



**RETURN BIDS TO:**

**RETOURNER LES SOUMISSIONS À:**

**Bid Receiving - PWGSC / Réception des soumissions  
- TPSGC**  
11 Laurier St. / 11, rue Laurier  
Place du Portage, Phase III  
Core 0B2 / Noyau 0B2  
Gatineau, Québec 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**

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

**Issuing Office - Bureau de distribution**  
Defence Communications Division. (QD)  
11 Laurier St./11, rue Laurier  
Place du Portage, Phase III, 8C2  
Gatineau, Québec K1A 0S5

<b>Title - Sujet</b> Land C4ISR-Transition S/W Support	
<b>Solicitation No. - N° de l'invitation</b> W8486-184111/A	<b>Amendment No. - N° modif.</b> 001
<b>Client Reference No. - N° de référence du client</b> W8486-184111	<b>Date</b> 2017-07-28
<b>GETS Reference No. - N° de référence de SEAG</b> PW-\$\$QD-037-26384	
<b>File No. - N° de dossier</b> 037qd.W8486-184111	<b>CCC No./N° CCC - FMS No./N° VME</b>
<b>Solicitation Closes - L'invitation prend fin</b> <b>at - à 02:00 PM</b> <b>on - le 2017-08-28</b>	
<b>Time Zone</b> Fuseau horaire Eastern Daylight Saving Time EDT	
<b>F.O.B. - F.A.B.</b> Specified Herein - Précisé dans les présentes	
<b>Plant-Usine:</b> <input type="checkbox"/> <b>Destination:</b> <input type="checkbox"/> <b>Other-Autre:</b> <input checked="" type="checkbox"/>	
<b>Address Enquiries to: - Adresser toutes questions à:</b> Lee, Inwon	<b>Buyer Id - Id de l'acheteur</b> 037qd
<b>Telephone No. - N° de téléphone</b> (819) 420-0815 ( )	<b>FAX No. - N° de FAX</b> ( ) -
<b>Destination - of Goods, Services, and Construction:</b> <b>Destination - des biens, services et construction:</b>	

**Instructions: See Herein**

**Instructions: Voir aux présentes**

<b>Delivery Required - Livraison exigée</b>	<b>Delivery Offered - Livraison proposée</b>
<b>Vendor/Firm Name and Address</b> Raison sociale et adresse du fournisseur/de l'entrepreneur	
<b>Telephone No. - N° de téléphone</b> <b>Facsimile No. - N° de télécopieur</b>	
<b>Name and title of person authorized to sign on behalf of Vendor/Firm</b> <b>(type or print)</b> <b>Nom et titre de la personne autorisée à signer au nom du fournisseur/</b> <b>de l'entrepreneur (taper ou écrire en caractères d'imprimerie)</b>	
<b>Signature</b>	<b>Date</b>

**This Amendment No. 1 to LOI No. W8486-184111/A is raised to effect the following changes:**

**Delete** the following from the Draft RFP:

- Annex D-ITB T&C in its entirety;
- Attachment 1 to Part 2 of RFP in its entirety; and
- Section 6 – Industrial and Technological Benefits and Value Propositions of Attachment 3 to Part 4 of RFP-LTSS Bid Evaluation Plan

**Replace** with “Attachment 1-LC4ISR-LTSS-ITB-VP to RFP” attached hereto.

**All other terms and conditions remain unchanged.**

**LAND C4ISR TRANSITION SOFTWARE  
SUPPORT CONTRACT (LTSSC)**

**Industrial and Technological Benefits (ITB)**

**Value Proposition  
Bidder Instructions**

## **Table of Contents**

1	INTRODUCTION
2	GENERAL INSTRUCTIONS
3	CANADA'S ITB OBJECTIVES
4	MANDATORY REQUIREMENTS
5	ASSESSMENT OF MANDATORY REQUIREMENTS
6	RATED CRITERIA
7	BANKING AND POOLING

Appendix A - Mandatory requirements certificate

Appendix B – Rated criteria certificate

## **INTRODUCTION**

- 1.1. On February 5, 2014, the Government of Canada announced the Defence Procurement Strategy (DPS). One of the objectives of the DPS is to leverage purchases of defence equipment to create jobs and economic growth in Canada. The Industrial and Technological Benefits (ITB) policy has objectives that will be achieved through a weighted and rated Value Proposition (VP) that will form part of the evaluation plan to award the Contract.
- 1.2. The strategic VP objective for the Land C4ISR Transition Software Support Contract (LTSSC) (the Project) is to strengthen and grow Canadian capabilities in the C4ISR domain by encouraging work in Canada directly related to the Project, incentivizing strategic investments in Research and Development, particularly in the Defence Sector, and fostering supply chain integration or partnerships with Canadian Small and Medium Businesses. This objective has been informed by extensive industry engagement and consultation, as well as by in-depth analyses of capabilities related to the procurement.
- 1.3. The Bidder must submit a responsive VP Proposal (Proposal) at bid closing. The Proposal will be deemed responsive by the ITB Authority if it meets i) the Mandatory Requirements outlined in Section 4; and ii) the Minimum Assessment Values outlined in Section 3 of the VP Evaluation Plan (Evaluation Plan). Should the Proposal be deemed responsive, it will then be evaluated related to the rated criteria outlined in Section 6 and receive points as outlined in Section 4 of the Evaluation Plan.
- 1.4. VP evaluation results will be conveyed to the Contracting Authority, who will then integrate them into the overall bid evaluation results, as outlined in Section 4 of the procurement's evaluation plan.
- 1.5. It is the responsibility of the ITB Authority, in cooperation with the regional development agencies and subject matter experts, to ensure that Proposals are evaluated as outlined in the Evaluation Plan.

## **2. GENERAL INSTRUCTIONS**

- 2.1. In preparing its Proposal, the Bidder should be guided by these Bidder Instructions, as well as by the Evaluation Plan and the ITB Terms and Conditions. All three documents provide important guidance, definitions and/or contractual provisions related to the ITB policy. Defined terms not otherwise defined in this document have the meaning given to them in the ITB Terms and

Conditions and the Request for Proposal, including appendices, to which these Bidder Instructions are attached.

- 2.2. The Proposal must be submitted in a separate, self-contained volume. Only the Proposal is reviewed during the evaluation. In order to facilitate the evaluation process, any material contained in another section of the Bid but relevant to the Proposal should be repeated in the Proposal.
- 2.3. 6 hard copies and 2 electronic copies of the Proposal are required.
- 2.4. The Proposal, and its receipt, storage and protection by the ITB Authority, is governed by applicable federal laws and processes.

### **3. CANADA'S ITB OBJECTIVES**

- 3.1. Canada wishes to ensure that its investments in defence-related goods and services generate economic benefit to Canada and have long-term and high-value impacts on Canadian industry, in advanced technology areas. The Proposal should clearly indicate how any proposed business activities support Canada's ITB objectives set out in subsections 3.2 to 3.7 below, and how they will be achieved if the Bidder wins the ensuing Contract.
- 3.2. Defence Sector: A core objective of the ITB policy is to ensure that defence procurement supports the economic development and long-term sustainment of Canada's Defence Sector. The Bidder is encouraged to propose a maximum amount of business activities in Canada involving work directly on the procurement.
- 3.3. Supplier Development: The development of supplier productivity and competitiveness among Canadian-based suppliers is a key objective of the ITB policy.
- 3.4. Research and Development (R&D): An important objective of the ITB policy is to encourage innovation, as R&D can position Canadian Companies to move up the value chain and capture market opportunities. The Bidder is encouraged to propose R&D investments in Canada and locate high value research and engineering work in Canada, positioning Canadian companies to benefit from its subsequent commercialization.
- 3.5. Exports: Canada's Defence Sector is export intensive, and a key ITB objective is to strengthen Canada's success in tapping traditional and non-traditional export

markets to share in long-term jobs and growth that result from success in foreign markets.

- 3.6. Regional Development: The regional development objectives of the ITB policy are to encourage long-term quality improvements to the capability, capacity, international competitiveness and growth potential of Canadian Companies in those regions where Canada has established specific initiatives to promote economic growth and diversification through procurement. Canadian Companies in all the Designated Regions of Canada should have the opportunity to participate in the Project.
- 3.7. Small and Medium Businesses (SMB): It is an objective of Canada to encourage the participation of 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 Project.

