITB Transaction has been achieved in whole or in part. All Accepted ITB Transactions are subject to annual reporting, verification and approval before ITB Credit is awarded;

1.1.25. "ITB Investment" means an ITB Transaction which consists of an investment within Canada of a verifiable amount of money which fosters the production of goods or the performance of services by Canadian citizens or permanent residents as defined in the *Immigration and Refugee Protection Act 2001, c.27*, and which meets the criteria set forth in Article 8.9 (General Investment Transactions);

1.1.26. "ITB Obligation” or "ITB Commitment" means the Contractor=s contractual obligation

to achieve the CCV for ITB Transactions as set forth in Article 2 (Statement of Work: ITB Commitments and Responsibilities);

1.1.27. "ITB Plans" means the Contractor- prepared ITB Plans which, by reference, form part of this Contract: the Company Business Plan, the ITB Management Plan, the Regional Development Plan, and the Small and Medium Business Development Plan, all dated XXX and all bearing reference number XXX;

1.1.28. “ITB Recipient” means the Canadian entity that is the recipient of the ITB business activity outlined in an ITB Transaction;

1.1.29. "ITB Reporting Period" means the annual periods within the ITB Achievement Period upon which the Contractor’s ITB reporting will be based. For example, Reporting Period 1 commences on the first day of the ITB Achievement Period and ends on the last day of the twelfth month after the Effective Date of the Contract. Subsequent Reporting Periods (Period 2, 3, etc) will follow in consecutive annual increments until the end of the ITB Achievement Period;

1.1.30. "ITB Transaction" means a commercial or business activity that is carried out by means of a contract, including any purchase order, sales agreement, license agreement, letter of agreement or other similar instrument in writing, and which has an identified dollar value;

1.1.31. “Major Obligor” means a company that holds contractual commitments for ITB Obligations in Canada in excess of $1 billion;

1.1.32. "Over-achievement" means the amount by which the Contractor's ITB Credits, awarded on an Accepted ITB Transaction during the ITB Achievement Period, are greater than the ITB Commitment for that ITB Transaction;

1.1.33. “Pooling” refers to the act of applying the ITB Credits achieved on a single ITB Transaction to the ITB Obligations associated with two or more projects;

1.1.34. “Post-Secondary Institution” means an institution or other organizational entity in Canada involved in developing and delivering formal education activities and in awarding academic credentials to people for whom the normal entrance requirement is high school completion. The institution should be available to the general public, be recognized by a province or the Canada Student Loans Program, and offer programs leading to degrees and diplomas that are recognized by the academic community in Canada;

1.1.35. “Proposed ITB Transaction” means an ITB Transaction which has been proposed by the Contractor to the ITB Authority, but which has not yet been formally accepted in writing by the ITB Authority as meeting the ITB Eligibility Criteria;

1.1.36. “Public Research Institution” means a federal or provincial organization in Canada that: is engaged in research, research training and related activities in Canada: has as its primary goals the conduct of research, peer review, and the dissemination of results by way of publication, technology transfer or training; reinvests its profits into its research activities or into the dissemination of results; and, is funded primarily from public resources and has established processes, systems, procedures and controls in place to ensure achievement of public objectives;

1.1.37. “Research and Development (R&D) activity” means a scientific investigation that explores the development of new goods and services, new inputs into production, new methods of producing goods and services, or new ways of operating and managing organizations. Specific R&D activities consist of: standard test/measurement/analysis; test/measurement/analysis report; specific thermo-mechanical analysis methodology development projects; product/process design/engineering; customized product/process/ technology development project; related evaluation and feasibility studies; applied research projects for new product concepts, new technology platforms and new test/measurement/analysis; basic scientific research for creating better understanding and insights in new phenomena; research to advance scientific knowledge with or without a specific practical application in view; and, support work in engineering, design, operations research, mathematical analysis, computer programming, data collection, testing or research;

1.1.38. “Semi-processed Goods” means goods converted from their natural state of a raw material through the use of a specialized process into a state of readiness for use or assembly into a final product;

1.1.39. “Shortfall” means the amount by which the Contractor’s ITB Credits, awarded on Accepted ITB Transactions during the ITB Achievement Period, are less than the ITB Commitment;

1.1.40. "Small and Medium Business" or “SMB” means a Canadian-based, independently-owned and operated manufacturer or service company with fewer than 250 full-time personnel as of the date of entering into an eligible ITB Transaction. Agents and distributors of foreign goods and services, as well as subsidiaries of firms that are Contractors or Eligible Parties on any ITB contract, do not qualify as Small and Medium Business;

1.1.41. “Strategic Plan” means a document which describes the Contractor’s broad corporate business development plans for Canada and how these plans may translate into strategic ITB activities, as set forth in Article 9 (Strategic Plans);

1.1.42. "Technology and Skills Cooperation" means the granting of a license and/or the transmission of a usable body of knowledge to a Canadian company. Technology and Skills Cooperation is assessed and measured for ITB Credit as set forth in Article 8.7 (Technology and Skills Cooperation Transaction);

1.1.43. “Tier One Supplier” means a company that takes on a specific portion of the Work under this Canadian Coast Guard Medium Helicopter Procurement Contract from the Prime Contractor, producing or servicing a major subassembly or major component that is installed or used in the platform or system being procured under this Contract;

1.1.44. "Venture Capital Fund" or "VCF" means a pooled group of investments directed at assisting the growth of Canadian small businesses, which is managed by a third party and meets the criteria set forth in Article 8.9 (Venture Capital Fund Transactions); and

1.1.45. “World Product Mandate” means a long-term supplier relationship between the Contractor or an Eligible Party and a Canadian Company, whereby the Canadian company has been legally authorized to carry out and has sole responsibility for specific activities including the design, development, intellectual property, manufacture and marketing related to the supply of products, components, modules or services destined for the domestic and world markets. The CCV of the product or service is calculated as described in Article 13 (World Product Mandate).

2. STATEMENT OF WORK: ITB COMMITMENTS AND RESPONSIBILITIES

2.1. Through the implementation of the Company Business Plan, the ITB Management Plan, the Regional Development Plan and the Small and Medium Business Development Plan referenced in Annex A, the Contractor shall by the end of the Achievement Period:

2.1.1. achieve $ [***100% of contract value]*** in CCV as Direct and Indirect ITB Transactions, as specified in Annex A;

2.1.2. achieve $ [***to be inserted from Contractor=s proposal]*** in CCV, as Direct and Indirect ITB Transactions in the Designated Regions of Canada, as follows:

2.1.2.1. Atlantic: $ [***to be inserted from Contractor’s proposal]***
2.1.2.2. Quebec: $ [***to be inserted from Contractor’s proposal]***
2.1.2.3. Northern Ontario: $ [***to be inserted from Contractor’s proposal]***
2.1.2.4. Southern Ontario: $ [***to be inserted from Contractor’s proposal]***
2.1.2.5. West: $ [***to be inserted from Contractor’s proposal]***
2.1.2.6. North***:*** $ ***[to be inserted from Contractor’s proposal]***

2.1.3. achieve $ [***not less than 15% of Contract Value]*** in CCV for Direct and Indirect Small and Medium Business Development ITB Transactions, as specified in Annex A;

2.1.4. carry out each and every ITB Transaction as per the ITB Transaction Sheet list attached at Annex A;

2.1.5. submit to the ITB Authority, one (1) year following the Effective Date of Contract, eligible tranche 2 ITB Transactions which are detailed, fully described and which bring

the cumulative total of identified eligible ITB Transactions to not less than 60% of the contract value, including any options, measured in CCV; and

2.1.6. submit to the ITB Authority, three (3) years after the Effective Date of Contract, eligible tranche 3 ITB Transactions which are detailed, fully described and which bring the cumulative total of identified acceptable ITB Transactions to 100% of the contract value, including any options, measured in CCV.

2.2. The Contractor shall submit to the ITB Authority, through the PWGSC Contracting Authority, annual ITB Reports based on the performance achieved during the ITB Reporting Periods defined in this Contract. These reports shall be submitted sixty (60) calendar days after the end of the annual ITB Reporting Period. The Contractor is encouraged to use the format and template outlined in Article 3 (ITB Reporting).

2.2.1. As evidence of the Contractor's achievement of ITB Commitments, the Contractor shall provide, appended to the Annual ITB Reports, a Certificate of Compliance, as set forth in Annex B to this Contract, signed by the senior company Comptroller in respect to the ITB Transactions for which there was activity in that ITB Reporting Period. This Certificate of Compliance also applies to those ITB achievements of the Contractor's Eligible Parties.

3. ITB REPORTING

3.1. Each annual ITB Report shall consist of five parts, as outlined in the following sub-paragraphs and in the format template attached in Annex B:

3.1.1. Part A must include:

3.1.1.1. An overview and status of the Work on the Canadian Coast Guard Medium Helicopter Procurement;

3.1.1.2. A list of all the progress payment requests or invoices (broken down by reporting period and including the amount, date submitted and payment status) which have been submitted by the Contractor to the Contracting Authority for Work completed since the Effective Date;

3.1.1.3. A description of any changes to the ITB Management Plan.

3.1.2. Part B must include, for each transaction being reported:

3.1.2.1. An update on any changes to transaction details, such as the CCV percentage or company contact information;

3.1.2.2. A description of significant achievements and activities; and

3.1.2.3. A description of any delays, problems or achievement shortfalls, along with a plan of action to resolve.

3.1.3. Part C must include, for each transaction being reported:

3.1.3.1. The CCV value of the ITB achievement claimed for the current reporting period.

3.1.4. Part D must include, for each transaction reported:

3.1.4.1. The CCV value of the ITB achievement claimed to date in all the reporting periods since the beginning of the ITB Achievement Period.

3.1.5. Part E must include:

3.1.5.1. A description of Small and Medium Business and Regional development activities undertaken during the reporting period;

3.1.5.2. A list of ITB Transactions which have been cancelled, added or substantially altered during the reporting period with the approval of the ITB Authority, and their status vis-à-vis contract amendment;

3.1.5.3. A Certificate of Compliance related to the Contractor's achievement of ITB Commitments, signed by the senior company comptroller in respect of the ITB Transactions for which there was activity in that ITB Reporting Period. This Certificate of Compliance also covers any ITB achievements of the Contractor's Eligible Parties.

3.1.5.4. A Certificate of Compliance related to the Lobbying Act, signed by the senior company official with the authority to bind the Contractor. This Certificate of Compliance also covers any lobbying activities of the Contractor's sub-contractors and/or Eligible Parties.

4. CONTRACT PRICE CHANGES

4.1. In the event that the Contract value is increased or decreased, the Contractor's ITB Commitment in Article 2.1.1 shall be correspondingly either increased or decreased to reflect this change.

4.2. If the Contract value increases after the third year following the Effective Date of the Contract, the Contractor will submit to the ITB Authority Proposed ITB Transactions valued at 100 percent of the increase within one year of the date of the increase.

5. OVER-ACHIEVEMENT OF ITB COMMITMENTS

5.1. The Contractor may achieve a CCV for any Commitment in excess of the value stated in

the ITB Transactions without prior approval. When an Over-achievement occurs in an ITB Transaction Commitment, subject to the prior written approval of the ITB Authority, the Over-achievement may be applied against the Shortfall or unidentified portion of the ITB Transactions, as long as the Regional and Small and Medium Business Commitments are achieved. An Over-achievement in one Region will not be applied to reduce a Shortfall in another Region.

6. CANADIAN CONTENT VALUE (CCV)

6.1. The CCV of any Direct and Indirect Transaction shall be determined by the Net Selling Price Method or the Cost Aggregate Method.

6.1.1. Net Selling Price Method: A product or service which bears a substantiated selling price may have its CCV calculated as follows:

6.1.1.1. begin with the total selling price of the product or service

6.1.1.2. subtract the applicable customs duties, excise taxes and applicable GST, HST and all provincial sales taxes; and

6.1.1.3. subtract any costs incurred as set out in Article 6.2.

6.1.2. Cost Aggregate Method: Any product or service that cannot be assigned a substantiated selling price may have its CCV calculated as the aggregate of the following:

6.1.2.1. the cost of parts produced in Canada, and the cost of materials to the extent that they are of Canadian origin, that are incorporated in the equipment in the factory of the manufacturer in Canada;

6.1.2.2. the cost of parts or materials which the ITB Authority can verify as being of Canadian origin, in that they have been exported from Canada and subsequently imported into Canada as parts or finished goods;

6.1.2.3. transportation costs, including insurance charges incurred in transporting parts and materials from a Canadian supplier or frontier port of entry to the factory of the manufacturer in Canada for incorporation in the equipment, to the extent that such costs are not included in the foregoing paragraph; and

6.1.2.4. such part of the following costs (not including GST, HST, all provincial sales taxes, excise taxes, royalties and license fees paid outside of Canada) as are reasonably attributable to the production or implementation of the equipment, service or activity:

6.1.2.4.1. wages and salaries paid for direct and indirect production and non-production labour in Canada paid to Canadians or to permanent residents as defined in the

Immigration and Refugee Protection Act 2001, c.27;

6.1.2.4.2. materials used in the Work but not incorporated in the final products;

6.1.2.4.3. light, heat, power and water;

6.1.2.4.4. workers compensation, employment insurance and group insurance premiums, pension contributions and similar expenses incurred with respect to labour referred to above in Article 6.1.2.4.1;

6.1.2.4.5. taxes on land and buildings in Canada;

6.1.2.4.6. fire and other insurance premiums relative to production inventories and the production plant and its equipment, paid to a company authorized by the laws of Canada or any province to carry on business in Canada or such province;

6.1.2.4.7. insurance purchased specifically from a company authorized by the laws of Canada or any province to carry on business in Canada or such province;

6.1.2.4.8. rent of factory or office premises paid to a registered owner in Canada;

6.1.2.4.9. maintenance and repairs to buildings, machinery and equipment used for production purposes that is executed in Canada;

6.1.2.4.10. tools, dies, jigs, fixtures and other similar plant equipment items of a non-permanent nature that have been designed, developed or manufactured in Canada;

6.1.2.4.11. engineering and professional services, experimental work and product or process development work executed and completed in Canada;

6.1.2.4.12. pertinent miscellaneous factory and office expenses, such as: administrative and general expenses; depreciation with respect to production machinery and permanent plant equipment and the installation costs of such machinery and equipment; and, a capital allowance not exceeding five (5) % of the total capital outlay incurred for buildings in Canada owned by the producer of the work;

6.1.2.4.13. personal travel expenses, including Canadian carriers, accommodations and meals, for travel associated with Direct ITB activities in this Canadian Coast Guard Medium Helicopter Procurement Contract;

6.1.2.4.14. fees paid for services not elsewhere specified; and,

6.1.2.4.15. pre-tax net profit upon which Canadian taxes are paid or are payable.

6.2. **Costs or Business Activities that are <u>ineligible</u> for ITB Credit**:

6.2.1. the value of materials, labour and services imported into Canada;

6.2.2. in the case of Indirect ITB, the value of raw materials and Semi-Processed Goods exported from Canada;

6.2.3. the value of any living, relocation costs and remuneration paid to non-Canadians for work on the Project;

6.2.4. the amount of all Canadian Excise Taxes, Import Duties, Federal and Provincial Sales Taxes, Goods and Services Taxes, Harmonized Sales Taxes and other Canadian duties;

6.2.5. the value of goods and services with respect to which ITB Credit has been received or is being claimed by the Contractor or its Eligible Parties as an ITB to Canada under any other ITB Obligation or agreement;

6.2.6. any proposal or bid preparations costs;

6.2.7. all transportation or travel costs not covered under Articles 6.1.2.3 or 6.1.2.4.13;

6.2.8. obligations of the Federal Government (e.g. government furnished equipment);

6.2.9. license fees paid by the Canadian ITB Recipient and any on-going royalty payments;

6.2.10. ITB Transactions claimed by a Contractor that pertain to its influence or that of one of its Eligible Parties over any country=s purchasing agent/department;

6.2.11. interest costs associated with letters of credit or other financial instruments to support ITB Transactions;

6.2.12. fees paid to lobbyists (as per the *Lobbying Act*); and

6.2.13. fees paid to third-party consultants or agents for work related to obtaining ITB Credit against this Contract. This includes, but is not limited to, providing advice on the ITB Policy, preparation of ITB Transactions and/or reports, representing the interests of the Contractor to the ITB Authority, and/or searching for potential recipient firms.

7. <u>ELIGIBILITY CRITERIA FOR ITB TRANSACTIONS</u>

7.1. **Causality** - each ITB Transaction shall be one which was brought about by either the Contractor or one of its Eligible Parties, due in part to a current or anticipated ITB Obligation to Canada. It shall not be one which probably would have been entered into if an ITB obligation had not existed or been anticipated. Causality may be demonstrated to a specific project or more broadly to a company's ITB obligation in general.

7.1.1. The Contractor or its Eligible Party must demonstrate Causality by providing a detailed statement on Causality, which outlines the steps and timelines involved in its decision about a procurement or investment activity and which clearly shows the link between the steps and decision on a business activity and Canada's ITB Policy.

7.1.2. The Contractor or its Eligible Parties will provide evidence of Causality in support of its detailed statement referred to in Article 7.1.1. Evidence of Causality is written documentation and may include, but not be limited to: sub-contract documentation, correspondence, meeting documents, corporate presentations, etc.

7.1.3. The Contractor or its Eligible Party should provide as much detailed documentary evidence as possible, at the time of submitting a Proposed ITB Transaction to the ITB Authority. Failure to provide sufficient evidence of Causality may result in the ITB Transaction being rejected.

7.1.4. Further guidance on Causality is available on the IRB website at www.ic.gc.ca/irb.

7.2. **Timing** - ITB Transactions shall be implemented within the ITB Achievement Period, as defined in Article 1.1.22.

7.2.1. ITB Transactions, or substitute ITB Transactions, that are identified after the Effective Date of the Contract must meet the ITB Eligibility Criteria and they must only involve work occurring after the date of identification of the ITB Transaction to the ITB Authority.

7.3. **Incrementality** – ITB Transactions shall involve new work in Canada.

7.3.1. Should an ITB Transaction involve the purchase of goods or services from an existing Canadian supplier to the Contractor or its Eligible Party, the incremental method of calculating the ITB Credits will apply, as follows:

7.3.1.1. A three-year average of previous purchases is calculated, based on the three years immediately preceding the date of identification of the ITB Transaction to the ITB Authority;

7.3.1.2. ITB Credit will be awarded only on those purchase amounts which exceed the three year average, in each of the Reporting Periods.

7.3.2. The incremental method of calculation outlined in 7.3.1 does **not** apply in cases where the product or service being purchased in the ITB Transaction:

7.3.2.1. involves Direct Work;

7.3.2.2. is substantially different than what was previously purchased;

7.3.2.3. involves a different end use (market sale, application, etc) than what was previously purchased; or,

7.3.2.4. follows a competitive process to re-select the Canadian supplier.

7.4. **Eligible Party** - ITB Transactions shall be undertaken by an Eligible Party as defined and named in the Contract.

7.4.1. An Eligible Party is the Contractor, its parent corporation, and all the parent's subsidiaries, divisions and subdivisions; and, the Contractor's Tier-One suppliers related to the performance of the Work under this Contract, their parent corporations and all the parent's subsidiaries, divisions and subdivisions.

7.4.2. For proposed Eligible Parties that are Canadian Companies with less than 500 employees, Contractors must clearly demonstrate that the Canadian Company has the capacity to undertake ITB Obligations with respect to this Contract. Capacity includes factors such as: company size, product offerings, market conditions, corporate ownership, ITB management processes, level of Canadian content, etc.

7.4.3. The Contractor shall be fully responsible to Canada for all ITB Commitments related to this Contract, regardless of flow down arrangements with Eligible Parties.

7.4.4. A list of approved Eligible Parties for the Canadian Coast Guard Medium Helicopter Procurement Contract is found in Article 24. The ITB Authority reserves the right to seek validation of the Eligible Parties found in Article 24, as outlined in Article 7.5.

7.5. **Validation of Eligibility**

7.5.1. Wherever possible, the ITB Authority will confirm ITB Transaction eligibility prior to a proposed ITB Transaction being accepted into the Contract. As Contractors plan, negotiate and conclude proposed ITB activities, they are encouraged to retain and submit all of the records and documentation necessary to demonstrate eligibility.

7.5.2. The ITB Authority reserves the right to validate, within one calendar year of the Effective Date of the Contract, the criteria associated with ITB Transaction eligibility, Global Value Chain Platform eligibility and Enhanced Priority Technology List eligibility.

7.5.3. The ITB Authority shall submit to the Contractor a written notice of the ITB Transactions that the ITB Authority wishes to validate. Once this written notice is submitted, the Contractor shall have 60 calendar days to submit a package of information and documentation in support of their eligibility claims. Contractors are strongly encouraged to respond in a timely manner as they are responsible to ensure that

the information received by the ITB Authority is accurate and complete.

7.5.4. Should the Contractor be unable during the one year validation period to demonstrate ITB eligibility, the ITB Transaction will not be eligible for ITB Credit and a substitute ITB Transaction will be sought from the Contractor.

7.5.5.

7.5.6. Contractors should note that all ITB Transactions are subject to annual reporting, verification and approval before ITB Credits are confirmed. Should new information arise during verification that seriously calls into question the eligibility of an ITB Transaction, the ITB Authority will review and investigate as soon as possible.

8. ITB TRANSACTIONS

8.1. Direct ITB Transactions

8.1.1. Direct ITB Transactions are those achieved through the provision of the goods and services required to deliver the Canadian Coast Guard Medium Helicopter Procurement.

8.1.2. Canadian resources should be utilized to the maximum extent possible to develop, produce, integrate and deliver the Canadian Coast Guard Medium Helicopter Procurement.

8.2. Indirect ITB Transactions

8.2.1. Indirect ITB Transactions are those achieved through business activities not related to the Canadian Coast Guard Medium Helicopter Procurement.

8.2.2. Indirect ITB Transactions shall involve a level of technology that is generally the same or higher than that of the Canadian Coast Guard Medium Helicopter Procurement, with applications in Canadian advanced technology industries.

8.2.3. Indirect ITB Transactions must have a Canadian Content Value (CCV) of no less than 30 percent of the total value of the ITB Transaction.

8.3. Small and Medium Business (SMB) Transactions

8.3.1. An ITB Transaction where an SMB is the ITB Recipient, and the SMB's product or service has a CCV of at least seventy (70) percent, will have its ITB Credit credited as follows:

8.3.1.1. the portion of the Transaction's CCV value that is equal to or less than $1,000,000 will be deemed to have 100 percent CCV for reporting and verification purposes;

8.3.1.2. any portion of the Transaction's CCV value that is over $1,000,000 will use the actual CCV as calculated using Article 6 (Canadian Content Value).

8.4. **Post-Secondary and Public Research Institution Transactions**

8.4.1. Multipliers are permitted on ITB Transactions involving: cash contribution input to Canadian universities for university research or the establishment of university chairs; investments in advanced technology skill development through publicly operated Post-Secondary Institutions; and, collaborative research undertaken with Public Research Institutions.

8.5. **Consortium Transactions**

8.5.1. In any instance where the Contractor or its Eligible Party invests in research and development through a Consortium, the method of crediting such investments will be as detailed in this Article.

8.5.2. Scope: A Consortium shall consist of:

8.5.2.1. the Contractor or its Eligible Party;

8.5.2.2. a minimum of one (1) Canadian Company, and;

8.5.2.3. a minimum of one (1) Canadian Post-Secondary Institution or Public Research Institution.

8.5.2.4. Involvement of non-Canadian company(s) in the Consortium shall be permitted. The combined total investment from non-Canadian companies shall not exceed fifty (50) percent of the Consortium value.

8.5.2.5. The Contractor shall not be able to claim its Consortium members as Eligible Parties to this Contract.

8.5.2.6. In cases where an existing Eligible Party to the Contract participates in the same Consortium as the Contractor, separate ITB Transaction Sheets shall be submitted that describes both the Contractor's and the Eligible Party's involvement in the Consortium. Both the Contractor and the Eligible Party may only claim the ITB Credits associated with the contributions that each has leveraged into the Consortium. At no time shall the Contractor and Eligible Party be able to claim for the same contribution(s).

8.5.2.7. Contributions to the Consortium may take the form of cash or in-kind contributions. In the case of in-kind contributions, the value of these shall be determined by an assessment to be undertaken by a Third Party to this Contract solely at the cost of the

Contractor.

8.5.2.8. The future sales that may arise from the Consortium will not be counted for ITB Credit within the Consortium Transaction. Should the Contractor procure goods and services from the Consortium, the purchase will be considered as a separate ITB Transaction and no multiplier will be applied.

8.5.2.9. When a Consortium ITB Transaction is submitted, the Contractor must identify the manner that it proposes to calculate the regional distribution. The Contractor may opt to make regional commitments based on where funding for the Consortia originates as a proportion of the total Canadian funding. Alternatively, the Contractor may opt to make regional commitments based on where the work associated with the Consortium is taking place. In either situation, once a Contractor selects a regional calculation, the Contractor will be held to this selection.

8.5.2.10. In addition to demonstrating that its investment in the Consortium meets all of the ITB Eligibility Criteria, the Contractor shall also be responsible for demonstrating how its involvement in the Consortium leveraged the investments from the other parties involved. In order to receive ITB Credit for funds invested by other companies, the Contractor must demonstrate that the additional funds invested into the Consortium were the result of the Contractor's participation. The Contractor will not receive any ITB Credit for contributions already existing in the Consortium prior to their participation.

8.5.2.11. The Contractor will not receive any ITB Credit on any contributions leveraged by other parties and applied to other ITB obligations. In cases where multiple Contractors with ITB obligations are involved in the same Consortium, each of these Contractors may be eligible to receive ITB credit for their own contribution and that of the members they can demonstrate they attracted to the Consortium.

8.5.3. Valuation for ITB Credit Purposes:

8.5.3.1. An initial value will first be calculated, and shall be the sum of the following:

8.5.3.1.1. the value of cash contributions from the Contractor to the Consortium; and,

8.5.3.1.2. the value of cash contributions from other eligible participants, up to a maximum value equal to that of the Contractor's contribution, which have been demonstrably leveraged by the Contractor's participation in the Consortium.

8.5.3.2. Once the initial value is established, the Contractor shall receive a five (5x) times multiplier on it.

8.5.3.3. The value of any in-kind contributions would then be added. In-kind contributions are not eligible for a multiplier.

8.5.4. Timing:

8.5.4.1. ITB Credit can be claimed when both the Contractor and the member(s) make their contributions to the Consortium.

8.5.4.2. All Consortium-related ITB Credits claimed by the Contractor are subject to annual reporting, verification and written approval by the ITB Authority before ITB Credits are approved.

8.5.5. The following will not be eligible for ITB Credit:

8.5.5.1. contributions made to the Consortium by Post-Secondary Institutions or Public Research Institutions; and,

8.5.5.2. direct contributions into the Consortium made by any level of government.

8.5.6. Performance Guarantees:

8.5.6.1. ITB Transaction sheets related to a Consortium should be stated in the multiplied value of the proposed contributions. This multiplied value is part of the Contractor=s total ITB Commitment and, as such, is subject to the performance guarantees stipulated in this Contract.

8.5.6.2. If the Contractor fails to achieve an Accepted ITB Transaction involving a Consortium, the full multiplied value of its ITB Commitment shall be made up with other ITB activities that meet the ITB Eligibility Criteria. Substitute ITB Transactions will not automatically be subject to a multiplier.

8.6. **Investment Framework (IF) Transactions**

8.6.1. ITB Transactions may involve R&D or Commercialization investments made directly by the Contractor with a Canadian SMB. The methods of assessing, valuing and crediting these investments are detailed in this article.

8.6.2. Proposed IF activities will be reviewed, approved and awarded by the ITB Authority using the following gate process:

8.6.2.1. Gate 1 - Term Sheet Eligibility
8.6.2.2. Gate 2 - Investment Valuation
8.6.2.3. Gate 3 - Determination of ITB Credits and Transaction Sheet Approval
8.6.2.4. Gate 4 - Monitoring and Award of ITB Credit

8.6.3. Gate 1, Term Sheet Eligibility - Proposed IF activities must meet all six of the following eligibility criteria:

8.6.3.1. Investment must be linked to Research and Development (R&D) and/or Commercialization activities, as defined in this Contract;

8.6.3.2. Investment must be with a Canadian SMB, as defined in this Contract;

8.6.3.3. Investment must meet the ITB Eligibility Criteria, as defined in this Contract;

8.6.3.4. Investment must be an Allowable IF Investment, as defined in this Contract;

8.6.3.5. IF activity must have a duration of at least five (5) continuous years, beginning at the date the investment is made; and,

8.6.3.6. A complete IF Business Plan, as defined in this Contract, must be submitted to the ITB Authority.

8.6.4. Gate 2, Investment Valuation – Eligible IF activities will be valued, using the following methods:

8.6.4.1. Eligible cash investments will be taken at face value.

8.6.4.2. Eligible in-kind investments will be valued by an independent third party, as outlined in article 1.1.19.

8.6.5. Gate 3, Determination of ITB Credits – The following multipliers will be applied to the value of the eligible IF investment:

8.6.5.1. Cash for R&D activities; or, License for IP – nine (9)

8.6.5.2. Cash to purchase, or in-kind transfer of, Equipment – seven (7)

8.6.5.3. In-kind transfer of Knowledge and/or Marketing/Sales Support – four (4)

8.6.6. Gate 4, Monitoring and Award of ITB Credits –

8.6.6.1. The multiplied ITB credits resulting from an IF activity will be awarded along the following timeline:

- 50 percent up front, once the investment activity is made according to the IF Business Plan, reported to the ITB Authority, and verified by the ITB Authority;

- 50 percent apportioned over the remaining years of the IF project, as annual IF reporting requirements are met.

8.6.6.2. The Contractor will be deemed as having met each year's annual IF reporting requirements once the Contractor:

- reports on its IF activities through the established ITB annual reporting requirements outlined in Article 3, "ITB Reporting"; and,

- includes in its ITB Annual Report each year a specific and complete IF activity report, using the template provided in Annex D of this contract, "Annual IF Activity Report."

8.6.7. The total issued ITB Credits associated with IF activities cannot exceed five (5) percent of the total ITB Obligation value in this Contract, as identified in Article 2.1.1.