#### **4. MANDATORY REQUIREMENTS**

- 4.1. There are six (6) mandatory requirements that the Bidder must meet in its Proposal. The omission of any part of the following six (6) requirements will result in the Proposal being deemed not responsive:
- 4.1.1. Requirement One: The Proposal must commit to achieving Transactions, measured in Canadian content value (CCV), valued at not less than 100 percent of the Contract Price, including options exercised, to be achieved within the Achievement Period. For the winning Bidder, its commitment to not less than 100 percent will become an Obligation that must be achieved under the Contract.
- 4.1.2. Requirement Two: The Proposal must commit to achieve not less than 70 percent of the Contract Price in CCV as Direct Transactions, including all options exercised, to be achieved within the Achievement Period.
- 4.1.3. Requirement Three: In its Proposal, the Bidder must:
- 4.1.3.1. specify its Bid Price, not including option years, not including taxes and rounded to the nearest dollar;
- 4.1.3.2. identify Transactions that are detailed, fully described and equal in total to not less than 30 percent of the Bid Price, measured in CCV. All Transactions identified in the Bidder's Proposal must align with one or more of the rated criteria specified in Sections 4.1.1 to 4.1.3

of the Evaluation Plan;

- 4.1.3.3. commit to identifying, one (1) year after the Effective Date of the Contract, additional Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to not less than 60 percent of the Contract Price, measured in CCV; and,
- 4.1.3.4. commit to identifying, three (3) years after the Effective Date of the Contract, and for each additional contract option year exercised, additional Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to 100 percent of the Contract Price, measured in CCV.
- 4.1.4. Requirement Four: The Bidder must commit to achieving not less than 15 percent of the Contract Price, in CCV, including options exercised, in SMB Transactions, to be achieved within the Achievement Period.
- 4.1.5. Requirement Five: The Bidder must accept and comply with all of the ITB Terms and Conditions.
- 4.1.6. Requirement Six: The Proposal must contain the following components, each of which is more particularly described in Section 5:
  - 4.1.6.1. Company Business Plan;
  - 4.1.6.2. ITB Management Plan;
  - 4.1.6.3. Regional Development Plan;
  - 4.1.6.4. Small and Medium Business Development Plan;
  - 4.1.6.5. Detailed sheets for proposed Transactions being submitted by the Bidder, accompanied by a summary chart of them; and,
  - 4.1.6.6. Mandatory requirements certificate, as set out in Appendix A, signed by a duly authorized company official.

## **5. ASSESSMENT OF MANDATORY REQUIREMENTS**

- 5.1. The following section details the content that is expected to be in each of the components of the mandatory requirements referred to above in Section 4.1.6. The Plans will be assessed during the evaluation, based on quality and risk, as outlined in Section 3.1 of the Evaluation Plan.
- 5.2. Each Plan should respond to all of the requested items outlined below. Responses should be detailed and, wherever appropriate, provide an indication of how items will contribute to the Bidder meeting Canada's ITB objectives.

5.3. Each Plan should address, wherever appropriate, the Bidder's approach to the following risk areas:

- 5.3.1. Experience (i.e. practise elsewhere);
- 5.3.2. Capability (i.e. know-how and tools in place) ;
- 5.3.3. Planning (i.e. organized, proactive);
- 5.3.4. Resources (i.e. team, facilities, information); and,
- 5.3.5. Engagement (i.e. interaction with stakeholders)

#### 5.4. Company Business Plan

5.4.1. 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 ability of the Bidder and its team to meet the ITB objectives. The anticipated length of the Plan is approximately 7-10 pages, depending on the size of the Bidder's team.

5.4.2. The Bidder's company business Plan should contain the following information:

- 5.4.2.1. An outline of the structure, conduct and performance of the business operations of the Bidder and each of its proposed Eligible Donors that are performing work on the Project;
- 5.4.2.2. A detailed overview of the proposed role of each company in delivering the work on the Project, the proposed location of that work, and the key personnel in each company who would be responsible for delivering that work;
- 5.4.2.3. An organizational chart for each company outlining its worldwide corporate operations, that clearly states the corporate family structure, parent and subsidiary relationships, and the location of key responsibility centres (i.e. headquarters, manufacturing, service centres, R&D, marketing);
- 5.4.2.4. A list of each company's existing Canadian facilities, including the location, date of establishment, nature of operations, number of employees, and place within the worldwide corporate structure; and,

- 5.4.2.5. A description of the broad and long-term impacts of the Work on the Canadian economy and how these respond to the ITB objectives in Section 2 of the Terms and Conditions.

## 5.5. ITB Management Plan

- 5.5.1. The purpose of the ITB Management Plan is to demonstrate the Bidder's ability to develop, implement, manage and report on the Obligations for the full duration of the Achievement Period. It is also the place for Bidder to formally list its proposed Eligible Donors. The anticipated length of the Plan is approximately 6-8 pages.
- 5.5.2. The ITB Management Plan should include the following information:
  - 5.5.2.1. A description of the ITB management functions and associated organization that the Bidder envisions necessary to successfully meet the Obligations. It should include a summary of the methods, processes and procedures that the Bidder will use to identify, submit, track, record keep and report on ITB activities. The summary should be presented in a level of detail sufficient to demonstrate that the Bidder fully understands its obligations;
  - 5.5.2.2. The name, contact details and biographical information of the Bidder's ITB official(s) assigned to the Project and/or job descriptions for the proposed positions;
  - 5.5.2.3. An explanation of the Bidder's internal processes for ITB organization, advocacy and awareness, both specific to the Project and in general. The Bidder 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;
  - 5.5.2.4. A description of any previous ITB/IRB/offset obligations that have been undertaken by the Bidder over the past ten (10) years, in Canada and elsewhere, along with a brief overview of the achievement status of each project; and,
  - 5.5.2.5. A list of the Bidder's proposed Eligible Donors and contact details for each, along with details and documentation justifying how each company meets the Eligible Donor criteria outlined in the ITB Terms and Conditions.

- All proposed Eligible Donors are subject to review and approval by the ITB Authority during evaluation. Only those proposed Eligible Donors that are found to meet the criteria will be included on the list of Eligible Donors in the ensuing Contract. Any proposed Transaction with a company not meeting the Eligible Donor criteria will be rejected.

## 5.6. Regional Development Plan

- 5.6.1. 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. The anticipated length of the Plan is approximately 5-7 pages.
- 5.6.2. The Regional Development Plan should include the following information:
  - 5.6.2.1. Identification and description of the Bidder's proposed Transactions in the Designated Regions of Canada, the total of which will become Obligations to be achieved under Article 3 of the ITB Terms and Conditions. The Plan may also identify any higher regional commitment target to which the Bidder is prepared to commit contractually;
  - 5.6.2.2. A description of the Bidder's business rationale for its regional approach;
  - 5.6.2.3. A description of the activities and approaches undertaken to date by the Bidder and its proposed Eligible Donors that have resulted in the distribution of proposed Transactions to the Designated Regions of Canada;
  - 5.6.2.4. A description of the activities and approaches that will be undertaken after Contract award until the end of the Achievement Period to improve the opportunities available to the Designated Regions of Canada; and,
  - 5.6.2.5. A description of how regional considerations are factored into the Bidder's ITB decision-making processes.

## 5.7. Small and Medium Business (SMB) Development Plan

- 5.7.1. The purpose of the SMB Development Plan is to demonstrate the Bidder's commitment to providing opportunities, assistance and encouragement to SMB in Canada. The anticipated length of the Plan is approximately 5-7 pages.
- 5.7.2. The SMB Development Plan should include the following information:
  - 5.7.2.1. Identification and description of the Bidder's proposed Transactions involving SMB in Canada, the total of which, or 15 percent of the Contract Price (whichever is higher) will become Obligations to be achieved under Article 3 of the ITB Terms and Conditions;
  - 5.7.2.2. A description of the activities and approaches undertaken to date by the Bidder and its proposed Eligible Donors that have resulted in the proposed distribution of SMB Transactions;
  - 5.7.2.3. A description of the activities and approaches that will be undertaken after Contract award until the end of the Achievement Period to improve the opportunities available to SMB;
  - 5.7.2.4. A description of how SMB considerations are factored into the Bidder's ITB decision-making processes; and,
  - 5.7.2.5. A description of any initiatives and/or assistance (at a broad corporate level or specific to the Project) that would be provided to SMB to help stimulate and promote them, both as potential suppliers to the Project and for their capability to pursue and undertake new business activities. Examples could include financing or special payment provisions.

#### 5.8. Detailed transaction sheets

- 5.8.1. The Proposal will provide a separate and detailed transaction sheet for each Transaction that the Bidder proposes and for which it is prepared to commit contractually. A template of the transaction sheet is attached as Appendix B to the ITB Terms and Conditions. The Bidder is encouraged to use this template, to promote administrative consistency and ease.
- 5.8.2. In addition to the individual transaction sheets, the Bidder will include a summary chart of all of its proposed Transactions. The summary chart should clearly identify each Transaction and provide a breakdown, with

appropriate sub-totals and percentages, by: direct, indirect, region, SMB and rated criteria. The summary chart should provide a very brief description of how each proposed Transaction aligns with the rated criteria, to compliment the more detailed justifications located in the transaction sheet. Failure to align proposed Transactions with one or more of the rated criteria will result in the Transaction being rejected as not meeting the requirement outlined in Section 4.1.3.2. The Bidder may use a format of its choice for the summary chart.

- 5.8.3. The Bidder should include a forecast plan for the Transactions due 1 and 3 years following the Effective Date of the Contract, respectively. The forecast plan should include such information as, but not limited to: a list of any Canadian Companies being considered; and/or, the specific capabilities being sought from Canadian suppliers.
- 5.8.4. The Bidder is strongly encouraged to fully complete every section of the transaction sheet, as outlined below, so that the proposed Transaction can be properly evaluated. The Bidder should also provide details and documentation within its Proposal, as indicated, in support of Transaction eligibility. Failure to adequately describe and/or document the proposed Transaction may result in it being rejected as not meeting the Transaction eligibility criteria.
- 5.8.5. Identifying a Transaction for the purposes of Section .1.3 means presenting a signed transaction sheet to the ITB Authority, which names both a specific Eligible Donor and a specific Recipient, describes the business activity in detail, provides valuation information, demonstrates alignment with one or more of the rated criteria and complies with the Bidder Instructions and the ITB Terms and Conditions with respect to eligibility criteria, valuation, transaction types and banking.
- 5.8.6. In the event that the Bidder makes Commitments or identifies Transactions in its Proposal valued at more than 100 percent of the bid price:
  - 5.8.6.1. no additional points will be scored in the rated evaluation, above those outlined in the Evaluation Plan; and,
  - 5.8.6.2. The corresponding Obligation values in Article 3 of the Terms and Conditions will be increased to match the total value of those identified Transactions.

## 5.8.7. Instructions for transaction sheets:

### 5.8.7.1. Overview

- Title (*provide a brief title identifying the activity*)
- Number (*assign a unique number, in simple, sequential order, for reference purposes*)
- Date Proposed Transaction submitted (*date of Proposal*)
- Tranche (*the Proposal is tranche 1*)

### 5.8.7.2. Contractor contact information (*information regarding the proposed Contractor on the Project*)

### 5.8.7.3. Donor company information (*information regarding the proposed Donor on the Transaction*)

### 5.8.7.4. Recipient information: *Notes: i) the company description should include locations, business history and core capabilities; ii) see Article 8.1.5 of the Terms and Conditions for other Recipient requirements.*

### 5.8.7.5. Valuation and time phasing (*specify the overall CCV values as applicable, plus the detailed commitment schedule broken out by 12 month periods, which mirror the Reporting Periods*)

- For the purposes of the evaluation process, the multiplied or enhanced value of a proposed Transaction involving a credit multiplier, future sales achievement or CCV enhancement, as described in Article 7 of the Terms and Conditions, will not be considered. Only the face value of the initial investment, or the estimated CCV, in the proposed Transaction will be considered. Any multiplied credit values, future sales achievements or enhanced CCV will be counted after the Effective Date of the Contract.

### 5.8.7.6. Transaction details

- Type of Transaction (*direct or indirect, pooled, banked*)

- Description of Transaction (*provide a detailed description of the proposed activity, including: nature of work; location of work in Canada, estimated quantities and timelines; any end-use market, platform or program; and, other relevant information*)
- VP activity (*yes or no*)
  - Direct Transaction (*yes, no*)
  - R&D with Canadian Company (*yes or no*)
  - R&D with Canadian Post-Secondary Institution or Public Research Institution (*yes or no*)
  - Small and Medium Business (SMB) (*yes or no*)
- Description/justification for VP classifications above (*clearly demonstrate and document alignment with VP requirements*)
- Activity type (*i.e. purchase, investment*)
- North American Industry Classification Code System (NAICS) categorizing type of business activity (*enter a primary, secondary, and tertiary NAICS code*)
- Business activity type (*pick one business activity type that applies best*)
- Investment framework details (*yes/no*)
  - Allowable investment type (*i.e. cash grant, cash share purchase, in-kind IP, transfer equipment, marketing support*)
  - Type of R&D or commercialization activity (*i.e. test analysis, applied research, business planning, feasibility studies*)
  - Business Plan included (*template in Appendix D of Terms and Conditions*)
  - Valuation documentation included (*agreement or in-kind valuation report, as appropriate*)

5.8.7.7. Consortium member information (*if applicable*);

5.8.7.8. Transaction eligibility criteria *(be as specific and detailed as possible in addressing how a proposed Transaction meets each eligibility criteria, which are outlined in the ITB Terms and Conditions. Guidance is provided in the ITB website Info Bulletin “Preparing a transaction sheet”. Include all details, documentation and certificates in the Proposal)*

5.8.7.9. Other

- Canadian government assistance *(describe the date and details of any assistance provided -- either to the specific activity, the Eligible Donor, or the Recipient -- from any level of government in Canada)*
- CCV overview *(indicate which CCV calculation method was used)*
- Level of technology *(for Indirect Transactions, indicate whether the level of technology is the same or higher than the Project)*

5.8.7.10. Signature *(an authorized official at the Bidder’s or proposed Eligible Donor’s company)*

5.9. Mandatory requirements certificate

5.9.1. The Bidder must submit with its Proposal the mandatory requirements certificate (Appendix A), completed with their company name and Bid Price, and signed and dated by a company official duly authorized to bind the company.

## **6. RATED CRITERIA**

6.1. Value Proposition: The Bidder should provide information and details on its VP commitments, and proposed Transactions, which will be rated as described in Section 4 of the Evaluation Plan. The Bidder should complete and submit the rated criteria certificate (Appendix B), signed and dated by a company official duly authorized to bind the company. The Bidder’s Commitments in Appendix B will become Obligations to be fulfilled in Section 3.1.2 of the Terms and Conditions.

6.1.1. The Proposal should include the Bidder’s Commitment to achieve Direct Transactions. The Commitment should be expressed as a percentage of the Contract Price, including options, measured in CCV. This Commitment (or the percentage represented by the total value of Direct Transactions identified in the Bidder’s Proposal, whichever is higher) will become an

Obligation to be completed within the Achievement Period.

The Proposal should include the Bidder's proposed Direct Transactions. The Bidder should describe in its Proposal how the proposed Transactions align with the Direct Transaction definition and should provide supporting details and documentation. . Direct Transactions identified in the Bidder's Proposal will become Obligations to be completed within the Achievement Period.

- 6.1.2. The Proposal should include the Bidder's commitment to achieve Transactions involving Research and Development Activities. The Bidder's Commitment involving Research and Development Activities must also clearly distinguish between the Bidder's Commitment to Research and Development with Canadian Companies, and Research and Development with Post-Secondary Institutions or Public Research Institutions. Failure to clearly indicate this difference may result in zero points at evaluation. The Commitments should be expressed as a percentage of the Contract Price, including options and measured in CCV. This Commitment (or the percentage represented by the total value of Research and Development Transactions identified in the Bidder's Proposal, whichever is higher) will become an Obligation to be completed within the Achievement Period.

The Proposal should include the Bidder's proposed Transactions involving Research and Development Activities. The Bidder should describe in its Proposal how the proposed Transactions align with Research and Development in the Defence Sector and should provide supporting details and documentation. Research and Development Transactions identified in the Bidder's Proposal will become Obligations to be completed within the Achievement Period.

- 6.1.3. The Proposal should include the Bidder's commitment to achieve Transactions involving Small and Medium Business (SMB). The Commitment should be expressed as a percentage of the Contract Price, including options and measured in CCV. This Commitment (or the percentage represented by the total value of SMB Transactions identified in the Bidder's Proposal, whichever is higher) will become an Obligation to be completed within the Achievement Period.

The Proposal should include the Bidder's proposed Transactions involving SMB. The Bidder should describe in its Proposal how the proposed Transaction includes a SMB and should provide supporting details and

documentation. Transactions involving a SMB identified in the Bidder's Proposal will become Obligations to be completed within the Achievement Period.

## **7. BANKING AND POOLING**

- 7.1. Banking and pooling are described in the ITB Terms and Conditions. The Bidder may use bank Transactions, or a pooled portion thereof, as part of its Proposal.
  - 7.1.1. The Bidder submitting a bank Transaction in its Proposal should include:
    - i) a copy of the approved banked transaction sheet; and, ii) the most recent annual bank statement, authorized by the ITB Authority and dated before the release date of the Request for Proposal (RFP) to which the Proposal responds.
  - 7.1.2. The Bidder submitting a pooled portion of a bank Transaction should include the most recent bank statement for that portion, authorized by the ITB Authority and dated before the release date of the RFP to which the Proposal responds.
- 7.2. If a bank Transaction is used as part of a Proposal, the evaluation committee will consider the Transaction as accepted for meeting the Transaction eligibility criteria, with the exception of Eligible Donor.
  - 7.2.1. A bank Transaction will be evaluated to confirm that it meets the Eligible Donor criteria for the Project, outlined in Article 8 of the Terms and Conditions.
- 7.3. Acceptance of a Transaction in the bank does not guarantee Value Proposition points. All bank Transactions will be evaluated to determine Value Proposition scoring, as outlined in the Evaluation Plan.
- 7.4. The Bidder may submit bank Transactions of any CCV value in its Proposal. The entire CCV value of bank Transactions submitted in the Proposal will become an Obligation to be achieved under Article 3 of the Terms and Conditions. However, any CCV value of bank Transactions that exceeds 50 percent of the total for all Transactions identified in the Proposal will not be counted in the evaluation.