8.6.8. The investment must be made within 12 months from the date of either: the final ITB transaction approval from the ITB Authority (cash investment); or, the third party valuation report (in-kind investment).

8.6.9. The investment must remain with the SMB for at least five (5) continuous years and be used for the purposes outlined in the IF Business Plan.

8.6.10. ITB Credits may be disallowed or revoked by the ITB Authority in any of the following circumstances:

8.6.10.1. failure to provide a detailed, complete and accurate "Annual IF Activity Report" in each year of the IF project;

8.6.10.2. removal, in whole or in part, of the IF investment from the SMB prior to the end of five continuous years; or

8.6.10.3. use of the IF investment for purposes other than those outlined in the IF Business Plan.

8.6.11. A "Guide for Applicants" is available on the IRB Website (www.ic.gc.ca/irb), which provides additional details on the IF processes, timelines and deliverables. The Guide also provides the templates to be used by the Contractor or its Eligible Party during the IF submission process.

8.7. **Technology and Skills Cooperation Transactions**

8.7.1. ITB Transactions may take the form of direct Technology and Skills Cooperation and shall meet the following criteria:

8.7.1.1. technology shall be in a form that is sufficiently complete to allow the Canadian recipient to apply the knowledge to existing or new products or processes;

8.7.1.2. technology shall be proprietary, current and at a level of technology equivalent to or higher than that used on the Project;

8.7.1.3. all required licenses or permits to facilitate the sale of products/services domestically or for export shall be included;

8.7.1.4. the transferor shall make available all engineering and technical advice and assistance required to exploit and keep current the transferred technology and all related information (drawings, methods of application, etc.);

8.7.1.5. the Canadian Company shall have access to domestic and foreign markets and have the resources to exploit the technology in these markets;

8.7.1.6. the technology shall be exploitable in terms of the capability (financial and technical) of the Canadian Company to use and keep it current; and

8.7.1.7. the Contractor shall make available, upon request by the ITB Authority, the licensing agreement with the Canadian recipient. Failure to do so may result in the technology and skills cooperation ITB Transaction being rejected.

8.7.2. The Technology and Skills Cooperation shall be measured in Canadian Content Value of the future sales, export sales or Import Replacement, of goods or services by the Canadian Company as a result of the Technology and Skills Cooperation. In addition, the Contractor may be credited for reasonable costs incurred as a result of the Technology and Skills Cooperation once the achievement in future sales surpasses the cost of the Technology and Skills Cooperation. Reasonable costs incurred include:

8.7.2.1. training costs;

8.7.2.2. set-up of infrastructure needed to exploit the technology; and

8.7.2.3. any others as deemed reasonable by the ITB Authority.

8.7.3. ITB activities in the form of Technology and Skills Cooperation with Canadian Companies may include, but not be limited to, activities such as:

8.7.3.1. participation in the design, development and manufacture of new or improved systems;

8.7.3.2. the provision of new process technologies that will enhance Canadian industry by improving their capabilities in present product lines and enhance their export potential; and

8.7.3.3. the provision of licenses which will allow Canadian Companies to manufacture new or existing components of major systems for export sale and Import Replacement.

8.8. **General Investment Transactions**

8.8.1. ITB Transactions can involve activities such as investment in Canada. These investments shall meet the ITB Eligibility Criteria and shall be made by the Contractor or its Eligible Party and placed directly with a Canadian recipient.

8.8.2. The Contractor will be credited the CCV of future sales achieved by the ITB Recipient as a result of the specific investment. In addition, the Contractor will also be credited for the amount of the investment itself, once the Recipient's future sales achievement surpasses the amount of the initial investment. The credited future sales will be prorated by multiplying the applicable sales to the ratio of the Contractor=s own direct investment in the Canadian company relative to the Canadian company=s Capitalization at the time the investment was made once the accepted ITB Credits surpasses the amount of the total investment.

8.8.3. Credited Future Sales =

$$\text{Applicable Sales} \times \frac{\text{Contractor=s own direct investment in Canadian Recipient}}{\text{Canadian Recipient=s Capitalization at the time the investment was made}}$$

8.8.4. The investment shall not be in the form of a loan or for the purchase of debentures.

8.8.5. The investment made by the Contractor or its Eligible Parties shall remain placed with the Canadian Recipient for a minimum of three (3) years, starting from the date the investment is placed with the Recipient. Failure to do so will result in the immediate clawback of all ITB approved ITB Credits for the ITB Transaction by the ITB Authority. No further ITB Credits will be approved for that particular transaction.

8.8.6. In the event the Contractor or an Eligible Party invests in its own Canadian facilities, the investment and the incremental sales resulting from that investment may be eligible for ITB Credit, assuming the investment meets the ITB Eligibility Criteria. Consideration will be given to whether the investment results in a benefit to Canada and that it does not result in overcapacity, shutdowns of existing companies or losses of prospective sales by existing companies in Canada.

8.8.7. The capital associated with the purchase of a Canadian Company that is considered a Agoing concern@ is not an eligible investment for ITB purposes. If the investment is for a Canadian Company that has availed itself of the Canadian bankruptcy laws, then the investment can be considered for ITB purposes.

8.8.8. Investment transactions may also include:

8.8.8.1. the establishment or enhancement of a Canadian facility or project which will develop Canada's advanced technology industries, and provide a capability that does not already exist in Canada. Consideration will be given to whether the transaction results in overcapacity, shutdowns of existing companies or losses of prospective sales by existing companies in Canada;

8.8.8.2. the development of joint ventures with Canadian firms, which will contribute to their long-term viability and increase sales in both domestic and international markets.

8.9. **Venture Capital Fund Transactions**

8.9.1. In any instance where the Contractor or its Eligible Party is not placing an investment directly with a Canadian Recipient, and is utilizing a third party to manage such investments, the method of crediting such investments will be as detailed in this Clause. Any organization which manages investments such as, but not limited to Banks, Trust Companies, Venture Capital Funds, and Investment Companies, will not be an Eligible Party to the Contract, but will be deemed a third party. A portion of a Contractor=s investment may come from the placement of funds into a Venture Capital Fund (VCF) directed at assisting the growth of Canadian small businesses through their development and exploitation of new technologies. The multiplied ITB credit related to these investments shall not exceed 5% of the ITB Commitment Value. Contributions in support of Canadian small business are permitted within the following parameters:

8.9.2. Timing:

8.9.2.1. ITB Credit can be claimed when:

8.9.2.1.1. the Contractor makes a financial contribution to a qualifying VCF. Only the face value of the contribution, measured in Canadian dollars, can be sought as an ITB at this time; and,

8.9.2.1.2. the VCF Manager invests funds with a Canadian small business and the funds remain placed with the Canadian Recipient for a minimum of three (3) years, starting from the date the funds are placed. Failure to do so will result in the immediate clawback of all ITB credits claimed or approved for the ITB Transaction by the ITB Authority.

8.9.2.2. All VCF related ITB Credits claimed by the Contractor are subject to verification and approval by the ITB Authority before ITB Credits are accepted.

8.9.3. Scope:

8.9.3.1. (Privately held) small business recipients of the VCF investment shall have 50

employees or less (service based industries) or 100 employees or less (manufacturing based industries) at the commencement of the investment.

8.9.3.2. Initial investments by the VCF Manager, including co-investments, in eligible small businesses cannot exceed $1M.

8.9.3.3. Small business recipients will generally be involved in the development, manufacture or commercialization of a technologically advanced product or service in one of the following sectors:

- Life sciences (biotechnology, medical devices and pharmaceuticals) Health
- Advanced materials
- Advanced manufacturing
- Environment
- Information and communications technologies, and
- Aerospace and defence

8.9.3.4. Only Canadian registered and managed VCFs (or Third Parties) which support the above industrial sectors will be acceptable. The Contractor will have to provide evidence that a high percentage of a chosen fund=s investment activity is with companies that are in the above sectors.

8.9.4. Multiplier for ITB Credit purposes:

8.9.4.1. The multiplier for ITB Credit purposes is 5:1. The ITB Credit will be given for the initial contribution at the time of the deposit to the VCF by the Contractor. The ITB Credit that makes up the remaining multiples will be offered when the VCF Manager or Third Party Investment Manager assigns the funds to a Canadian small business and the funds remain placed with the Canadian Recipient for a minimum of three (3) years, starting from the date the funds are placed. The maximum multiplied ITB Credit for the Project is 5% of the ITB Commitment Value.

8.9.5. Limitation to Venture Capital Funds

8.9.5.1. Once a small business reaches the Initial Public Offering stage, no further ITB credit will be granted by the ITB Authority for further VCF investment to the Canadian small business.

8.9.6. Performance Guarantees

8.9.6.1. ITB Transaction sheets related to qualifying VCF transactions are stated in the multiplied value of the proposed contributions to the VCF. This multiplied value is part of the Contractor=s total ITB Commitment, and as such is subject to the

performance guarantees stipulated in this Contract.

8.9.6.2. If the Contractor fails to achieve an Accepted ITB Transaction involving a VCF, the full Amultiplied@ value of its ITB Commitment shall be made up with other ITB activities that meet the ITB Eligibility Criteria. Substitute transactions will not be subject to the multiplier.

9. STRATEGIC PLANS

9.1. Major Obligors to Canada are required to submit a Strategic Plan to the ITB Authority;

9.2. The Contractor and the ITB Authority will meet regularly to update, review and discuss the Contractor's Strategic Plan. Representatives at senior levels of both the Contractor's corporation and ITB Authority will be available for these meetings.

9.3. The Contractor's Strategic Plan should include:

9.3.1. a description of the Contractor's broad corporate plans and overarching strategic vision for Canada over the medium-term (3-5 years) and long-term (5+ years);

9.3.2. how these corporate plans and vision may translate into ITB activities

9.3.3. an overview of the Contractor's current and anticipated ITB Obligations to Canada

9.3.4. ITB Partnerships with Tier-one Suppliers or other Eligible Parties; and,

9.3.5. Notice of potential ITB Transactions that will request Pooling.

9.4. Contractors with multiple ITB Obligations totaling less than $1 billion may also submit a Strategic Plan to the ITB Authority. However, neither the ITB Authority, nor the Contractor will be required to meet to discuss the Strategic Plan.

9.5. Contractors with a Strategic Plan may be permitted to pool high value, strategic ITB business activities.

9.6. Pooled ITB Transactions must meet the following criteria:

9.6.1. meet all of the ITB Eligibility Criteria as described in Article 7 (Eligibility Criteria for ITB Transactions);

9.6.2. have a value of over $100 million, measured in CCV; and

9.6.3. have strategic and long term impacts on the Canadian ITB Recipient, including but not limited to: R&D support; first purchase of innovative Canadian technologies; unique market leadership; world product mandate; global value chain activities;

consortia activities; small and medium business activities; and/or technology advancement.

9.7. The Contractor must clearly describe and document how any proposed ITB Transaction for Pooling meets the criteria in Article 9.6.

9.8. The receipt, storage and protection of corporate business information included in a Strategic Plan is governed by applicable federal laws and processes, such as the *Access to Information Act*, the *Privacy Act* and the *Library and Archives of Canada Act*.

10. VALID ORDERS

10.1. The extent to which each ITB Transaction will qualify will be based on and limited to valid orders and/or contracts delivered by the end of the ITB Achievement Period.

11. BANKING

11.1. Banked ITB Transactions may comprise a total of 50% of the ITB Commitment value.

11.2. The entire CCV of a Banked ITB Transaction, not a portion thereof, must be applied to a single ITB Transaction under the Contract.

11.3. Each transaction must clearly state that it is a Banked ITB Transaction. The Banked ITB Transaction must contain the exact information as submitted to the ITB Bank.

11.4. Trading and/or transfer between companies of banked transactions is not permitted.

12. IMPORT REPLACEMENT

12.1. Import replacements due to the transference of work into Canada will be counted for ITB purposes.

13. WORLD PRODUCT MANDATE

13.1. If a product designed, developed and manufactured by a Canadian company is the subject of a world product mandate, where it is a long term relationship between the Contractor or an Eligible Party and a Canadian company, whereby the Canadian company has been legally authorized to carry out the aforementioned specific activities, and is identified as such in an Indirect ITB Transaction, and where the CCV of the product is verified to be seventy (70) percent or greater, the full contract value of the transaction will be deemed to be CCV.

14. PUBLIC COMMUNICATIONS

14.1. The Contractor, its Eligible Parties and/or ITB Recipients are encouraged to be as

transparent as possible regarding its ITB plans, obligations and specific ITB Transactions, making them publicly available whenever possible.

14.2. In the above efforts at transparency, the Contractor and the ITB Authority will jointly coordinate public communications related to the ITB activities associated with the Canadian Coast Guard Medium Helicopter Procurement. The two parties will also collaborate to identify ITB impact and success stories associated with ITB activities.

14.3. The Contractor consents to public announcements regarding the Canadian Coast Guard Medium Helicopter Procurement, made by or on behalf of the Minister of Industry, that are related to i) ITB Obligations and ii) those ITB Transactions which involve business activities with a signed contract or Memorandum of Understanding between the ITB Donor and the ITB Recipient. These announcements would include company names, general descriptions of the work being proposed and approximations of CCV. In these cases, the ITB Authority will make all reasonable efforts to ensure that the Contractor has the opportunity to participate in the announcement and/or the preparation of any related materials.

14.4. For all other public communications regarding the ITB activities on the Canadian Coast Guard Medium Helicopter Procurement, drafts of announcements and their publication schedule will be delivered by either party to the other as soon as is reasonably possible, but in any event prior to the proposed release date. Each party will make every effort to inform the other, and seek resolution of, any objections to the content or timing of the proposed announcement.

14.5. Nothing in this Article 14 shall be interpreted as preventing the fulfillment by any company involved in an ITB obligation or activity of its reporting obligations under applicable Securities laws.

15. ITB TRANSACTION ALTERATIONS

15.1. The Contractor shall not alter the ITB Commitments listed in Annex A unless:

15.1.1. the Contractor has submitted a proposal to the ITB Authority through the Contracting Authority, with respect to the alteration; and,

15.1.2. the ITB Authority through the Contracting Authority has given written approval to the Contractor and requested the Contracting Authority to amend the Contract accordingly.

15.2. The Contractor may propose alterations to or substitutions for any of the ITB Transaction(s) listed in Annex A, and the ITB Authority may accept these requests provided that in the judgment of the ITB Authority:

15.2.1. the circumstances requiring the change are exceptional and likely to result in undue

hardship upon the Contractor if a change is not made;

15.2.2. the obligations of this Contract under the Statement of Work are maintained i.e. the overall Regional and Small and Medium Business Commitments are maintained;

15.2.3. the proposed alterations or substitutions meet the ITB Eligibility Criteria stated in this Contract;

15.2.4. the proposed substitute ITB Transaction is not less than the ITB Transaction to be replaced both as to the level of technological sophistication of the work to be performed and the CCV;

15.2.5. Canadian industry will receive the maximum high-quality, low risk, Direct Benefits associated with the delivery of the work; and

15.2.6. Canadian industry will receive high-quality, low risk, Indirect Benefits of the same level of technology as the Direct Benefits.

15.3. Mutual Abatement and Trading

15.3.1. Mutual Abatement means a reduction of the Contractor's ITB Obligation in exchange for the reduction of a Canadian company's obligations to a foreign offset authority.