7.5. The Bidder is encouraged to submit any proposed bank Transactions to the ITB bank well in advance of RFP release. Any bank Transaction, or portion thereof, included in the Proposal where the date of the authorized bank statement falls after the RFP release date for the Project will not be considered in the mandatory or rated evaluation. Further, that bank Transaction will not become a commitment to be achieved under the Contract.

**Appendix A- Mandatory requirements certificate**

The Bidder, \_\_\_\_\_, declares and certifies that through this Proposal for the Project, the Bidder satisfies the following requirements:

<b>Mandatory Requirement</b>	<b>Specific Terms and Conditions Commitment</b>
1. Commits to achieving Transactions valued at not less than 100 percent of the Contract Price ( <i>or the percentage represented by the total of all identified Transactions, whichever is higher</i> ), (including options) measured in CCV, to be achieved within the Achievement Period.	Article 3.1.1
2. Commits to achieving Direct Transactions valued at not less than 70 percent of the Contract Price in CCV, including all options exercised.to be achieved within the Achievement Period.	Article 3.1.2
3. Identifies its Bid Price (not including options, not including taxes and rounded to the nearest dollar) \$	
3(a). Identifies Transactions equal in total to not less than 30 percent of its Bid Price measured in CCV. Transactions identified in the Bidder’s Proposal must align with one or more of the rated criteria specified in Sections 4.1.1 to 4.1.3 of the Evaluation Plan	Article 3.1.1, 3.1.2, 3.1.3, 3.1.4 and 3.1.6
3(b) Commits to identifying, one (1) year after the Effective Date of the Contract, additional Transactions that bring the cumulative total of identified Transactions to at least 60 percent of the Contract Price (including options), measured in CCV;	Article 3.1.4
3(c) Commits to identifying, three (3) years after the Effective Date of the Contract, and for each additional contract option year exercised, additional Transactions that bring the cumulative total of identified Transactions to 100 percent of the Contract Price (including options), measured in CCV.	Article 3.1.4
4. Commits to achieving SMB Transactions valued at not less than 15 percent the Contract Price in CCV, including options exercised to be achieved within the Achievement Period.	Article 3.1.2.3
5. Accepts all of the ITB Terms and Conditions.	All articles and appendices.
6. Has submitted all the following required components of a Proposal: <ul style="list-style-type: none"> <li>• Company business plan;</li> <li>• ITB management plan;</li> <li>• Regional development plan;</li> <li>• Small and medium business development plan;</li> </ul>	Appendix A

<ul style="list-style-type: none"> <li>• Detailed Transaction sheets, accompanied by a summary chart of all them; and,</li> <li>• This mandatory requirements certificate, duly completed, signed and dated.</li> </ul>	
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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

**Appendix B - Rated criteria certificate**

The Bidder, \_\_\_\_\_, declares and certifies that, through this Proposal for the Land C4ISR Transition Software Support Contract (LTSSC) Project, the Bidder makes the following Commitments, in response to the rated criteria outlined in section 6:

<b>Rated Criteria</b>	<b>Bidder Total Commitment</b>	<b>Maximum Points Available</b>	<b>Terms and Conditions Commitment</b>
<b>Direct Transactions</b>			
Commitment	%	45	Article 3.1.2.1
	Article 3.1.2.1 will include the percentage value of either the Commitment or the identified Transactions, whichever is higher		
<b>Research and Development</b>			
Commitment	%	45	Article 3.1.2.2
Portion of Commitment involving Canadian Companies	%	(1 X multiplier)	Article 3.1.2.2
Portion of Commitment involving Post-Secondary Institutions or Public Research Institutions	%	(2 X multiplier)	Article 3.1.2.2
	Article 3.1.2.2 will include the percentage value of either the Commitment or the identified Transactions, whichever is higher		
<b>Small and Medium Business (SMB)</b>			
Commitment	%	10	Article 3.1.2.3
	Article 3.1.2.3 will include the percentage value of either the Commitment or the identified Transactions, whichever is higher		

IN WITNESS THEREOF THIS RATED CRITERIA 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

**Land C4ISR Transition Software Support  
Contract (LTSSC)  
Industrial and Technological Benefits (ITB)  
Value Proposition Evaluation Plan**

## TABLE OF CONTENTS

- 1 INTRODUCTION
- 2 MANDATORY REQUIREMENTS
- 3 MINIMUM ASSESSMENT VALUES
- 4 RATED EVALUATION
- 5 PROCESS

## 1. INTRODUCTION

- 1.1. The purpose of the Value Proposition (VP) Evaluation Plan (Evaluation Plan) is to describe the methodology that will be used to evaluate the VP Proposal (Proposal) submitted by the Bidder.
- 1.2. The Proposal will be evaluated as either responsive or not responsive. The Proposal will be deemed responsive if it: i) meets all of the mandatory requirements outlined in Section 2; and, ii) meets the minimum assessment values outlined in Section 3.
- 1.3. All responsive bids will then be evaluated based on rated criteria, as outlined in Section 4.
- 1.4. The results of the evaluation will be conveyed to the Contracting Authority. The results will then be integrated into the overall bid evaluation results, as outlined in section 4 of the Land C4ISR Transition Software Support Contract (LTSSC) (the Project) Evaluation Plan.
- 1.5. The Bidder is strongly encouraged to closely review the entire Bidder Instructions document.
- 1.6. Defined terms not otherwise defined in this document have the meaning given to them in the ITB Terms and Conditions and the Request for Proposal, including appendices, to which this Evaluation Plan is attached.

## 2. MANDATORY REQUIREMENTS

- 2.1. The chart below details each mandatory requirement and how the ITB Authority will assess whether it has been met. The Proposal will be assessed as responsive or not responsive. To be considered responsive, all mandatory requirements must be met.

<b>Mandatory Requirement</b>	<b>Method to Confirm</b>
1. Bidder commits to achieving Transactions, measured in Canadian content value (CCV), valued at not less than 100 percent of the Contract Price (including options exercised) or the total CCV of identified Transactions, whichever is higher, to be achieved within the Achievement Period.	Mandatory requirements certificate is duly signed and submitted.
2. Commits to achieving Direct Transactions valued at	Mandatory requirements

not less than 70 percent of the Contract Price in CCV, including options exercised, to be achieved within the Achievement Period.	certificate is duly signed and submitted
3. Bidder has specified its Bid Price, not including taxes, and not including options, and rounded to the nearest dollar.	Mandatory requirements certificate is duly signed and submitted, with Bid Price provided.
3a. Bidder has identified Transactions which are detailed, fully described and equal in total to not less than 30 percent of the Bid Price in CCV. All Transactions identified in the Bidder's Proposal must align with one or more of the rated criteria specified in Sections 4.1.1 to 4.1.3 of the Evaluation Plan	Alignment of the Transaction with one or more of the rated criteria is confirmed. CCV value of each Transaction in the Proposal is totalled, then compared against the Bid Price. Mandatory requirements certificate is duly signed and submitted.
3b. Bidder commits to identifying one (1) year after Contract award, Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to not less than 60 percent of the Contract Price, measured in CCV.	Mandatory requirements certificate is duly signed and submitted.
3c. Bidder commits to identifying three (3) years after Contract award, and for each additional contract option year exercised, Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to 100 percent of the Contract Price, measured in CCV	Mandatory requirements certificate is duly signed and submitted.
4. Commits to achieving Small and Medium Business Transactions valued at not less than 15 percent of the Contract Price in CCV, including options exercised, to be achieved within the Achievement Period.	Mandatory requirements certificate is duly signed and submitted.
5. Bidder accepts all of the ITB Terms & Conditions.	Mandatory requirements certificate is duly signed and submitted.
6. Bidder submits all the required components in its Proposal: <ul style="list-style-type: none"> <li>● Company Business Plan</li> <li>● ITB Management Plan</li> <li>● Regional Development Plan</li> <li>● Small and Medium Business Development Plan</li> <li>● Detailed transaction sheets, accompanied by a summary chart of all Transactions.</li> <li>○ Signed Mandatory requirements certificate</li> </ul>	Presence of each required component in the Proposal and the Mandatory requirements certificate is duly signed and submitted.
<b>Table 2-1, Mandatory Requirements Evaluation Chart</b>	

### 3. MINIMUM ASSESSMENT VALUES

3.1. The Plans will be evaluated to determine if they meet the minimum assessment values below.

3.1.1. The Bidder's four Plans will be evaluated to confirm that they are present in the Proposal. The Plans are then assessed for quality and for risk, using the assessments in Tables 3-1 and 3-2.

3.1.2. Quality will be assessed as to whether the Plans respond to the requested components outlined in Section 5 of the Bidder Instructions, the level of detail in the component, and how well the content of the Plan meets the ITB Objectives outlined in Section 3 of the Bidder Instructions.