15.3.2. Mutual Abatement is not permitted.

15.3.3. Trading of ITB Obligations, or of ITB Credits, is not permitted.

16. VERIFICATION AND ACCESS TO RECORDS

16.1. The Contractor shall implement the ITB procedures and practices as described in the ITB Management Plan. Any changes to the ITB Management Plan are subject to approval by the ITB Authority.

16.2. The Contractor shall keep proper records and all documentation relating to the ITB Transactions attached to this Contract, including invoices, proof of payments, etc. The Contractor shall not, without the prior written consent of the ITB Authority, dispose of any such records or documentation until the expiration of two (2) years after final payment of this Contract, or until settlement of all outstanding claims and disputes, whichever is later. All such records and documentation shall at all times during the aforementioned retention period be open to verification, inspection and examination by the ITB Authority or his/her delegate, who may make copies thereof and take extracts there from.

16.3. In addition, the ITB Authority may request the Contractor provide copies of all such information be sent to him/her via mail or courier for a random sample of ITB

Transactions, as he/she may from time to time request.

16.4. If the ITB Authority determines that the information contained in the Annual ITB Report and certified by the Certificate of Compliance shall be verified, the Contractor shall undertake to provide the ITB Authority with access, at all reasonable times, and within sixty (60) calendar days of being notified, to its accounts and records relating thereto and shall, by obtaining similar undertakings in the subcontracts of all Eligible Parties, arrange for the same in respect of any subcontracts and suppliers carrying out the work.

16.5. Where, subsequent to the verification action taken pursuant to this Article, the ITB Authority determines that the records are insufficient to verify the Contractor's achievements in respect of any ITB Commitment, the Contractor shall provide such additional information as may be required by the ITB Authority.

16.6. Where it cannot be verified that an ITB Transaction has provided the ITB claimed, that portion of the ITB Transaction which cannot be verified will be considered as not having been achieved and the ITB Authority will give Notice to the Contractor of the Shortfall through the Contracting Authority.

16.7. If the ITB Authority determines that a significant Shortfall in the Contractor=s total ITB Commitment exists and if the ITB Authority believes that the Contractor will not meet its total ITB Commitment, the ITB Authority may give, through the Contracting Authority, notice to the Contractor and request the Contractor to submit a proposal showing how the Contractor plans to correct such deficiencies. The Contractor will submit its proposal within sixty (60) calendar days of receipt of such notice. If the proposal is not acceptable to the ITB Authority, the ITB Authority may request the Contracting Authority to terminate the Contract.

17. INFORMATION MANAGEMENT

17.1. The Contractor=s overall, aggregate information related to ITB Obligations, activities and achievements is considered by the ITB Authority to be information available to Parliament and the public.

17.2. The receipt, storage and protection of the Contractor’s specific corporate and transactional business information, which is provided to the ITB Authority in the context of this Contract and/or through a Strategic Plan, is governed by applicable federal laws and processes, such as the *Access to Information Act*, the *Privacy Act* and the *Library and Archives of Canada Act*.

17.2.1. This data may be used by the ITB Authority for internal policy analysis purposes. Certain relevant information may also be shared, subject to applicable laws and processes, with other government organizations with whom the ITB Authority collaborates in the administration of the ITB Policy, such as the Regional Development Agencies.

18. CONFLICT RESOLUTION

18.1. The ITB Authority and the Contractor acknowledge that they have entered into a long-term contractual relationship, with the goal that the Contractor achieves the ITB Obligations stated herein, delivers long-term economic benefits to Canada and effectively carries out the Terms and Conditions of this Contract.

18.2. Guiding this long-term relationship are common values and approaches, such as mutual accountability, open communication, mutual respect and effective collaboration. The relationship will involve officials at the project level (ie ITB and contract managers) and at the management level (ie Departmental and Executive officials). Discussions will be frequent and ongoing over the life of the Contract.

18.3. In the event that a disagreement arises between the ITB Authority and the Contractor regarding an ITB matter, each party will bring their concerns forward to the other for discussion and resolution. Parties are encouraged to raise concerns first at the project level. Should discussions at the project level fail to resolve the issue, the parties are then encouraged to engage at the management level. If these discussions fail to reach a satisfactory resolution, either party is then free to make use of the broader dispute resolution process outlined in Article XX of the Contract (*insert reference from PWGSC portion of contract*).

19. PERFORMANCE GUARANTEES

19.1. The long-term relationship between the Contractor and ITB Authority is supported by several processes aimed at promoting regular, ongoing engagement between the two parties. These processes include the ITB identification schedule outlined in Article 2 and the annual reporting process outlined in Article 3. Taken together, these and other monitoring measures are aimed at encouraging positive engagement, use of best practices and the successful completion of the Contractor's ITB Obligations in this contract.

19.2. In the unlikely event that the Contractor fails to meet its ITB Obligations under this Contract, the following performance guarantees are in place:

19.2.1. Holdback/Stop Payment:

19.2.1.1. If at the end of ITB Reporting Period 2, it is confirmed through the submission and assessment of transactions that the Contractor failed to meet the requirements as stated in Article 2.1.5, 10% of the next milestone payment for a helicopter will be withheld.

19.2.1.2. With respect to the Holdback outlined in article 19.2.1.1. a grace period of thirty (30) calendar days, beginning on the date of failure notification by the

ITB Authority, shall pass before the Holdback takes effect. Within this period, the Contractor may take corrective action.

19.2.1.3. Performance guarantees for the requirements stated in Article 2.1.6 are outlined in Article 5.1.3.e of the Contract.

19.2.2. Liquidated Damages:

19.2.2.1. In respect of the failure to achieve any of the Commitments in articles 2.1.1 to 2.1.4 (Statement of Work: ITB Commitments and Responsibilities) by the end of the ITB Achievement Period, the Contractor shall pay to Canada as liquidated damages 10% of the Shortfall.

19.2.2.2. In the event that liquidated damages arise under more than one of the ITB Commitments, the Contractor will be liable only under the ITB Commitment which results in the highest liquidated damages.

19.2.2.3. Included in the total ITB Commitments are the unidentified ITB Commitments.

19.3. In the event that the Contract is terminated for default pursuant to Clause 2030 31 (Default by the Contractor), the Contractor will immediately pay to Canada an amount equal to the Liquidated Damages that would be payable under article 19.2.2.1 based on the Shortfall in regard to those Commitments that, according to Annex A (Plans and Transactions), were to be achieved by the date of termination. In the event of such payment, the Contractor will have no further liabilities in regard to the ITB requirements of the Contract.

19.4. In the event that this Contract is terminated for convenience pursuant to Clause 2030 32 (Termination for Convenience), the Contractor will have no further liabilities. In the event of partial termination of the Contract under Clause 2030 32, the Contractor will be released from the terminated portions of its Commitments and from the provisions of Article 2 (Statement of Work: ITB Commitments and Responsibilities) as it relates to such terminated portions.

19.5. If, during the progress of the Contract, a change in the Work is initiated by Canada which results in the Contractor no longer being able to source from a Canadian Company and, as a consequence, Commitments in the Statement of ITB Work may not be met, the Contractor shall immediately notify the ITB Authority through the Contracting Authority. The Contractor shall fully describe the issue, provide all supporting data, including a complete record of attempts to purchase from Canadian sources and Canadian suppliers' responses, together with an analysis of specific technical, commercial or other factors which result in the inability to source from Canada.

19.6. The obligation of the Contractor to pay Liquidated Damages pursuant to articles 19.2.2.1 will be triggered by notice executed by either the Minister or the Deputy Minister of

Public Works and Government Services Canada to the Contractor, stating that the Contractor is in default under the Contract for failure to achieve the ITB Commitments within the ITB Achievement Period and that Canada is demanding payment of Liquidated Damages in accordance with the Liquidated Damages Clause.

19.7. Letter of Credit: The Contractor shall, prior to being entitled to receipt of the final Milestone Payment from Canada following the completion of the Work, provide Canada a guarantee in the form of a letter of credit, covering the amount of monies that would be owing by way of liquidated damages pursuant to the Liquidated Damages clause should the Contractor not achieve any further ITB Credits after the date of the final Milestone Payment. The letter of credit shall be:

19.7.1. issued by a financial institution which is a member of the Canadian Payment Association;

19.7.2. in form and substance satisfactory to the Minister;

19.7.3. solely at the cost of the Contractor;

19.7.4. abated as set forth below;

19.7.5. unconditional and irrevocable; and

19.7.6. subject to the Uniform Customs and Practice for Documentary Credits, as set out in Publication No. 600, July 2007.

19.8. The letter of credit shall remain in force until the earliest of:

19.8.1. the achievement of the Commitments; and

19.8.2. six months following the submission of the final ITB Report at which time the letter of credit will be abated in full and will be returned by Canada to the Contractor.

19.9. The obligation of the Financial Institution to pay under the letter of credit will be triggered by notice executed by either the Minister or the Deputy Minister of Public Works and Government Services Canada to the Issuing Bank stating that the Contractor is in default under the Contract for failure to achieve the Commitments within the Achievement Period, that Canada has made a demand by Notice for payment of Liquidated Damages in accordance with the Liquidated Damages Clause and that the Contractor has failed to pay Canada Liquidated Damages in accordance with the Liquidated Damages Clause. No other event will trigger payment under the letter of credit.

19.10. The Contracting Authority in accordance with this Article, will have the right to holdback, drawback, deduct and set off from and against the monies owing at any time

by Canada to the Contractor, any damages owing under this Contract equal to ten percent (10%) of the Shortfall amount.

19.11. Nothing in this Article will be interpreted as limiting the rights and remedies which the Contracting Authority may otherwise have in relation to any breach of this Article by the Contractor, including the right to terminate the Contract for default.

19.12. Actual damages which would be sustained by Canada in the event of a breach by the Contractor of the CCV Commitment provisions of this Contract would be commercially impracticable or extremely difficult to compute or ascertain and, therefore, the provisions for Liquidated Damages are agreed to be a fair and reasonable best estimate of such actual damages, and the manner provided herein for the enforcement and collection of Liquidated Damages is agreed to be fair and reasonable.

20. RESPONSIBILITIES OF THE PARTIES

20.1. The Parties to this Contract acknowledge and agree that:

20.1.1. Canada has responsibility to set in place programs and policies which foster a growing, competitive, knowledge-based Canadian economy and to establish ITB Objectives which include:

20.1.1.1. the long-term creation and exploitation of capabilities, knowledge, advanced technologies and markets of lasting impact on Canadian industry;

20.1.1.2. the involvement of advanced technologies and result in the enhancement of Canadian capability to undertake other work of a similar nature and make a positive contribution to the continuing viability, growth, innovation, export growth and development of the Canadian ITB Recipient.

20.1.1.3. encouraging the participation of Canadian companies in the Designated Regions of Canada, assisting with long-term quality improvements to their capability, capacity, international competitiveness and growth potential.

20.1.1.4. encouraging the participation of Canadian SMB as suppliers on major federal procurements and to increase their competitiveness and export market access.

20.1.2. the award of this Contract to the Contractor resulted from a procurement process in which the Contractor committed to fulfill the CCV Commitments set out in Article 2, Statement of Work: ITB Commitments and Responsibilities; and

20.1.3. it is the responsibility of the Contractor to ensure that it can complete the ITB Transactions and that these are not limited by applicable laws, regulations, policies or standards.

21. GOVERNMENT ORGANIZATIONS

21.1. It is the responsibility of the Contractor to be familiar with Government departments and agencies, including the following, which are responsible for regional and industrial development: Industry Canada; Western Economic Diversification Canada (WD); Federal Regional Development Organization for Northern Ontario (FedNor); Federal Economic Development Agency for Southern Ontario (FedDev Ontario); Canada Economic Development for Quebec (CED-Q); Atlantic Canada Opportunities Agency (ACOA); and, Canadian Northern Economic Development Agency (CanNor).

22. COMPLIANCE WITH THE *LOBBYING ACT*

22.1. The Contractor and its Eligible Parties each represents, warrants and undertakes:

22.1.1. that it has filed all *Lobbying Act* returns to be filed in respect of persons employed by it who communicate and/or arrange meetings with public office holders as part of their employment duties, and that it will continue to do so;

22.1.2. that it has not contracted with any person to communicate and/or arrange meetings with public office holders for remuneration that is or would be contingent in any way upon success of such person arranging meetings with public office holders, or upon the approval and granting of ITB Credit under this Contract;

22.1.3. that it will not contract with any person to communicate and/or arrange meetings with public office holders for remuneration that is or would be contingent upon the success of such person arranging meetings with public office holders, or upon the approval and granting of ITB Credit under this Contract;

22.1.4. all persons who are or have been contracted by it to communicate and/or arrange meetings with public office holders in respect to this Contract are in full compliance with the registration and other requirements of the *Lobbying Act*;

22.1.5. it shall at all times ensure that any persons contracted to communicate and/or arrange meetings with public office holders in respect of this Contract are in full compliance with the requirements of the *Lobbying Act*.

22.2. When submitting each ITB Annual Report, the Contractor and its Eligible Parties must provide the ITB Authority with a Certificate of Compliance related to Lobbying, signed by the senior officer of the corporation who is authorized to bind the company. The Certificate of Compliance template is contained in Annex B.

23. CONTINGENCY AND/OR SUCCESS FEES

23.1. The Contractor shall not make or agree to make any payment to an individual, company or entity that is contingent on the approval of ITB Credit by the ITB Authority under this Contract or upon the entity's success in arranging meetings with public office holders.

24. LIST OF APPROVED ELIGIBLE PARTIES

24.1. The Eligible Parties to this Contract include the companies and coordinates listed below:

24.1.1. (List to be included at contract award)

ANNEX A – PLANS AND TRANSACTIONS

ITB Plans – to be referenced from Contractor's ITB Proposal

ITB Transactions – a detailed list and tabular chart to be attached based on the Contractor's ITB Proposal and then updated throughout the ITB Achievement Period.

ANNEX B
TEMPLATE – ANNUAL ITB REPORT

Protected B (when completed

GENERAL INFORMATION
Project Name:
Contractor Name:
Reporting Period:
Date of Report
IC ITB Manager:

PART A
Overview and Status of Work on the Project:
Progress Payments: (*list all invoices to date, the amount, the date submitted and the status of payment*)
Changes to the ITB Management Plan and the VP Plan:
Provide a Status Update on the Contractor's VP Obligations:

PART B - For each transaction being reported, describe:
Any changes to the transaction details (such as CCV % or company contact info)
Significant achievements and activities
Any delays, problems or achievements shortfalls, with a plan of action to resolve

PART C – Include a List of New Transactions included since the last report:
Include a list of ITB Transactions approved throughout the Reporting Period.
Include an amended version of the list of approved ITB Transactions that will be used to meet the VP Obligation.

PART D – For each transaction being reported, include:
The ITB achievement claims for the **CURRENT** reporting period, with appropriate totals and subtotals for Direct, Indirect, SMB, Value Proposition, and each of the Designated Regions. The Contractor may use the chart format of their choice.

PART E – For each transaction reported, include:
The ITB achievement claims **SINCE THE START OF THE ITB ACHIEVEMENT PERIOD**, with appropriate totals and subtotals for Direct, Indirect, SMB, Value Proposition, and each of the Designated Regions. The Contractor may use the chart format of their choice.