3.1.3. Quality will be assessed on a scale of one (1) to four (4), using the values below in Table 3-1.

VALUE	PLAN – QUALITY ASSESSMENTS
4	<b>SUPERIOR</b> Plan contains detailed responses to four or more of the requested items in Section 5.4 to 5.7, both inclusive, as applicable, of the Bidder Instructions. The Plan demonstrates that many of Canada's ITB Objectives will be met.
3	<b>GOOD</b> Plan contains detailed responses to three of the requested items in Section 5.4 to 5.7, both inclusive, as applicable, of the Bidder Instructions. The Plan demonstrates that several of Canada's ITB Objectives will be met.
2	<b>POOR</b> Plan contains detailed responses to two of the requested items in Section 5.4 to 5.7, both inclusive, as applicable, of the Bidder Instructions. The Plan demonstrates that some of Canada's ITB Objectives will be met.
1	<b>VERY WEAK</b> Plan contains detailed response to one or less of the requested items in the Section 5.4 to 5.7, both inclusive, as applicable, of the Bidder Instructions. The Plan does not demonstrate that Canada's ITB Objectives will be met.

Table 3- 1, Plan Quality Assessments

3.1.4. Risk will be assessed as to whether the Plans respond to the risk areas outlined in Section 5 of the Bidder Instructions and the level of detail provided.

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

VALUE	PLAN - RISK ASSESSMENTS
4	<b>SUPERIOR</b> Plan contains a detailed response to four or more of the risk areas in Section 5.3 of the Bidder Instructions, such that the probability of failure to achieve is extremely low.
3	<b>GOOD</b> Plan contains a detailed response to three of the risk areas in Section 5.3 of the Bidder Instructions, such that the probability of failure to achieve is low.
2	<b>POOR</b> Plan contains a detailed response to two of the risk areas in Section 5.3 of the Bidder Instructions, such that the probability of failure to achieve is moderate.
1	<b>VERY WEAK</b> Plan contains a detailed response to one or less of the risk areas in Section 5.3 of the Bidder Instructions, such that the probability of failure to achieve is significant.

Table 3- 2, Plan Risk Assessments

3.1.6. The Quality and Risk assessments agreed to by evaluators will be multiplied together and the sums added together to determine the final Plans assessment value for the Proposal.

3.1.7. The Bidder must achieve or exceed a final Plans assessment value of thirty-two (32) (out of a possible sixty-four (64)).

**EXAMPLE:**

Plan	Quality (A)	Risk (B)	Assessment Value (C) <i>(C) = (A) x (B)</i>
Company Business Plan	4	3	12

ITB Management Plan	2	3	6
Regional Development Plan	4	4	16
SMB Development Plan	4	2	8
<b>Final plans assessment value</b>			<b>42</b>

**Table 3.3 - Example**

### 3.2. Evaluation of proposed Transactions

- 3.2.1. The Bidder's proposed Transactions will be evaluated to determine whether they comply with the Bidder Instructions and with the ITB Terms and Conditions, with respect to eligibility criteria, valuation, banking and transaction types.
- 3.2.2. If a proposed Transaction does not meet the criteria outlined in 3.2.1, it will be rejected and will receive no further consideration during the mandatory or rated evaluation, or in the Contract.
- 3.2.3. If a proposed Transaction meets the criteria outlined in 3.2.1, it will then be assessed in accordance with the Mandatory Requirements in Section 2, specifically paragraph 3a of Table 2-1 Mandatory Requirements Evaluation Chart.
- 3.2.4. Any Transactions identified in the Proposal will be assessed to determine whether they align with one or more of the three rated evaluation criteria identified in sections 4.1.1 through 4.1.3. The Bidder should provide a level of detail sufficient to support the claim that the Transaction fits within a given criteria.
  - 3.2.4.1. Transactions where the Bidder does not demonstrate alignment with the rated evaluation criteria will be rejected and will receive no further consideration during the mandatory or rated evaluation, or in the Contract.
  - 3.2.4.2. Transactions where the Bidder demonstrates alignment with the rated evaluation criteria will be included as part of the Bidder's Commitments in the rated evaluation, outlined in Section 4 of the Evaluation Plan. These Transactions would also be included as an Obligation to be achieved in the Contract.

#### 4. RATED EVALUATION

4.1. The Bidder’s proposed Commitments will be evaluated against the rated criteria as described below.

<p><b>Land C4ISR – Transition Software Support Contract (LTSSC)</b>  <b>Value Proposition Strategic Objective</b></p>
<p>The strategic objective of the Value Proposition (VP) Framework for the Project is to ensure that Canadian capabilities are utilized directly on the procurement, while incentivizing high-quality research and development investments that support innovation and the competitiveness of Canada’s Defence Sector, as well as supply chain integration opportunities for Canadian small and medium-sized businesses (SMB).</p>

##### 4.1.1 Direct Transactions

The Direct Transactions pillar will incentivize high-value work activities in Canada directly related to the Project. The Mandatory Requirement in this area ensures that a minimum amount of Canadian content is used for the provision of goods and services, where Canada has capabilities, while Value Proposition points seek to incentivize bidders to compete on the basis of maximizing Direct Transactions.

**Table 4 – 1, Direct Transactions**

Criteria	Available Points	Basis of Evaluation
<b>Direct Transactions</b>		
Commitments to undertake Direct Transactions above 70 percent of Contract Price, up to a maximum of 100 percent	45	<p>Points will be awarded for Commitments to achieve Direct Transactions based on the following:</p> <p>The Bidder with the highest commitment to undertake Direct Transactions above seventy (70) percent of Contract Price up to a maximum of one hundred (100) percent, stated as a percentage of the Bidder’s Bid Price, not including options and measured in CCV, will receive forty-five (45) points. All other bidders will be pro-rated down.</p> <p>Formula: Bidders total Direct Transaction</p>

		Commitment above 70 percent (up to a maximum of 100 percent) divided by the highest bidder's Direct Transaction Commitment above 70 percent (up to a maximum of 100 percent), multiplied by 45 points.
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4.1.2 Research and Development:

The Research and Development (R&D) pillar will incentivize bidders to identify R&D Transactions with Canadian Companies, Canadian Post-Secondary Institutions, and/or Public Research Institutions that support Canada's high-value Defence Sector research capabilities.

**Table 4 – 2, Research and Development**

<b>Criteria</b>	<b>Available Points</b>	<b>Basis of Evaluation</b>
<b>Research and Development</b>		
Commitments to undertake R&D Activity Transactions with Canadian Companies and/or Post-Secondary Institutions or Public Research Institutions, above 1 percent of Contract Price, up to a maximum of 100 percent	45	<p>Points will be awarded for Commitments to achieve R&amp;D Transactions based on the following:</p> <p>Commitment to R&amp;D Activity Transactions in the Defence Sector with Canadian Post-Secondary Institutions or Public Research Institutions up to a maximum of one hundred (100) percent, stated as a percentage of the Bidder's Bid Price, not including options and measured in CCV, will receive two (2) points for every percentage of Bid Price identified.</p> <p>Commitment to R&amp;D Transactions in the Defence Sector with Canadian Companies up to a maximum of one hundred (100) percent, stated as a percentage of the Bidder's Bid Price, not including options and measured in CCV, will receive one (1) point for every percentage of Bid Price identified.</p> <p>The R&amp;D point accumulation is calculated by totalling the points accumulated in R&amp;D Activities in the Defence Sector with Canadian Companies and Post-Secondary Institutions or Public Research</p>

		<p>Institutions. The Bidder with the highest point accumulation for such commitments up to a maximum of one hundred (100) percent, will receive forty-five (45) points. All other bidders will be pro-rated down.</p> <p>Formula: (Bidders total R&amp;D Activity point accumulation divided by the highest bidder's R&amp;D Activity point accumulation) multiplied by 45 points.</p>
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4.1.3. Small and Medium Sized Businesses (SMBs):

The Small and Medium-sized Business (SMB) pillar will incentivize bidders to work with SMB across Canada, to integrate them into supply chains, and invest in developing their skills, capacity, quality and productivity so they can remain competitive in the global market.

**Table 4 – 3, Small and Medium Sized Businesses**

<b>Criteria</b>	<b>Available Points</b>	<b>Basis of Evaluation</b>
<u>Small and Medium Sized Businesses</u>		
Commitments to undertake Transactions with SMBs above 15 percent of Contract Price, up to a maximum of 100 percent	10	<p>Points will be awarded for Commitments to achieve Transactions based on the following:</p> <p>The Bidder with the highest Commitment to undertake Transactions with SMBs above fifteen (15) percent of Contract Price up to a maximum of one hundred (100) percent, stated as a percentage of the Bidder's Bid Price, not including options and measured in CCV, will receive ten (10) points. All other bidders will be pro-rated down.</p> <p>Formula: Bidders total SMB Commitment above 15 percent (up to a maximum of 100 percent), divided by the highest bidder SMB Commitment above 15 percent (up to a maximum of 100 percent), multiplied by 10 points.</p>

- 4.2. In the event that the Bidder identifies Commitments or proposed Transactions in its Proposal valued at more than 100 percent of the Bid Price, no additional points will be earned in the rated evaluation, above those outlined in the Evaluation Plan. Additionally in this event, the Obligation values in Article 3.1.1 of the Terms and Conditions (including the sub-obligations) would be increased to match the total value of those
- 4.3. One identified Transaction may be aligned with multiple criteria and will be scored as such, up to the maximum total points. All Transactions that meet the criteria in Section 3.2 and Commitments identified in the Proposal will be included as an Obligation to be achieved in the ensuing Contract.
- 4.4. In the event that the Bidder's total identified Transactions in the Proposal align with any of the three rated VP criteria, expressed as a percentage of Bid Price, is greater than the Bidder's Commitment in the same VP criteria as expressed in the Rated Criteria Certificate, the higher value will both be considered as the Bidder's Commitment in the rated evaluation described in Section 4, and as the Obligation to be achieved in Article 3 of the ensuing Contract.
- 4.5. Table 4-4 below summarizes the rated evaluation scoring:

**Table 4-4 – Transaction Scoring**

<b>Criteria</b>	<b>Available Points</b>	<b>Basis of Evaluation</b>
<b>Direct Transactions</b>	<b>45</b>	
Commitment		Commitment on signed rated criteria certificate (or percentage value of identified Direct Transactions, whichever is higher)
<b>Research and Development</b>	<b>45</b>	
Commitment		Commitment on signed rated criteria certificate (or percentage value of identified Research and Development Transactions, whichever is higher)
Portion of commitment involving Canadian Companies		Commitment on signed rated criteria certificate (or percentage value of identified Research and Development Transactions with Canadian Companies, whichever is higher)
Portion of commitment		Commitment on signed rated criteria certificate (or

involving Post-Secondary Institutions or Public Research Institutions		percentage value of identified Research and Development Transactions with Post-Secondary Institutions or Public Research Institutions, whichever is higher)
<b>Small and Medium Sized Businesses</b>	<b>10</b>	
Commitment		Commitment on signed rated criteria certificate (or percentage value of identified SMB Transactions, whichever is higher)
<b>Total Points</b>	<b>100</b>	

4.6. Total VP Score: The Bidder's scores for commitments will be totaled to reach a Total VP Score, which will then be weighted at twenty (20) percent of the total available score for the Project's overall bid evaluation.

## 5. PROCESS

- 5.1. The evaluation is led by the ITB Authority, with participation from representatives of the regional development agencies, and, if required, other subject matter experts.
- 5.2. Evaluation assessments and scoring will be carried out by consensus, wherein the Bidder's Proposal will be read, discussed and each evaluator will agree to a score for each rated element. Consensus on broader issues will be sought, such that evaluators agree on the need for and nature of any clarifying questions or advice sought from outside experts. Where consensus on scoring, issues or other questions cannot be reached following discussion, the ISED Evaluation Lead will make the final decision.
- 5.3. The ITB Authority will 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 evaluation team and outside officials.

**Land C4ISR Transition Software Support  
Contract (LTSSC)**

**Industrial and Technological Benefits (ITB)**

**Terms and Conditions**

## **TABLE OF CONTENTS**

1. Definitions
2. Canada's ITB Objectives
3. Statement of Obligations
4. Annual reporting
5. Contract price changes
6. Overachievement of Commitments
7. Transaction types
8. Transaction eligibility criteria
9. Canadian content value (CCV)
10. Strategic plans
11. Pooling
12. Banking
13. Public communications
14. Information management
15. Transaction alterations
16. Verification and access to records
17. Conflict resolution
18. Remedies
19. Changes to the Plans
20. Responsibilities of the parties
21. Compliance with the *Lobbying Act*
22. Contingency and/or success fees
23. List of approved Eligible Donors

### Appendices:

- A VP Commitments and Transactions
- B Transaction sheet – template
- C Annual Report - template
- D IF business plan - template
- E Defence Sector definitions

# 1. DEFINITIONS

- 1.1. Defined terms not otherwise defined in this document have the meaning given to them in the Contract. For the purpose of these ITB Terms and Conditions, unless the context otherwise requires, the following definitions apply:
- 1.1.1. **“Achievement Period”** means the period commencing on 09 February 2017 and ending five (5) years after the contract award date;
  - 1.1.2. **“Allowable Investment”** – For cash contributions, an Allowable Investment means a payment to, or a purchase of non-controlling common or preferred shares of, a Canadian Company. It does not include either the purchase of debentures or a repayable loan. For in-kind contributions, an Allowable Investment means a license for Intellectual Property (authorization to use the licensed material); equipment (equipment, software or systems to develop new or improved goods or 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 license for brand or trademarks);
  - 1.1.3. **“Canadian Company”** means a commercial enterprise that is incorporated pursuant to the laws of Canada and which has ongoing business activities in Canada;
  - 1.1.4. **“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;
  - 1.1.5. **“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; profitability analysis and financing; and, launch advertising;

- 1.1.6. **“Commitment(s)”** means the Contractor’s specific undertakings related to its Value Proposition (VP) activities, its Plans and its Transactions, as referenced in Appendix A;
- 1.1.7. **“Credit”** means the amount attributed to a Transaction, measured in Canadian content value (CCV), that has been achieved in whole or in part, as confirmed by written notice from the ITB Authority. All Transactions are subject to annual reporting and verification before Credit is awarded;
- 1.1.8. **“Defence Sector”** means businesses engaged in the manufacture and delivery of products and services for use in government defence and security applications including: i) primarily land-based, or man-portable or non-platform specific electro-optical, radar and sonar and other sensor/information collection systems, and fire control, warning and countermeasures systems and related components; ii) primarily land based, man portable or non-platform specific communications and navigation systems and other information systems including processing and dissemination, software, electronics and components; iii) simulation systems for land vehicles or ground-based systems, all as more particularly described in Appendix E;
- 1.1.9. **“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);
- 1.1.10. **“Direct Transaction”** means a Transaction that is entered into for the performance of any part of the Work (as detailed in *(insert location of Project SOW and activities)*);
- 1.1.11. **“Eligible Donor”** means the parent corporation of the Contractor, and all of the parent’s subsidiaries, divisions and subdivisions; and, the Contractor’s Tier-One suppliers related to the performance of the Work,

their respective parent corporations and all of the parent's subsidiaries, divisions and subdivisions. See Article 8.1.4.

- 1.1.12. **“Grouped Transaction”** means a Direct Transaction that has more than one Recipient. Grouped Transactions will only include activities involving Canadian suppliers with similar characteristics of product, size and/or region, specify regional and Small and Medium Business content, and will have a total Canadian content value (CCV) of not more than 10 percent of the Obligation contained in Article 3.1.1;
- 1.1.13. **“Indirect Transaction”** means a Transaction that is entered into for a business activity not related to the performance of any part of the Work under this Contract;
- 1.1.14. **“In-Kind Valuation”** means a valuation report, which is satisfactory to the ITB Authority, provided by a qualified party who possesses a professional designation related to business valuation or similar area of expertise. Valuation reports will contain (a) a statement from the qualified party regarding its expertise and adherence with the standards of its professional designation; and (b) a detailed valuation of the proposed in-kind contribution, including supporting assumptions. The Contractor or Eligible Donor will assume all costs associated with obtaining the In-Kind Valuation report;
- 1.1.15. **“Intellectual Property” or “IP”** means, for the purposes of these Terms and Conditions, all patents, inventions, trade-marks, copyrights, industrial designs, trade secrets, technical information and other intellectual property belonging to or licensed to a company;
- 1.1.16. **“ITB Authority”** means the Minister of Innovation, Science and Economic Development or any other person designated by that Minister 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 these Terms and Conditions;
- 1.1.17. **“Obligation”** means each of the contractual Obligations that the Contractor must meet, as set forth in Article 3, which are collectively referred to as the Obligations;
- 1.1.18. **“Overachievement”** means the amount by which the Contractor's Credits, awarded on a Transaction during the Achievement Period, are greater than

the original value for that Transaction;

- 1.1.19. **“Plans”** means the Plans prepared by the Contractor, that is 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*;
- 1.1.20. **“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;
- 1.1.21. **“Proposal”** means the proposal submitted by the Contractor on (*date*) bearing reference number (*xxx*);
- 1.1.22. **“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; and, is funded primarily from public resources and has established processes, systems, procedures and controls to ensure achievement of public objectives;
- 1.1.23. **“Recipient”** means the Canadian Company or organization that receives, from the Contractor or an Eligible Donor, the commercial or business activity described in a Transaction.
- 1.1.24. **“Reporting Period”** means each twelve month period within the Achievement Period upon which the Contractor’s annual reporting will be based. Notwithstanding the foregoing, the first Reporting Period may include more than 12 months in that it commences on the first day of the Achievement Period and ends on the last day of the twelfth month after the Effective Date of the Contract. Subsequent Reporting Periods will follow in consecutive twelve month periods until one year after the end of the Achievement Period;
- 1.1.25. **“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, within the Defence Sector as described in Article 1.1.8. 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. R&D Activities exclude any work defined as a Direct Transaction, including but not limited to Technical Investigation and Engineering Support (TIES);