PART F
Description of activities undertaken related to SMB and regional development
List of ITB Transactions that have been cancelled or substantially altered (with previous ITB Authority approval)
Certificate of Compliance for ITB Achievements (template attached)
Certificate of Compliance for the Lobbying Act (template attached)

CERTIFICATE OF COMPLIANCE
For ITB Reporting Purposes

WHEREAS Her Majesty the Queen in right of Canada as represented by the Minister of Public Works and Government Services Canada (referred to herein as the Minister) on the ____ day of _____ has entered into contract with _____ for the Contract.

AND WHEREAS Such Contract requires that, as evidence of the achievement of Canadian Content Value of Industrial and Technological Benefits Transactions and Commitments, the Contractor shall submit a Certificate of Compliance to that effect to the ITB Authority;

NOW THEREFORE, The Contractor declares and certifies as follows:

i) The information contained in the documents appended herewith, which applies to the reporting of the ITB Transaction periods is to the best of our knowledge and ability complete, true and correct;

ii) The information contained in the documents appended herewith is compliant with information contained in Certificates of Compliance submitted to the Contractor by other Eligible Parties;

iii) The Canadian Content Values shown in documents appended herewith have been determined in accordance with Article 6 (Canadian Content Value) of the Contract;

IN WITNESS THEREOF THIS CERTIFICATE OF COMPLIANCE HAS BEEN SIGNED THIS _____ DAY OF _____ BY THE SENIOR COMPTROLLER WHO IS DULY AUTHORIZED IN THAT BEHALF.

_____
SIGNATURE

_____
NAME AND TITLE OF SENIOR COMPTROLLER

AT:_____

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CERTIFICATE OF COMPLIANCE - Lobbying Act For ITB Reporting Purposes

WHEREAS Her Majesty the Queen in right of Canada as represented by the Minister of Public Works and Government Services Canada (referred to herein as the Minister) on the ____ day of _____ has entered into contract with _____ for the Contract.

AND WHEREAS Such Contract requires that, as evidence of the contractor's compliance with the Lobbying Act, the Contractor shall submit a Certificate of Compliance to that effect to the ITB Authority;

NOW THEREFORE, The Contractor declares and certifies as follows:

i) that it has filed all *Lobbying Act* returns to be filed in respect of persons employed by it who communicate and/or arrange meetings with public office holders as part of their employment duties, and that it will continue to do so;

ii) that it has not contracted with any person to communicate and/or arrange meetings with public office holders for remuneration that is or would be contingent in any way upon success of such person arranging meetings with public office holders, or upon the approval and granting of ITB Credit under this Contract;

iii) that it will not contract with any person to communicate and/or arrange meetings with public office holders for remuneration that is or would be contingent upon the success of such person arranging meetings with public office holders, or upon the approval and granting of ITB Credit under this Contract;

iv) all persons who are or have been contracted by it to communicate and/or arrange meetings with public office holders in respect to this Contract are in full compliance with the registration and other requirements of the *Lobbying Act*; and

v) it shall at all times ensure that any persons contracted to communicate and/or arrange meetings with public office holders in respect of this Contract are in full compliance with the requirements of the *Lobbying Act*.

vi) it shall not make or agree to make any payment to an individual, company or entity that is contingent on the approval of ITB Credit by the ITB Authority under this Contract or upon the entity's success in arranging meetings with public office holders.

IN WITNESS THEREOF THIS CERTIFICATE OF COMPLIANCE HAS BEEN SIGNED THIS _____ DAY OF _____ BY THE SENIOR OFFICIAL WHO IS DULY AUTHORIZED IN THAT BEHALF.

_____
SIGNATURE

_____
NAME AND TITLE OF SENIOR OFFICIAL
AT:_____

ANNEX C
TEMPLATE FOR ITB TRANSACTION SHEET

(Please refer to ITB Bidder Instructions for guidance on completing Transaction Sheet)

Protected B (when completed)

1. ITB OBLIGOR INFORMATION
Canadian Procurement Project:
Company Name:
ITB Contact Name:
Email:
Telephone:
Address:
City:
Province/State:
Country:
Postal Code:

2. TRANSACTION DETAILS			
Title:			
Number:			
Date of Submission:			
Tranche:	☐ 1	☐ 2	☐ 3
ITB Transaction Type: ☐ Value Proposition Direct ☐ Value Proposition Market Segment ☐ Indirect			
ITB Activity Type: ☐ Purchase ☐ Consortium ☐ University Investment ☐ Investment Framework ☐ General Investment ☐ Technology Transfer ☐ VCF			

Business Activity Type:					
☐ Aircraft	☐ C4ISR	☐ CBRNE	☐ Castings/ Machining	☐ Cyber Security	☐ Electronics
☐ ISS	☐ IT	☐ Manufact-uring	☐ Munitions	☐ Power/ Propulsion/ Transmission	☐ Prof. Services
☐ Ships	☐ Space	☐ Soldier Systems	☐ Steering/ Navigation	☐ Systems/ Integration	☐ Training/ Simulation
☐ Vehicles	☐ Weapons	Other:			
Federal Supply Class (FSC) Code: (*see FSC Website: http://www.dispositionservices.dla.mil/asset/fsclist.html*)					
Description of Transaction:					

Government Assistance or Participation in Transaction**:**

3. TRANSACTION DONOR
Company Name
ITB Contact Name
Email
Telephone
Address
City
Province/State
Country
Postal Code
NAISC code (See NAISC website - *http://www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVDPage1&TVD=118464)*
Description of Core Capabilities
Tier Level

4. TRANSACTION RECIPIENT
Company Name
ITB Contact Name
Email
Telephone
Address
City
Province
Country
Postal Code
NAISC code
Description of company and core capabilities
Description of impact on recipient

Number of Employees
Small and Medium Business?
Tier Level

5. CONSORTIUM MEMBER (if applicable)
Company Name
ITB Contact Name
Email
Telephone
Address
City
Province/State
Country
Postal Code

6. ITB ELIGIBILITY CRITERIA
Causality
Eligible Party
Incrementality
Timing
Other – CCV Overview
Other – Level of Technology (Indirect)

7. QUALITY OF TRANSACTION

8. Value Proposition (Indicate which Market Segment)	
8. LIST OF SUPPORTING DOCUMENTATION	
Nature of Document	Relevance

9. VALUATION AND TIME PHASING	
Total Value of Transaction	
Cdn Content Value (CCV) % of Recipient	
Estimated Future Sales, if applicable	
Multiplier, if applicable	
Total CCV $ of Transaction	

(CCV$)

Period	VP Direct	VP Market Segment	Indirect	SMB	Atl	Que	NOnt	Ont	West	Total CCV
1										
2										
3										
4										
5										
6										
7										
8										
Totals										

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ANNEX D – TEMPLATE FOR ANNUAL IF ACTIVITY REPORT

Protected B (when completed)

ANNUAL *IF* ACTIVITY REPORT *(Please complete entire form)*
***IF* Transaction Number:**
***IF* Transaction Title:**
***IF* Investor:**
SMB Recipient:
Date of this report:
PART A – FIRST *IF* REPORT **At a minimum, the Contractor's first Annual *IF* Activity Report must contain and address the items listed below:** **1. Documentation confirming *IF* investment:** **For cash investments, attach the following:** ☐ **A certified copy of the cheque or wire transfer to the SMB** ☐ **Written reconfirmation from the SMB of their anticipated use of the cash investment** ☐ **A copy of the final signed legal agreement (or similar signed document) between the ITB Obligor and the SMB outlining the terms and conditions of the investment.** **For in-kind investments, attach the following:** **For tangible assets** ☐ **written confirmation that the transfer of the asset has taken place** ☐ **written confirmation from the SMB of its receipt** ☐ **written reconfirmation from the SMB of its expected use.** **For intangible assets (licenses, knowledge, marketing and sales)** ☐ **written confirmation from the SMB identifying the contribution, confirming its receipt and reconfirming its expected use.** ☐ **a copy of the final signed legal agreement (or similar signed document) between the *IF* Investor and the SMB, outlining the terms and conditions of the investment, including the final value of the transfer.**
PART B – ENSUING *IF* REPORTS **Once *IF* activities begin, each of the Contractor's Annual *IF* Activity Reports must, at a minimum, contain and address the items listed below:**

1. Overview of the *IF* investment and how it is to be used:

2. Current, overall status of the *IF* project:

3. Confirmation of the SMB's full-time equivalent employees and ownership structure:

Number of Full time equivalent employees _____

Ownership structure _____
_____
_____

4. Confirmation that the *IF* investment remains with the SMB and is being used as intended:

☐ **Yes**
☐ **No**
Details:
_____
_____

5. Description of the specific activities undertaken during the reporting year:

Challenges associated with *IF* activities?

☐ **Yes**

☐ **No**

Details:

_____
_____
_____
_____

Successes associated with *IF* activities?

☐ **Yes**

☐ **No**

Details:

_____
_____
_____
_____

Opportunities associated with *IF* activities?

☐ **Yes**

☐ **No**

Details:

_____
_____
_____
_____

6. Description of the evolving industry and market conditions related to the *IF* project:

7. Update on the financial status of the Canadian SMB:

Attach the most recent audited financial statements (balance sheet, income statement, statement of change in equity, statement of cash flows).

8. Status of the business relationship and collaboration between the ITB Obligor and the Canadian SMB:

Overview:

☐ **Successes related to relationship/collaboration?**
- ☐ **Yes**
- ☐ **No**

Details

☐ **Challenges related to relationship/collaboration?**
- ☐ **Yes**
- ☐ **No**

Details

☐ **Future opportunities related to relationship/collaboration?**
- ☐ **Yes**
- ☐ **No**

Details:

☐ **Links to other partners or sectors**
- ☐ **Yes**
- ☐ **No**

Details:

☐ **Other information**
- ☐ **Yes**
- ☐ **No**

Details:

9. Description of the impact of the *IF* project to date:

Impact on Innovation
- ☐ **High**
- ☐ **Moderate**
- ☐ **Low**

Details:

Impact on Competitiveness
- ☐ **High**
- ☐ **Moderate**
- ☐ **Low**

Details:

Impact on Delivering Broader Benefits to Canada

- ☐ **Technology**
- ☐ **Economy**
- ☐ **Environment**
- ☐ **Social**
- ☐ **Security**
- ☐ **Other**

Details:

10. Major Changes

Changes have occurred to the *IF* project in the following area(s):

- ☐ **Company bankruptcy**
- ☐ **Changes in SMB ownership or size**
- ☐ **New *IF* activities**
- ☐ **Other _____**
- ☐ **Not applicable**

Details regarding nature and magnitude of change, plus its impact on *IF* project:

_____
_____
_____

11. Signatures

By signing this *IF* Activity Report, the undersigned parties attest that the information included in and attached to this document is complete, accurate and can be relied up on by the ITB Directorate for the purposes of monitoring the *IF* investment. Ultimate responsibility for the completeness, accuracy and reliability of this *IF* Activity Report rests with the Contractor and the *IF* Donor.

Please see the "Required Signatures" section of the *IF* Applicant Guide.

ITB Contractor

Signature Date

_____ Name (please print) Title _____
***IF* Donor** Signature Date _____ Name (please print) Title _____
***IF* Recipient (Canadian SMB)** Signature Date _____ Name (please print) Title _____

Canadian Coast Guard Medium Helicopter Procurement

Industrial and Technological Benefits (ITB)

Evaluation Plan

Version 3.0

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1. INTRODUCTION

1.1. The purpose of the ITB Evaluation Plan is to describe the methodology that will be used to evaluate the ITB Proposal submitted by the Bidder.

1.2. Bidders' ITB Proposals will be evaluated as either acceptable or not acceptable. A Bidder's ITB Proposal will be deemed acceptable if it: i) meets all of the ITB Mandatory Requirements outlined in Clause 5 of the ITB Bidder Instructions; and, ii) achieves during ITB Evaluation no less than 32 points (out of a possible 64) for the ITB Plans and no less than 240 points (out of a possible 480) for the ITB Transactions.

1.3. The results of the ITB Evaluation will be conveyed to the Contracting Authority at Public Works and Government Services Canada (PWGSC). The results will then be integrated into the overall bid evaluation results on a pass/fail basis.

1.4. Bidders are strongly encouraged to closely review the entire ITB Bidder Instructions document.

1.5. Each ITB Proposal will be evaluated to determine if it meets the requirements for acceptability as outlined in Clause 1.2

1.6. All ITB Proposals will be evaluated based on the factual information as presented in the ITB Proposal.

2. ITB MANDATORY REQUIREMENTS

2.1. The chart below details each Mandatory ITB Requirement and how the ITB Authority will confirm whether each has been met.

ITB Mandatory Requirement	Method to Confirm	Failure to Meet Requirement
1. Bidder commits to achieving ITB activities valued at 100% of the contract value.	Mandatory ITB Requirements Certificate, duly signed and submitted.	ITB Proposal deemed not acceptable
2a Bidder has specified its bid price, not	Mandatory ITB	ITB Proposal

including taxes and rounded to the nearest dollar	Requirements Certificate, duly signed and submitted, with bid price provided.	deemed not acceptable
2b. Bidder has identified eligible ITB Transactions equal in total to not less than 30% of the bid price, measured in CCV.	CCV value of each eligible ITB Transaction in the Bidder's ITB Proposal is totalled, then compared against the bid price.	ITB Proposal deemed not acceptable
2c. Bidder commits to identifying, one year after the Effective Date of the contract, additional eligible ITB Transactions which bring the cumulative total of eligible ITB Transactic to not less than 60% of the Contract value, measured in CCV.	Mandatory ITB Requirements Certificate, duly signed and submitted.	ITB Proposal deemed not acceptable
2d. Bidder commits to identifying, three years after the Effective Date of the contract, additional eligible ITB Transactions which bring the cumulative total of eligible ITB Transactions to 100% of the Contract value, measured in CCV.	Mandatory ITB Requirements Certificate, duly signed and submitted.	ITB Proposal deemed not acceptable
3. Bidder commits to achieving not less than 15% of the Contract value in Small and Medium Business ITB Transactions, measured in CCV.	Mandatory ITB Requirements Certificate, duly signed and submitted.	ITB Proposal deemed not acceptable
4. Bidder accepts and agrees to the terms associated with a failure to meet ITB obligations (Holdbacks and/or Liquidated Damages).	Mandatory ITB Requirements Certificate, duly signed and submitted.	ITB Proposal deemed not acceptable
5. Bidder accepts all of the ITB Terms & Conditions	Mandatory ITB Requirements Certificate, duly signed and submitted.	ITB Proposal deemed not acceptable
6. Bidder submits all the required components in ITB Proposal:	Presence of each required component in the ITB Proposal.	ITB Proposal deemed not acceptable

• Executive Summary of ITB Commitments • Company Business Plan • ITB Management Plan • Regional Development Plan • Small and Medium Business Development Plan • Detailed ITB Transaction Sheets, accompanied a summary chart of all ITB transactions. • Signed Mandatory ITB Requirements Certificate	and Mandatory ITB Requirements Certificate, duly signed and submitted.	
Table 2-1, Mandatory ITB Requirement Evaluation Chart		

3. MINIMUM POINTS ACHIEVEMENT

3.1. Each ITB Proposal will be evaluated to determine if it achieves the minimum points required for the ITB Plans and ITB Transactions.

3.2. Evaluation of ITB Plans

3.2.1. The Executive Summary is assessed to ensure that it is present in the ITB Proposal. It is not scored.

3.2.2. ITB Plans:

3.2.2.1. Each ITB Plan is evaluated to confirm that it is present in the ITB Proposal. Each plan is then given a score for Quality and a score for Risk, using the ratings in Tables 3-1 and 3-2.

3.2.2.1.1. Quality will be assessed as to whether the plan responds to all the requested components outlined in the Statement of ITB Work, the level of detail in the component, and how well the content of the plan meets the ITB Objectives.

3.2.2.1.2. Quality will be rated on a scale of one (1) to four (4), using the ratings below in Table 3-1;

VALUE	ITB PLAN – QUALITY RATINGS
4	**SUPERIOR** Plan contains most of the requested items in the Statement of ITB Work. Items are very well developed. The plan demonstrates that most of Canada's ITB Objectives will be met.
3	**GOOD** Plan contains many of the requested items in the Statement of ITB Work. Items are generally well developed. The plan demonstrates that many of Canada's ITB Objectives will be met.
2	**POOR** Plan contains some of the requested items in the Statement of ITB Work. Items are somewhat developed. The plan demonstrates that some of Canada's ITB Objectives will be met.
1	**VERY WEAK** Plan contains very few of the requested items in the Statement of ITB Work. Items are not well developed. The plan does not demonstrate that Canada's ITB Objectives will be met.

Table 3- 1, ITB Plan Quality Ratings

3.2.2.1.3. Risk will be assessed as to the levels demonstrated in the plan of previous experience, ITB capability, and ITB planning, resources and engagement.

3.2.2.1.4. Risk will be rated on a scale of one (1) to four (4), using the ratings below in Table 3-2

VALUE	ITB PLAN - RISK RATINGS
4	**SUPERIOR** Plan demonstrates a comprehensive level of experience, capability and planning, resources and engagement such that the probability of failure to achieve is extremely low.
3	**GOOD** Plan demonstrates a good level of experience, capability and planning, resources and engagement such that the probability of failure to achieve is low.

VALUE	ITB PLAN - RISK RATINGS
2	**POOR** Plan demonstrates some level of experience, capability and planning, resources and engagement such that the probability of failure to achieve is moderate.
1	**VERY WEAK** Plan demonstrates a very limited level of experience, capability and planning, resources and engagement such that the probability of failure to achieve is significant.

Table 3- 2, ITB Plan Risk Ratings

3.2.2.2. The average Quality and Risk scores for each plan will be multiplied together and the sums added together to determine the Final Plans Score for each ITB Proposal;

3.2.2.3. The Bidder must achieve or exceed a Final Plans Score score of thirty two (32) points (out of a possible sixty-four (64) points).

EXAMPLE:

Plan	Quality Score (A)	Risk Score (B)	Plan Score (C) (C) = (A) x (B)
Company Business Plan	4	3	12
ITB Management Plan	2	3	6
Regional Development Plan	4	4	16
SMB Development Plan	4	2	8
Final Plans Score			**42**

3.3. Evaluation of ITB Transactions

3.3.1. Each ITB Transaction will be evaluated to determine whether it aligns with the ITB Bidder Instructions and with the ITB Terms and Conditions, with respect to ITB Eligibility and transaction types.

3.3.2. If a proposed ITB Transaction is found to not meet the criteria outlined in 3.3.1, it will be rejected during the ITB evaluation. For further clarity, a rejected ITB Transaction:

3.3.2.1. will be counted as zero when calculating the final ITB Transaction evaluation score; and,

3.3.2.2. will be counted as zero when calculating whether the Bidder has identified ITB Transactions totalling not less than 30% of the Bid Price.

3.3.3. If a Proposed ITB Transaction is found to meet the criteria outlined in 3.3.1, it will be given a score for Quality and a score for Risk, using the ratings in Tables 3-3 and 3-4.

3.3.3.1. Quality will be assessed as to whether the Transaction responds to the requested components outlined in the Statement of ITB Work, the level of detail in the component, and how well the ITB Transaction meets the ITB Objectives.

3.3.3.2. Quality will be rated on a scale of one (1) to four (4), using the ratings below in Table 3-3;

VALUE	ITB TRANSACTION - QUALITY RATINGS
4	**SUPERIOR** The ITB Transaction is very well described. Most items contain a very good level of detail. The ITB Transaction demonstrates that most of Canada's ITB Objectives will be met.
3	**GOOD** The ITB Transaction is well described. Items are detailed. The ITB Transaction demonstrates that many of Canada's ITB Objectives will be met.

VALUE	ITB TRANSACTION - QUALITY RATINGS
2	**POOR** The ITB Transaction is somewhat described. Several items are not detailed. The ITB Transaction demonstrates that some of Canada's ITB Objectives would be met.
1	**VERY WEAK** The ITB Transaction has minimal description. Most items are not detailed in any way. The ITB Transaction demonstrates that very few of Canada's ITB Objectives would be met.

Table 3-3, ITB Transaction Quality Ratings

3.3.3.3. Risk will be assessed as to the levels demonstrated in the Transaction of previous experience, ITB capability, and ITB planning, resources and engagement.

3.3.3.4. Risk will be rated on a scale of one (1) to four (4), using the ratings below in Table 3-4;

VALUE	ITB TRANSACTION - RISK FACTORS
4	**SUPERIOR** The ITB Transaction demonstrates a comprehensive level of experience, capability and committed planning, resources and engagement such that the probability of failure to achieve is extremely low.
3	**GOOD** The ITB Transaction demonstrates a good level of experience, capability and committed planning, resources and engagement, such that the probability of failure to achieve is low.
2	**POOR** The ITB Transaction demonstrates some level of experience, capability and committed planning, resources and engagement, such that the probability of failure to achieve is moderate.
1	**VERY WEAK** The ITB Transaction demonstrates a very limited level of experience, capability and committed planning, resources and engagement, such that the probability of failure to achieve is significant.

Table 3-4, ITB Transaction Risk Ratings

3.3.4. The score for each ITB Transaction will be determined by multiplying together the following three items: i) the applicable CCV value (rounded to the closest million Canadian dollars); ii) the average Quality score; and iii) the average Risk score;

3.3.5. The resulting scores for each ITB Transaction will then be totalled, divided by the total ITB Commitment (or the total of the Bidder's identified ITB Transactions, whichever is greater) and multiplied by one hundred (100) to obtain the Final Transactions Score;

3.3.6. For the first tranche of ITB Transactions due at bid closing, the Bidder must achieve or exceed a Final Transactions Score of two-hundred and forty (240) points (out of a possible four hundred and eighty [480] points).

EXAMPLE:

In this example the Bidder makes an ITB Commitment of $250M and has identified eligible ITB Transactions valued at $80M in its ITB proposal at bid closing.

ITB Transaction #	**CCV $ (A)**	**Avg Quality score (B)**	**Avg Risk score (C)**	**Transaction Score (D)=(A) x (B) x (C)**
001	$20M	3	2	120
002	$15M	4	3	180
003	$45M	4	3	540
Total of Transaction scores				**840**
Final Transactions Score – (840/250) x 100				**336**

3.3.7. For the second tranche of ITB Transactions due from the winning contractor one year after contract award, the point score for these Transactions will be combined with the point score from the first tranche, and taken together, the minimum acceptable ITB Transaction assessment score is four hundred and eighty (480) points (out of a possible nine hundred and sixty [960]).

4. ITB EVALUATION PROCESS

4.1. ITB evaluations take place within the context of the overall procurement evaluation process, led by the PWGSC Contracting Authority and outlined in Part 4 of the RFP.

4.2. Participant Roles and Responsibilities

4.2.1. The ITB Evaluation is led by the ITB Authority, with participation from representatives of the Regional Development Agencies (RDAs).

4.2.2. Members of the ITB Evaluation team are responsible to:

4.2.2.1. Possess sufficient ITB knowledge and evaluation experience to contribute effectively to the ITB evaluation;
4.2.2.2. Be cognizant of all relevant ITB documentation;
4.2.2.3. Be aware of and use the evaluation tools provided ;
4.2.2.4. Be aware of and follow evaluation process, conduct and security guidelines;
4.2.2.5. Actively participate in evaluation discussions and scoring;
4.2.2.6. Perform the ITB evaluation in accordance with the Evaluation Plan;
4.2.2.7. Seek consensus and endorse evaluation results.

4.2.3. The ITB Authority will lead the ITB evaluation and hold overall responsibility for ensuring that the members of the evaluation team carry out their responsibilities. The ITB Authority will act as the liaison between the ITB evaluation team and outside officials, such as project evaluation officials, the Contracting Authority, any Fairness Monitor, etc.

4.2.4. The Fairness Monitor is responsible to the PWGSC Contract Authority and has the responsibility of providing fairness advice and oversight on all aspects of the procurement. He/she may observe any part of ITB Evaluation.

4.3. Process Overview

4.3.1. The Industry Canada (IC) Evaluation Lead will provide participants with an introductory overview of ITB mandatory requirements, evaluation procedures, security and documentation, and any Fairness Monitor participation.

4.3.2. In evaluating each ITB Proposal, evaluators will first read the proposal. Discussion and scoring of each plan and transaction will then take place.

4.3.3. Once discussion and scoring are completed for all ITB Proposals, the results will be calculated and endorsed by all participants, and the pass/fail status of each Bidder will be conveyed to the PWGSC Contract Authority.

4.3.4. The ITB evaluation team will make every effort to ensure that the same officials participate throughout the entire evaluation, so as to ensure maximum fairness and consistency for all bidders. If circumstances arise during the course of an evaluation which make it impossible for an evaluator to continue, the Industry Canada Evaluation Lead would remove their place from the evaluation team, as well as any scores the departing participant had submitted for any and all proposals which have been reviewed to date. The evaluation would continue on as planned with the remaining evaluation members, and scoring would later be averaged and calculated as if the departing participant's place on the team had never existed.

4.3.5. The sensitive nature of the ITB Proposal evaluation requires the application of stringent security measures throughout the process. The overall responsibility for ITB evaluation security rests with the IC Evaluation Lead and extends out to each participant.

4.3.6. Upon receipt by the ITB Authority, the Bidders' ITB Proposals shall only be made available during the evaluation, to those individuals participating in the evaluation process. All ITB Proposals and any written evaluation material shall be secure at all times during the course of the evaluation and will be securely stored and locked when not in use. ITB evaluation participants will not discuss the evaluation material or results outside of the evaluation room, except as required by the evaluation process. At the completion of the evaluation process, the ITB Proposals will be disposed of in consultation with the PWGSC Contracting Authority.

ITB DIDs and CDRLs

DATA ITEM DESCRIPTION

1. TITLE	2. IDENTIFICATION NUMBER
Industrial and Technological Benefits (ITB) Annual Report	**ITB 001**

3. DESCRIPTION

The ITB Annual Report reports ITB achievements against Contract commitments.

4. APPROVAL DATE	5. OFFICE OF PRIMARY INTEREST	6. GIDEP APPLICABLE
	Industry Canada ITB Authority	N/A

7. APPLICATION / INTERRELATIONSHIP

Reference: ITB Terms and Conditions (Annex __, clauses 2.2 and 3)

8. ORIGINATOR	9. APPLICABLE FORMS
Industry Canada ITB Authority	N/A

10. PREPARATION INSTRUCTIONS

10.1 The Contractor must submit to the ITB Authority, through the PWGSC Contracting Authority (CA), annual ITB Reports based on the performance achieved during the ITB Reporting Periods noted in this Contract. These reports must be submitted 60 calendar days after the end of the annual ITB Reporting Period. Each annual ITB Report shall consist of five parts.

10.2 Content:

Part A. Must include:

i. An overview and status of the Work on the Coast Guard Helicopter Fleet Renewal Project – Medium Helicopters ;

ii. A list of all the progress payment requests or invoices (broken down by reporting period and including the amount, date submitted and payment status) which have been submitted by the Contractor to the Contracting Authority for Work completed since the Effective Date;

iii. A description of any changes to the ITB Management Plan.

Part B. Must include, for each transaction being reported:

i. An update on any changes to transaction details, such as the CCV percentage or company contact information;

ii. A description of significant achievements and activities ;

iii. A description of any delays, problems or achievement shortfalls, along with a plan of action to resolve.

Part C. Must include, for each transaction being reported:

i. The CCV value of the ITB achievement claimed for the current reporting period.

Part D. Must include, for each transaction reported:

i. The CCV value of the ITB achievement claimed to date in all the reporting periods since the beginning of the ITB Achievement Period.

Part E. Must include:

i. A description of Small and Medium Business and Regional development activities undertaken during the reporting period;

ii. A list of ITB Transactions which have been cancelled, added or substantially altered during the reporting period with the approval of the ITB Authority, and their status vis-à-vis contract amendment;

iii. A Certificate of Compliance related to the Contractor's achievement of ITB Commitments, signed by the senior company comptroller in respect of the ITB Transactions for which there was activity in that ITB Reporting Period. This Certificate of Compliance also covers any ITB achievements of the Contractor's Eligible Parties;

iv. A Certificate of Compliance related to the Lobbying Act, signed by the senior company official with the authority to bind the Contractor. This Certificate of Compliance also covers any lobbying activities of the Contractor's sub-contractors and/or Eligible Parties.

10.3 Additional Information

As evidence of the Contractor's achievement of ITB Commitments, the Contractor shall provide, appended to the ITB Annual Reports, a Certificate of Compliance, signed off by the senior company Comptroller, in respect of each ITB Transaction for which there was activity in that Reporting Period. The Certificate of Compliance also covers those ITB achievements of the Contractor's Eligible Parties and sub-contractors.

DATA ITEM DESCRIPTION

1. TITLE	2. IDENTIFICATION NUMBER
Tranche 2 of proposed ITB Transactions	**ITB 002**

3. DESCRIPTION

Contractor shall submit to the ITB Authority, at 12 MACA, acceptable ITB Transactions which are detailed, fully described and which bring the cumulative total of identified acceptable ITB Transactions to a minimum of 60% of the contract value, measured in CCV.

4. APPROVAL DATE	5. OFFICE OF PRIMARY INTEREST	6. GIDEP APPLICABLE
	Industry Canada ITB Authority	N/A

7. APPLICATION / INTERRELATIONSHIP

Reference: ITB Terms and Conditions (Annex __, clause 2.1.5)

8. ORIGINATOR	9. APPLICABLE FORMS
Industry Canada ITB Authority	N/A

10. PREPARATION INSTRUCTIONS

Contractor shall submit to the ITB Authority, at 12 MACA, acceptable ITB Transactions which are detailed, fully described and which bring the cumulative total of identified acceptable ITB Transactions to a minimum of 60% of the contract value, measured in CCV. For each ITB Transaction, the information submitted must be in the same format as that which was used for the ITB Proposal submitted at bid closing.

DATA ITEM DESCRIPTION

1. TITLE	2. IDENTIFICATION NUMBER
Tranche 3 of proposed ITB Transactions	**ITB 003**

3. DESCRIPTION

Contractor shall submit to the ITB Authority, at 36 MACA, acceptable ITB Transactions which are detailed, fully described and which bring the cumulative total of identified acceptable ITB Transactions to 100% of the contract value, measured in CCV.