- 1.1.26. **“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;
- 1.1.27. **“Shortfall”** means the amount by which the Contractor’s Credits, awarded on a Transaction during the Achievement Period, are less than the original value for that Transaction;
- 1.1.28. **“Small and Medium Business” or “SMB”** means a Canadian Company with fewer than 250 full-time personnel as of the date of entering into a Transaction. Agents and distributors of foreign goods and services, as well as subsidiaries of the Contractor or an Eligible Donor on any contract with IRB/ITB obligations, do not qualify as SMB;
- 1.1.29. **“Supplier Development”** means the Contractor or an Eligible Donor undertaking Transactions with Canadian Companies that are not part of its parent corporation or related subsidiaries;
- 1.1.30. **“Tier One Supplier”** means a company that performs a specific portion of the Work directly for the 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;
- 1.1.31. **“Transaction”** means a commercial or business activity involving the Contractor or an Eligible Donor and a Recipient, that is carried out by

means of a contract, sales agreement, license agreement, letter of agreement or other similar instrument in writing, and which has an identified dollar value. A Transaction meets all eligibility criteria, aligns with the Terms and Conditions with respect to valuation and Transaction types, and has been formally accepted as such in writing by the ITB Authority;

- 1.1.32. **“Value Proposition” or “VP”** means the portion of Commitments and Transactions, along with any other information, which was submitted in the Proposal at the time of the Bid; and,
- 1.1.33. **“World Product Mandate”** means a purchase of goods or services from a Canadian Company where there is a long term supplier relationship between the Contractor or an Eligible Donor and the Canadian Company, pursuant to which the Canadian Company has been legally authorized to carry out and has sole responsibility for specific activities, including the design, development, manufacture and marketing related to the supply of products, components, modules or services destined for domestic and world markets.

## **2. CANADA’S ITB OBJECTIVES**

- 2.1. Canada has responsibility to set in place programs and policies which ensure Canada’s significant investments in defence-related goods and services generate economic benefit to Canada that has long-term and high-value impacts on Canadian industry, and to establish ITB objectives which include:
  - 2.1.1. the economic development and long-term sustainment of Canada’s Defence Sector, by maximizing the amount of business activities in Canada involving work directly on the procurement and work in the Defence Sector more broadly;
  - 2.1.2. increased productivity and competitiveness among Canadian-based suppliers, through meaningful opportunities for growth and supply chain integration into major global systems suppliers;
  - 2.1.3. strengthened innovation and R&D in Canada, that positions Canadian Companies to move up the value chain, capture market opportunities and benefit from subsequent commercialization opportunities;
  - 2.1.4. Canadian Company success in tapping traditional and non-traditional

export markets that have been leveraged from the Project, sharing in long-term jobs and growth;

- 2.1.5. 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; and,
- 2.1.6. encouraging the participation of Canadian SMB as suppliers on major federal procurements and to increase their competitiveness and export market access.

### **3. STATEMENT OF OBLIGATIONS**

3.1. The Contractor will by the end of the Achievement Period:

3.1.1. Achieve not less than 100 percent (*or the total value of all Transactions identified in the Contractor's Proposal, whichever is higher*) of the Contract Price in CCV as Transactions, as specified in Appendix A, as updated from time to time.

3.1.2. Achieve the following Value Proposition Commitments:

3.1.2.1. Achieve not less than xx percent of the Contract Price (*to be inserted from the Contractor's Proposal and not less than 70 percent*) in CCV as Direct Transactions;

3.1.2.2. Achieve not less than xx percent of the Contract Price (*to be inserted from the Contractor's Proposal*) in CCV as Transactions involving Research and Development Activities, specifically:

3.1.2.2.1. Achieve not less than xx percent of the Contract Price (*to be inserted from the Contractor's Proposal*) in CCV as Transactions involving Research and Development Activities with Canadian Companies.

3.1.2.2.2. Achieve not less than xx percent of the Contract Price (*to be inserted from the Contractor's Proposal*) in CCV as Transactions involving Research and Development Activities with Post-Secondary Institutions or Public Research Institutions;

3.1.2.3. Achieve not less than xx percent of the Contract Price (*to be inserted from the Contractor's Proposal and not less than 15*

*percent*) in CCV for Small and Medium Business Transactions.

- 3.1.3. Achieve Transactions in the Designated Regions of Canada, as specified in Appendix A and representing no less than the following:

*[Note: Percentages below are calculated based on: CCV of Transactions identified in Proposal, divided by the Contract Price at the time of Contract award. The percentages will not change over the life of the Contract, but their corresponding dollar value may change if there are changes to the Contract Price.]*

- 3.1.3.2. Atlantic Region: xx percent;
- 3.1.3.3. Quebec Region: xx percent;
- 3.1.3.4. Northern Ontario Region: xx percent;
- 3.1.3.5. Southern Ontario Region: xx percent;
- 3.1.3.6. Western Region: xx percent; and
- 3.1.3.7. Northern Region: xx percent.

- 3.1.4. Submit to the ITB Authority proposed new Transactions along the following timeline:

3.1.4.2. At one (1) year following the Effective Date of Contract, such that the cumulative total of Transactions is not less than 60 percent of the Contract Price, including any exercised options, measured in CCV; and,

3.1.4.3. At three (3) years following the Effective Date of Contract, and for each additional contract option year exercised, such that the cumulative total of Transactions is not less than 100 percent of the Contract Price, including any exercised options, measured in CCV.

- 3.1.5. Carry out each and every Transaction as set out in the Transaction list attached at Appendix A, as amended from time to time.

- 3.1.6. The Contractor will submit through its annual report a summary of achievements against its Value Proposition Obligations in Articles 3.1.2 on the following timeline:

3.1.6.2. At two (2) years following the date of the Contract award such that the cumulative achievements against Value Proposition

Obligations total not less than 35 percent of total Value Proposition Obligations.

3.1.6.3. At four (4) years following the date of the Contract award such that the cumulative achievements against Value Proposition Obligations total not less than 75 percent of total Value Proposition Obligations.

3.1.6.4. By the end of the Achievement Period such that the cumulative achievements against Value Proposition Obligations total not less than 100 percent of total Value Proposition Obligations.

3.2. The Contractor will submit to the ITB Authority, through the Contracting Authority, annual reports describing the performance achieved during each Reporting Period. These reports will be submitted sixty (60) calendar days after the end of each Reporting Period. The Contractor will use the format and electronic template provided by the ITB Authority, as outlined in Article 4 (Annual Reporting).

3.2.2. As evidence of the achievement of the Obligations and compliance with the *Lobbying Act*, the Contractor will provide, appended to the annual report, a certificate of compliance, in the form provided in Appendix C, signed by the senior company Comptroller in respect of the Transactions for which there was activity in that Reporting Period. This certificate of compliance also applies to those achievements and activities of Eligible Donors.

## **4. ANNUAL REPORTING**

4.1. Each annual report will consist of five parts, as outlined below, using the template attached in Appendix C.

4.1.2. Part A must include:

4.1.2.2. Overview and status of the work on the Project:

- A high level overview of the work performed on the Project during the Reporting Period, including major highlights and schedule changes.

4.1.2.3. Progress Payments:

- A list of all the progress payment claims that have been submitted

to the Contracting Authority for Work completed since the Effective Date of the Contract, broken down by Reporting Period and including the amount, date submitted and payment status.

4.1.2.4. Plans:

- A description of any substantive changes to the Plans, including changes to company officials responsible for administering the Obligation.

4.1.2.5. Value Proposition Overview:

- A detailed overview of each of the Contractor's VP Commitments, the related activities during the Reporting Period and a cumulative summary of the achievement status of each.

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4.1.3. Part B must include, for each Transaction being reported:

4.1.3.2. An update on any changes to details, such as the CCV percentage or Recipient contact information;

4.1.3.3. A description of significant achievements and activities, particularly those associated with Transactions involving multipliers; and

4.1.3.4. A description of any delays, problems or achievement Shortfalls, along with a plan of action to resolve them.

4.1.4. Part C must include, for each Transaction being reported:

4.1.4.2. The CCV of the achievements claimed for the current Reporting Period.

4.1.5. Part D must include, for each Transaction reported:

4.1.5.2. The CCV of the achievements claimed to date in all the Reporting Periods since the beginning of the Achievement Period.

4.1.6. Part E must include:

4.1.6.2. SMB and regional development activities:

- Overview and highlights of activities undertaken during the

Reporting Period;

4.1.6.3. New, changed or cancelled Transactions:

- A list of 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; and

4.1.6.4. A certificate of compliance related to the Contractor's achievements and compliance with the *Lobbying Act*, signed by the senior company comptroller in respect of the Transactions for which there was activity in that Reporting Period. This certificate of compliance also covers all achievements of Eligible Donors.