4. APPROVAL DATE	5. OFFICE OF PRIMARY INTEREST	6. GIDEP APPLICABLE
	Industry Canada ITB Authority	N/A

7. APPLICATION / INTERRELATIONSHIP

Reference: ITB Terms and Conditions (Annex __, clause 2.1.6)

8. ORIGINATOR	9. APPLICABLE FORMS
Industry Canada ITB Authority	N/A

10. PREPARATION INSTRUCTIONS

Contractor shall submit to the ITB Authority, at 36 MACA, acceptable ITB Transactions which are detailed, fully described and which bring the cumulative total of identified acceptable ITB Transactions to 100% of the contract value, measured in CCV. For each ITB Transaction, the information submitted must be in the same format as that which was used for the ITB Proposal submitted at bid closing.

CONTRACT DATA REQUIREMENTS LIST

A. SYSTEM / ITEM Industrial and Technological Benefits (ITB) Annual Report				B. CONTRACT					
C. SOW IDENTIFIER n/a		D. DATA CATEGORY PM (ITB)		E. CONTRACTOR					
1. ITEM NUMBER ITB 001		2. TITLE OR DESCRIPTION OF DATA ITB Annual Report		3. SUBTITLE					
4. AUTHORITY (Data Item Number)		5. CONTRACT REFERENCE__ ITB Terms and Conditions – Annex __, Clauses 2.2 and 3		6. REQUIRING OFFICE Industry Canada (IC) ITB Authority					
7. INSPECTION	9. INPUT	10. FREQUENCY ANNLY	12. DATE OF 1st SUBMISSION 14 MACA	14. DISTRIBUTION and ADDRESSEES					
8. APP CODE		11. AS OF DATE Contract award	13. DATE OF SUBSEQUENT SUBMISSION / EVENT ANNLY		INITIAL		FINAL		
					Hard Copy	Soft Copy	Hard Copy	Soft Copy
16. REMARKS Review period by IC – 12 months				PWGSC CA	0	0	1	0
				IC ITB Auth	0	0	1	0
PREPARED BY	DATE	APPROVED BY						
17. CONTRACT FILE /DOCUMENT NUMBER	18. ESTIMATED NO OF PAGES	19. ESTIMATED PRICE		15. TOTAL	0	0	2	0

CONTRACT DATA REQUIREMENTS LIST

A. SYSTEM / ITEM Tranche 2 ITB Transactions				B. CONTRACT				
C. SOW IDENTIFIER n/a		D. DATA CATEGORY PM (ITB)		E. CONTRACTOR				
1. ITEM NUMBER ITB 002		2. TITLE OR DESCRIPTION OF DATA Tranche 2 ITB Transactions		3. SUBTITLE				
4. AUTHORITY (Data Item Number)		5. CONTRACT REFERENCE ITB Terms and Conditions – Annex __, Clause 2.1.5		6. REQUIRING OFFICE Industry Canada (IC) ITB Authority				
7. INSPECTION	9. INPUT	10. FREQUENCY ONE/R	12. DATE OF 1st SUBMISSION 12 MACA	14. DISTRIBUTION and ADDRESSEES				
8. APP CODE		11. AS OF DATE Contract award	13. DATE OF SUBSEQUENT SUBMISSION / EVENT R/ASR		INITIAL		FINAL	
					Hard Copy	Soft Copy	Hard Copy	Soft Copy
16. REMARKS Review period by IC – 12 months				PWGSC CA	0	0	1	0
				IC ITB Auth	0	0	5	1
PREPARED BY	DATE	APPROVED BY						
17. CONTRACT FILE /DOCUMENT NUMBER	18. ESTIMATED NO OF PAGES	19. ESTIMATED PRICE		15. TOTAL	0	0	6	1

CONTRACT DATA REQUIREMENTS LIST

A. SYSTEM / ITEM Tranche 3 ITB Transactions				B. CONTRACT				
C. SOW IDENTIFIER n/a		D. DATA CATEGORY PM (ITB)		E. CONTRACTOR				
1. ITEM NUMBER ITB 003		2. TITLE OR DESCRIPTION OF DATA Tranche 3 ITB Transactions		3. SUBTITLE				
4. AUTHORITY (Data Item Number)		5. CONTRACT REFERENCE ITB Terms and Conditions – Annex __, Clause 2.1.6		6. REQUIRING OFFICE Industry Canada (IC) ITB Authority				
7. INSPECTION	9. INPUT	10. FREQUENCY ONE/R	12. DATE OF 1st SUBMISSION 36 MACA	14. DISTRIBUTION and ADDRESSEES				
8. APP CODE		11. AS OF DATE Contract award	13. DATE OF SUBSEQUENT SUBMISSION / EVENT R/ASR		INITIAL		FINAL	
					Hard Copy	Soft Copy	Hard Copy	Soft Copy
16. REMARKS Review period by IC – 12 months				PWGSC CA	0	0	1	0
				IC ITB Auth	0	0	1	1
PREPARED BY	DATE	APPROVED BY						
17. CONTRACT FILE /DOCUMENT NUMBER	18. ESTIMATED NO OF PAGES	19. ESTIMATED PRICE		15. TOTAL	0	0	2	1

Canadian Coast Guard Medium-Lift Helicopter Acquisition Value Proposition Bidder's Instructions

1.0 Purpose

1.1 The Value Proposition (VP) Plan should describe how the Bidder intends to meet the VP objectives of the Canadian Coast Guard (CCG) medium-lift helicopter procurement. The VP Plan should describe the Bidder's approach to management for meeting the VP requirements.

1.2 The Bidder's VP Plan should clearly indicate how the proposed VP activities will be implemented if awarded this Contract. The optimum VP Plan will result in long-term creation and exploitation of capabilities, knowledge, advanced technologies and markets of lasting impact on Canadian industry.

1.3 The Bidder should highlight the Industrial and Technological Benefits (ITB) transactions proposed by the Bidder that will be used to satisfy the Bidder's VP requirement that will form the basis of the Bidder's contractual commitments as it relates to its VP Obligation. The Bidder should also highlight potential opportunities that may be available to Canadian industry should the Bidder be the successful Bidder.

2.0 Preparation Instructions

2.1 In preparing its VP Plan, the Bidder must follow these VP Bidder Instructions, as well as the VP Evaluation Plan, the VP Terms and Conditions and the ITB Terms and Conditions. All documents provide important guidance, definitions and/or contractual provisions related to the implementation of the VP for the CCG medium-lift helicopter procurement.

2.2 The VP Plan must be submitted in a separate, self-contained volume. Only the VP Plan will be reviewed during the VP evaluation. In order to facilitate the VP evaluation process, any material contained in another section of the bid but relevant to the VP Plan must be repeated in the VP Plan. In particular, any information pertaining to the Bidder's VP Plan such as relevant ITB transactions that will be used to fulfill the Bidder's VP Obligation, must be referenced in the VP Plan.

2.3 The VP Plan must contain, at a minimum, the following sections**:**

2.3.1 Executive Summary of the VP Obligation

2.3.2 VP Management Plan

2.3.3 Current Activities

2.3.4 Future Potential Activities

2.3.5 Summary Chart of VP Activities

2.4 Eight (8) hard copies and one electronic copy of the VP Plan must be provided.

3.0 VP Objectives

3.1 On February 5, 2014, the Government of Canada announced the Defence Procurement Strategy (DPS). One of the DPS' objectives is to leverage purchases of defence equipment to create jobs and economic growth in Canada.

3.2 On the CCG medium-lift helicopter procurement, the government requires bidders to include a Value Proposition (VP) which will be weighted and rated. The application of VP incorporates consideration of Key Industrial Capabilities (KIC) to inform potential economic benefits.

3.3 The government has done analysis related to the CCG medium-lift helicopter procurement and identified the following KIC Market Segments that are relevant to this procurement:

3.3.1 **Aircraft Fabrication, Structures and Components**: This category includes structural elements, accessories, components, systems and sub-systems of manned aerial platforms, and complete manned aerial platforms. This also includes landing gear (e.g. wheels, shock absorbers and related parts for the retraction and extension of aircraft landing gear, helicopter pontoons etc.) and propulsion systems and components for aircraft (e.g. aircraft gas turbine engines, compressors, fuel systems, etc.).

3.3.2 **Electronics, Information Technology (including Software), Communications and Navigation Systems and Components**: This category includes communications systems, secure cyber/information systems and other Information Technologies (including software), avionics, navigation and guidance systems (e.g. Global Positioning System [GPS] based systems, gyroscopes, accelerometers) and other geomatics related systems and services (e.g. geographic information system (GIS) products and services, remote sensing services), display technologies, digital control systems; other technologies for the receipt, exchange, analysis and integration of multiple types of data; and other electronics not elsewhere specified.

3.3.3 **Electro-Optical, Radar and Sonar Systems and Components**: This category includes electro-optical systems (e.g. image intensification night-vision systems, thermal imaging systems, lasers), radars, and sonar systems.

3.4 The analysis demonstrates that Canadian capability exists within these market segments. Bidders are encouraged to engage with Canadian companies in these market segments. This engagement could be directly on the CCG medium-lift helicopter procurement, or on global value chains of other similar products and services and can take the form of design/development and production.

3.5 It is intended that the implementation of the Bidder's VP Plan result in the enhancement of Canadian capability to undertake other work of a similar nature and make a positive contribution to the continuing viability, growth, innovation, export growth and overall development of the Canadian companies that will work with the Bidder after contract award.

3.6 It is intended that Bidders provide significant opportunities for Canadian companies in support of the acquisition program of the resulting contract within the defined market segments in this RFP.

3.7 It is the Bidder's responsibility to ensure that its Canadian sub-contractors are able to perform all assigned work activities that will result from this VP Plan. This includes, but is not limited to, ensuring that the companies possess the accreditations required to perform the work and that, at a minimum, Bidders provide access to or transfer any technical data and Intellectual Property (IP) necessary for the Canadian company to perform the work proposed in each ITB Transaction that will be used to fulfill the Bidder's VP Obligation.

3.8 It is intended that VP activities be performed in Canada as soon as practicable after contract award, in order to maximize the benefit to Canadian industry.

4.0 VP Mandatory Requirements

4.1 Bidders must meet the following minimum mandatory VP requirements:

4.1.1 Commit to a minimum of twenty (20) percent in VP Activity on the CCG medium-lift helicopter procurement contract value, as defined in the VP Terms and Conditions.

4.1.2 Commit to identify through the submission of ITB Transactions at least fifty (50) percent of the Bidder's proposed VP Obligation within twenty-four (24) months after contract award (MACA).

4.1.3 Commit to identify through the submission of ITB Transactions at least one-hundred (100) percent of the Bidder's proposed VP Obligation within thirty-six (36) MACA.

4.1.4 Submit a VP Plan as described herein.

5.0 VP Plan Section Content

5.1 The VP Plan must include the following completed VP Obligation Table:

VP Obligation	Compliant/Non-Compliant
The Bidder Commits to provide a minimum of 20% in VP Activity of the CCG medium-lift helicopter procurement contract value, measured in Canadian Content Value (CCV).	_____ Yes _____ No
The Bidder Commits to the following VP Activity on	(Bidder to identify its total (including the 20%) VP

the CCG medium-lift helicopter procurement as a percentage of the contract value, measured in CCV.	Obligation in percentage terms)
Bidder Commits to identify Committed VP Activities equal to 50% of its VP Obligation within 24 months after contract award (MACA).	_____ Yes _____ No
Bidder Commits to identify Committed VP Activities equal to 100% of its VP Obligation within 36 MACA.	_____ Yes _____ No

5.2 The following details the suggested content for each of the VP Plan sections.

5.3 Executive Summary of Value Proposition Obligation

5.3.1 The Executive Summary should summarize how the Bidder will address Canada's VP Objectives in Section 3 and how each of these Objectives will be achieved through the proposed VP Plan and proposed VP Activity in the VP Plan.

5.3.2 The Executive Summary should constitute an integrated overview of the complete VP Plan. The information in the Executive Summary should only summarize and/or be drawn from content in other sections in the VP Plan.

5.4 Value Proposition Management Plan

5.4.1 The purpose of the VP Management Plan is to demonstrate the Bidder's ability to develop, implement, manage and report on the proposed VP Commitment. It is also the place for the Bidder to detail and document its proposed Eligible Parties (as defined in the ITB Terms and Conditions) in support of its VP Plan.

5.4.2 The VP Management Plan should provide a detailed overview of all of the VP management functions and associated organization required by the Bidder to execute a successful VP program, in a level of detail sufficient to demonstrate that the Bidder understands its VP Commitment and is prepared to respond to requirements. It should also highlight any overlap areas of responsibility between the Bidder's ITB Management Plan and the VP Management Plan.

5.4.3 The VP Management Plan should include a list of the Bidder's proposed Eligible Parties, with details and documentation justifying how each one meets the Eligible Party criteria outlined in the ITB Terms and Conditions.

5.4.3.1 Bidders are strongly encouraged to demonstrate in the Plan that each of its proposed Eligible Parties that are Canadian Companies with less than 500 employees have the capacity to undertake VP Obligation. Capacity is assessed in areas such as company size, product

offerings, market conditions, corporate ownership, VP management processes, level of Canadian content, etc.

5.4.3.2 Any proposed Eligible Party which is found not to meet the criteria will be excluded from the List of Eligible Parties in the ensuing Contract. In addition, any ITB Transaction proposed for inclusion into the VP Plan with an excluded Eligible Party as the ITB Donor will be rejected as not meeting the ITB Eligibility Criteria and, therefore, ineligible for crediting towards the VP Commitment.

5.4.4 The VP Management Plan should include the following information on the Bidder and each of its Eligible Parties:

5.4.4.1 the name and contact information of each company's VP official(s) assigned to the Project;

5.4.4.2 job descriptions for each company's VP official(s) and biographical information about their work experience and education;

5.4.4.3 a description of each company's corporate and project-specific resources assigned to execute the management of the VP Commitment;

5.4.4.4 a description and explanation of each company's internal processes for VP organization, advocacy and awareness, both specific to this project and in general. Bidders should include a description of how VP Objectives will be factored into the company's broader decision making processes, along with how these decisions will be documented and tracked; and,

5.4.4.5 a description of the methods, processes and procedures that each company will use to identify, submit, track, record keep and report VP activities.

5.5 Current Proposed Activities

5.5.1 The purpose for the Current Proposed Activities section is to provide context and a description of the ITB Transactions the Bidder has included in its ITB Proposal that the Bidder intends to use towards its VP Obligation.

5.5.2 Bidders should include a high level summary of the activities that have been identified to date through the ITB Transaction Sheets in its VP proposal.

5.5.3 The section should include a high level summary of the amount that has already been committed through the ITB Transactions and the types of technologies and how these fit within the defined market segments for this program that the Bidder has proposed to date. This section may also include any technologies that have already been transferred or any Intellectual Property that has been provided to date.

5.5.4 The section should also include a summary of how the VP activities proposed within the Bidder's VP proposal will impact the Canadian Recipients.

5.6 Future Potential Activities

5.6.1 The purpose of this section is for the Bidder to provide additional context on potential opportunities that it may plan to pursue with Canadian companies that would satisfy its VP Obligation.

5.6.2 Bidders should highlight the types of opportunities that would be available for Canadian industry, should the Bidder be awarded the CCG medium-lift helicopter procurement Contract. It should note the breadth and depth of programs that the Bidder currently manages that present strong potential for Canadian participation.

5.6.3 The activities presented in this section should be illustrative of the types of opportunities Canada can expect from the Bidder should it be successful. It should include an overview of what the Bidder will do to ensure Canadian companies can access its supply chain.

5.7 Summary Chart of VP Activities

5.7.1 Bidders should include a summary chart of VP activities (with a link to the associated ITB Transaction Number, if available) that can be updated after contract award as the Bidder identifies VP activities. A template roll-up sheet is below.

Canadian Coast Guard Medium Lift Helicopter Template Roll up Sheet

ITB Transaction Number	Transaction Title	Donor	Recipient	Description of VP Activity	VP Type (Direct or Market Segment)	Applicable Market Segment	Justification for Market Segment	Small Business? (Y/N)

Value Proposition Terms and Conditions

The Industrial and Technological Benefits (ITB) Terms and Conditions in the CCG medium-lift helicopter procurement RFP form the basis of the Value Proposition Terms and Conditions. Articles specific for Value Proposition have been developed and listed as a separate terms and conditions below. For all other relevant articles, please refer to the ITB Terms and Conditions.

Definitions

1.1 "Market Segments" describes classes of defence industry products or services.

1.2 "Value Proposition" (VP) is one method being utilized by Canada to ensure purchases of defence equipment are being leveraged to create jobs and economic growth in Canada.

1.3 "Value Proposition Achievement Period" coincides with the ITB Achievement Period identified in the CCG medium-lift helicopter procurement RFP.

1.4 "Value Proposition (VP) Activity" will be identified through the submission of an ITB transaction sheet describing either Direct work on Canadian Coast Guard medium-lift helicopter procurement (defined in ITB Terms and Conditions) or work being done in the identified eligible market segments for the CCG medium-lift helicopter procurement.

1.5 "VP Obligation" or "VP Commitment" - means the Contractor's contractual obligation to achieve the CCV for VP Activity as set forth in Article 2 (Value Proposition - Statement of Work).

1.6 "Committed VP Activity" is an ITB transaction, which has been submitted to the ITB Authority and approved.

1.7 "Shortfall" means the amount by which the Contractor's VP Credits are less than the VP Obligation at the end of the VP Achievement Period."

2.0 Value Proposition - Statement of Work (SOW)

2.1 Through the implementation of the VP Plan the Contractor shall by the end of the Value Proposition Achievement Period:

2.1.1 Achieve XX% (to be inserted from Contractor's proposal) in Canadian Content Value (CCV) of the Contract value in VP Activities.

2.1.2 Identify through Committed VP Activity 50% of the Contractor's VP Obligation as part of its second Annual ITB Report.

2.1.3 Identify through Committed VP Activity, 100% of the Contractor's VP Obligation as part of the third Annual ITB Report.

2.1.4 In the event that the Contract value is increased or decreased, the Contractor's VP Obligation shall be correspondingly either increased or decreased.

3.0 Reporting of VP

3.1 The Contractor shall report on their VP achievements through the ITB Annual Report requirement (see Article 3 of the ITB Terms and Conditions). The ITB Authority will verify and monitor VP achievements.

4.0 Performance Guarantees

4.1 Failure to achieve any of the commitments in Article 2 by the end of the VP Achievement Period will result in the Contractor paying to Canada as liquidated damages 10% of the Shortfall.

5.0 Changes to the VP Plan

5.1 The Contractor may propose revisions to the VP Plan proposed in Appendix 1. Any proposed amendments must be agreed to by the ITB Authority in writing.

5.2 Changes to the VP Plan will be considered in order to update information in the Plan that has changed and also to revise the summary table of ITB Transactions that will be used to meet the Contractor's VP Commitments.

6.0 VP Activities

6.1 VP Activities will be reported and credited through the ITB Annual Report process.

6.2 VP Activity can be submitted as:

1. Direct Transactions: achieved through the provision of the goods and services required to deliver the CCG medium-lift helicopter procurement.

2. Market Segments Transactions: achieved through work performed in the three eligible market segments that have been selected for CCG medium-lift helicopter procurement.

7.0 Market Segments

7.1 The following Market Segments are eligible to the CCG medium-lift helicopter procurement:

7.1.1. Aircraft Fabrication, Structures and Components: This category includes structural elements, accessories, components, systems and sub-systems of manned aerial platforms, and complete manned aerial platforms. This also includes landing gear (e.g. wheels, shock absorbers and related parts for the retraction and extension of aircraft landing gear, helicopter pontoons etc.) and propulsion systems and components for aircraft (e.g. aircraft gas turbine engines, compressors, fuel systems, etc.).

7.1.2. Electronics, Information Technology (including Software), Communications and Navigation Systems and Components: This category includes communications systems,

secure cyber/information systems and other Information Technologies (including software), avionics, navigation and guidance systems (e.g. Global Positioning System [GPS] based systems, gyroscopes, accelerometers) and other geomatics related systems and services (e.g. geographic information system (GIS) products and services, remote sensing services), display technologies, digital control systems; other technologies for the receipt, exchange, analysis and integration of multiple types of data; and other electronics not elsewhere specified.

7.1.3. Electro-Optical, Radar and Sonar Systems and Components: This category includes electro-optical systems (e.g. image intensification night-vision systems, thermal imaging systems, lasers), radars, and sonar systems.

7.2 VP Activities which fall outside of the purchase of goods and services (including Consortium, Investments and Technology and Skills Cooperation) will be defined and calculated in the same manner as they are under the ITB policy. Refer to the ITB terms and conditions for the complete description.

8.0 Public Communications

8.1 The Contractor and/or VP Recipients are encouraged to be as transparent as possible regarding its VP plans, obligations and specific VP Activities, making them publicly available whenever possible.

8.2 In the above efforts at transparency, the Contractor and the VP Authority will jointly coordinate public communications related to the VP activities associated with the CCG medium-lift helicopter procurement. The two parties will also collaborate to identify VP impact and success stories associated with VP activities.

8.3 The Contractor consents to public announcements regarding the CCG medium-lift helicopter procurement, made by or on behalf of the Minister of Industry, that are related to i) VP Obligations and ii) those VP Transactions which involve business activities with a signed contract or Memorandum of Understanding between the VP Donor and the VP Recipient. These announcements would include company names, general descriptions of the work being proposed and approximations of CCV. In these cases, the VP Authority will make all reasonable efforts to ensure that the Contractor has the opportunity to participate in the announcement and/or the preparation of any related materials.

8.4 For all other public communications regarding the VP activities on the CCG medium-lift helicopter procurement, drafts of announcements and their publication schedule will be delivered by either party to the other as soon as is reasonably possible, but in any event prior to the proposed release date. Each party will make every effort to inform the other, and seek resolution of, any objections to the content or timing of the proposed announcement.

8.5 Nothing in this Article 6 shall be interpreted as preventing the fulfillment by any company involved in a VP obligation or activity of its reporting obligations under applicable Securities laws.

Canadian Coast Guard Medium Lift Helicopters Value Proposition Evaluation Plan

1.0 Introduction

1.1 The purpose of the Value Proposition (VP) Evaluation Plan is to describe the methodology that will be used to evaluate the VP Plan submitted by the Bidder.

1.2 Bidders' VP Plan will be evaluated as either acceptable or not acceptable.

1.3 Bidders are strongly encouraged to closely review the entire VP Bidder Instructions document.

1.4 The results of the VP Evaluation will be conveyed to the Contracting Authority at Public Works and Government Services Canada (PWGSC). The results will then be integrated into the overall bid evaluation results, as outlined in Annex G of the Canadian Coast Guard Medium Lift Helicopters RFP.

2.0 Value Proposition Mandatory Requirements

2.1 In their VP Proposal, Bidders must commit to meet the following minimum mandatory requirements:

2.1.1 Commit to achieve a minimum of 20% in VP Activities, measured in Canadian Content Value (CCV), of the acquisition contract value, as defined in the VP terms and conditions;

2.1.2 Commit to identify fifty (50) percent of the full value of its VP Commitments within twenty-four (24) months after contract award (MACA).

2.1.3 Commit to identify one hundred (100) percent of its VP Commitments within thirty-six (36) MACA.

2.1.4 Submit a VP Plan as defined in the VP Bidder's Instructions of this RFP.

3.0 Value Proposition Plan

3.1 The Bidder's VP Plan will be assessed by Canada as acceptable or not acceptable. To be acceptable, all of the required elements must be included (Executive Summary, Management Plan, Current Proposed Activities, Future Potential Activities and Summary Chart of VP Activities).

4.0 Value Proposition Points

4.1 In addition to the minimum mandatory requirements set out in section 2.0 of the VP Evaluation Plan, Bidders will also be able to earn a maximum of ten (10) points, representing up to 10% of the total bid score, to the extent that they commit to additional Value Proposition Activity, as defined in Article 1.4 of the VP Terms and Conditions.

4.2 Bidders may earn .125 of a Value Proposition Point (VPP) for each percentage point above the minimum VP Commitment (article 2.1.1) for the CCG medium-lift helicopter Contract. The maximum number of allowable VPPs for VP Commitments over the minimum requirement is 10. Included in Annex G of the RFP is a sample scoring sheet that shows how the maximum 10 VPPs could be achieved.

5.0 VP Evaluation Process

5.1 The VP evaluation will take place within the context of the overall bid evaluation process

5.2 Participant Roles and Responsibilities.

5.2.1 The VP Evaluation is led by Industry Canada, with possible participation from representatives of the Regional Development Agencies (RDAs), PWGSC and the Canadian Coast Guard.

5.2.2 Industry Canada will lead the VP evaluation and hold overall responsibility for ensuring that the members of the evaluation team carry out their responsibilities. Industry Canada will act as the liaison between the VP evaluation team and outside officials, such as project evaluation officials, the Contracting Authority, any Fairness Monitor, etc.

5.2.3 The Fairness Monitor has the responsibility of providing fairness oversight on all aspects of the procurement. He/she may observe any part of VP Evaluation.

5.3 The VP Evaluation Team will confirm and calculate the amount of VPP by each Bidder and assess if the VP Plan is responsive.

Attachment #1 Allocation of Value Proposition Points (VPPs) for CCG Medium-lift Helicopter Procurement

	Acquisition Contract	VPPs	Comment
Minimum required Value Proposition (VP) commitments as percentages of the contract value:	20%		Requirement prescribed in RFP and consisting entirely of Value Proposition in the relevent KIC market segments.
Potential VP commitments as percentage of the contract values based on industry feedback:	100%		
Potential VP commitments in excess of minimums:	80%		Difference between potential and minimums required.
Total VPPs awarded for VP commitments:		10.000	0.125 of a VPP is assigned for each percentage point above the minimum VP commitment for the Contract.
Total VPPs awarded:		10.000	Maximum VPP available for award is 10.

Attachment #2 **CCG Medium-Lift Helicopter Procurement**

VPP Evaluation Plan - Model

		Bidder #1	Bidder #2	Bidder #3	
Committed					(all $ values in millions)
Total value of VP committed	$A	$92	$22	$45	
Contract Value	$B	$100	$100	$100	
Total VP Committed/Contract value (min %20)	% A/B	92%	22%	45%	
Total VP Committed/Contract value > 20%	% A/B - 20	72%	2%	25%	
Committed VPP (maximum 10 points)	C	9.000	0.250	3.125	0.125 VPP for each 1% above the minimum VP commitments

KIC #1 - Aircraft Fabrication, Structure and Components (Both fixed-wing aircraft, and helicopters/rotorcraft)
KIC #2 - Electro-Optical, Radar and Sonar Systems and Components and Fire Control, Warning and Countermeasures Systems and Components
KIC #3 - Electronics, Information Technology (including Software), Communications and Navigation Systems and Components

VPP = Value Proposition Point

VP = Value Proposition and it includes:
- work on the provision of goods and services related to the delivery of the CCG Helicopters
- transactions related the three KIC market segments as outlined above and at the Industry Day in March.

Attachment #3 **MEDIUM HELICOPTER BID SCORE SHEET - MODEL**

Weight		Qty	Unit Price Bidder A	Unit Price Bidder B	Unit Price Bidder C	Acquisition Sub-total Bidder A	Acquisition Sub-total Bidder B	Acquisition Sub-total Bidder C
50	**FINANCIAL** **Acquisition**	4	19,000,000	18,500,000	20,000,000	76,000,000	74,000,000	80,000,000
		5	18,900,000	18,400,000	19,900,000	94,500,000	92,000,000	99,500,000
		6	18,800,000	18,300,000	19,800,000	112,800,000	109,800,000	118,800,000
		7	18,700,000	18,200,000	19,700,000	130,900,000	127,400,000	137,900,000
		8	18,600,000	18,100,000	19,600,000	148,800,000	144,800,000	156,800,000
					Sum of prices for all quantities is Total Bid Price (Pn)=	563,000,000	548,000,000	593,000,000
					Lowest Price Proposal (LowPP) =	548,000,000		
					LowPP / Pn =	0.97	1.00	0.92
	TECHNICAL				O&M Cost Proposal (OMC) =	1,245	1,166	1,433
10	**O&M**				Lowest O&M Cost (LowOMC)=	1,166		
					LowOMC / OMC =	0.94	1.00	0.81
					Multiplied by O&M Weight to give O&M Points =	9	10	8
15	**Operational Test**				Operational Test Score for each bidder (OTSn) =	104	100	100
	See separate worksheet				Maximum Operational Test Score (MaxOTS) =	110	110	110
					OTSn / MaxOTS =	0.95	0.91	0.91
					Multiplied by Operational Test Weight to give Operational Test Points =	14.2	13.6	13.6
15	**Rated Requirements**				Rated Score for each bidder (RSn) =	32.50	50.00	47.45
	See separate worksheet				Maximum Rated Score (MaxRS)=	100		
					RSn / MaxRS =	0.33	0.50	0.47
					Multiplied by Rated Weight to give Rated Requirements Points =	4.9	7.5	7.1
	Project Management							
6	**Project Management Plan**				PMP Score (PMPn) =	19	21	20
	See separate worksheet				Maximum Rated Score (MaxPMP)=	28		
					PMPn / MaxPMP =	0.68	0.75	0.71
					Multiplied by Rated Weight to give Project Management Plan Points =	4.07	4.50	4.29
4	**Maintenance Management Plan**				MMP Score (MMPn) =	27	38	33
	See separate worksheet				Maximum Rated Score (MaxMMP)=	44		
					MMPn / MaxMMP =	0.61	0.86	0.75
					Multiplied by Rated Weight to give Maintenance Management Plan Points =	2.45	3.45	3.00
100					Total Weighted Technical Points Awarded to each bidder (TPn)=	34.95	39.09	36.18
					Total Available Technical Points (TTP)=	50		
					TPn / TTP =	0.70	0.78	0.72
					Price Weighting Factor (Pwt) =	50		
					Technical Weighting Factor (Twt) =	50		
					LowPP / Pn =	0.97	1.00	0.92
Bidders Score = (TPn / TTP) x (Pwt x LowPP/Pn) + (TPn / TTP x Twt)					Bidders Score =	68.97	78.18	69.61
					90% of Bidder's Score =	62.07	70.36	62.65
					Evaluated VP based on 10% =	9.000	0.250	3.125
(90% of Bidder's Score) + Evaluated VP					Bidder's Final Score =	71.070	70.610	65.775