## **5. CONTRACT PRICE CHANGES**

- 5.1. In the event that the Contract Price is increased or decreased, the Contractor's Obligations in Article 3.1 will correspondingly be either increased or decreased.
- 5.2. If the Contract Price increases after the third year following the Effective Date of the Contract, the Contractor will submit to the ITB Authority Transactions valued at 100 percent of the increase, measured in CCV, within one (1) year of the date of the increase.

## **6. OVERACHIEVEMENT OF COMMITMENTS**

- 3.1. The Contractor may achieve Credits for any Transaction in excess of its original value. When an Overachievement occurs, it may be applied against a Shortfall on another Transaction in this Contract or towards meeting the identification milestones in Article 3, as long as the relevant regional, SMB and VP Commitments are achieved. Applying an Overachievement requires the prior written approval of the ITB Authority.

## **7. TRANSACTION TYPES**

- 7.1. Transactions may be Direct Transactions or Indirect Transactions.
- 7.2. Transactions may involve the purchase of goods or services from a Canadian supplier. These Transactions are valued for Credit by calculating the CCV of the purchases, in accordance with Article 9.

- 7.2.2. SMB Transactions: A Transaction where an SMB is the Recipient, and the SMB's product or service has a CCV of at least seventy (70) percent, will have its Credit awarded as follows:
  - 7.2.2.2. the portion of the Transaction's CCV that is equal to or less than \$1,000,000 will be deemed to have 100 percent CCV for reporting and verification purposes;
  - 7.2.2.3. any portion of the Transaction's CCV that is over \$1,000,000 will use the actual CCV as calculated using Article 9.
- 7.2.3. World Product Mandate: When an Indirect Transaction involves a World Product Mandate and where the CCV of the product is verified to be seventy (70) percent or greater, the CCV will be deemed to be 100 percent for reporting and verification purposes.
- 7.3. Transactions may also involve Allowable Investments within Canada.
  - 7.3.2. The full CCV of any Allowable Investment Transaction, including both the initial investment and any multiplied or future sales Credits, are part of the Obligations. If the Contractor fails to achieve an Allowable Investment Transaction, the full CCV of this Obligation at the multiplied value will be made up with other Transactions, as detailed in Article 15, Transaction alterations.
  - 7.3.3. The specific requirements and Credit valuation approaches for different types of Allowable Investment Transactions are outlined below.
  - 7.3.4. ***Post-Secondary and Public Research Institution Transactions***
    - 7.3.4.2. A Transaction involving a contribution to a Post-Secondary or Public Research Institution will receive a Credit multiplier of five (5) if it involves: a cash contribution to a Post-Secondary Institution for research or the establishment of research chairs; a contribution to advanced technology skill development at a Post-Secondary Institution; or, collaborative research undertaken with a Public Research Institution.
  - 7.3.5. ***Consortium Transactions***
    - 7.3.5.2. A Transaction may involve an Allowable Investment to a

consortium, which meets the following membership criteria:

- the Contractor or an Eligible Donor;
- a minimum of one (1) Canadian Company, and;
- a minimum of one (1) Post-Secondary Institution or Public Research Institution.

7.3.5.3. Valuation for Credit purposes:

7.3.5.3.1. An initial value will be calculated, and will be the sum of the following:

- the value of cash contributions from the Contractor or an Eligible Donor to the consortium; and, the value of cash contributions from other consortium members, up to a maximum value equal to that of the contribution of the Contractor or an Eligible Donor, which have been leveraged by the Contractor or Eligible Donor's participation in the consortium. The Contractor or Eligible Donor will demonstrate how its involvement contributed to the contributions of the other consortium members.

7.3.5.3.2. Once the initial value is established, it will be multiplied by five (5).

7.3.5.3.3. The value of any in-kind contributions would then be added, based on an In-Kind Valuation. In-kind contributions to a consortium are not eligible for the Credit multiplier.

7.3.5.3.4. The following will not be eligible for Credit:

- Any contribution made to the consortium by Post-Secondary Institutions or Public Research Institutions; and
- Any contribution made directly into the consortium by any level of government.

7.3.5.4. Other Criteria

7.3.5.4.1. The combined total investment of non-Canadian Companies in the consortium will not exceed fifty (50) percent of the total investment in the consortium.

7.3.5.4.2. In cases where an Eligible Donor participates in the same consortium as the Contractor, separate transaction sheets will be submitted that describe the Contractor's and the Eligible Donor's individual contributions to the consortium. The Contractor and the Eligible Donor may only claim the Credits associated with the contributions that each has made or leveraged into the consortium.

### **7.3.6. *Investment framework (IF) Transactions***

7.3.6.2. A Transaction may involve a long-term and innovation-related contribution made directly to a Canadian SMB. IF Transactions will meet the following criteria:

- must be linked to Research and Development (R&D) Activities and/or Commercialization Activities in Canada;
- must be undertaken by the Contractor or an Eligible Donor with a Canadian SMB. For the purposes of the IF Transaction, the Contractor/Eligible Donor and Recipient cannot be the same company;
- must meet the Transaction eligibility criteria, as outlined in Article 8;
- must be an Allowable Investment;
- must have a duration of at least five (5) continuous years, beginning at the date the investment is made; and,
- A business plan must be submitted to the ITB Authority, substantially in the form attached in Appendix D.

7.3.6.3. Credit valuation:

- Allowable Investments made in cash will be valued based on the actual amount of money that has been invested. In-kind investments will be subject to an In-Kind Valuation.
- The following Credit multipliers will be applied to the value of the Allowable Investment:

- Cash for R&D Activities or license for IP – nine (9)
- Cash to purchase, or in-kind transfer of, equipment – seven (7)
- In-kind transfer of knowledge and/or marketing/sales support – four (4)

7.3.6.3.1. The total issued Credits associated with an IF Transaction will not exceed twenty-five (25) percent of the Obligation, specified in Article 3.1.1.

7.3.6.4. Timeline for Credit award:

- 50 percent of Credits will be awarded once the Allowable Investment is made according to the business plan, then reported to and verified by the ITB Authority. The remaining 50 percent of Credits will be apportioned over the remaining years of the Transaction, as annual reporting requirements are achieved.
- The entire investment must remain with the SMB for at least five (5) continuous years and be used for the purposes outlined in the business plan in order for Credit to be awarded each year.

**7.3.7. General investments**

7.3.7.2. Transactions may take the form of a general Allowable Investment to a Canadian Company for its business purposes.

**7.3.7.3. Valuation for Credit purposes:**

7.3.7.3.1. Credit is based on the CCV of future sales achieved by the Recipient as a result of the Allowable Investment.

- Eligible future sales are limited to work that is not associated with this Contract and to work that is not counted for Industrial and Regional Benefits (IRB) or ITB credit on any other contract or agreement.
- Eligible future sales will be pro-rated by multiplying the resulting future sales by the ratio of the Contractor's Allowable Investment in the Recipient, relative to either:
  - i) the Recipient's Capitalization at the time the investment was made (in cases of purchase of non-controlling shares);

or ii) the combined total contributions made by all parties in the activity (in all other cases).

7.3.7.3.2. In the case of a cash Allowable Investment, the value of the Allowable Investment itself will also be credited, once the Recipient's future sales achievement surpasses the amount of the Allowable Investment.

7.3.7.3.2.1. In the case of an in-kind Allowable Investment, the value of reasonable transfer costs, as determined by the ITB Authority, will be credited once the Recipient's future sales achievement surpasses the amount of the costs. Reasonable transfer costs include training and infrastructure set-up to exploit the technology. The value of the in-kind Allowable Investment itself will not be credited.

7.3.7.4. The Allowable Investment will remain with the Canadian Company 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 deduction of all Credits for the Transaction.

7.3.7.5. The capital associated with the purchase of a Canadian Company that is considered a "going concern" is not an Allowable Investment for ITB Credit. If the investment is for a Canadian Company that is insolvent, or has initiated, or had initiated in respect of it, any proceeding seeking relief under any bankruptcy or insolvency law, or similar law affecting creditors' rights, then the investment can be considered for ITB purposes.

7.3.7.6. General Allowable Investments will be assessed as to whether they:

7.3.7.6.1. help provide a capability that does not already exist in Canada;

7.3.7.6.2. develop joint ventures with Canadian Companies that contribute to their long-term viability and increase sales; and,

7.3.7.6.3. do not result in overcapacity, shutdowns of existing companies or losses of prospective sales by existing companies in Canada.

7.3.7.7. In-kind contributions related to technology and skills transfer will involve technology and skills that are proprietary, current, complete and exploitable, with all required permits and assistance, sufficient to allow the Recipient to participate in the design, development and manufacture of products or processes and exploit domestic and foreign markets. The Contractor or Eligible Donor will make available, upon request by the ITB Authority, any licensing agreement with the Recipient.

### **7.3.8. *Venture Capital Fund (VCF) Transactions***

7.3.8.2. VCF Transactions involve those instances where the Contractor or an Eligible Donor provides funds to a VCF. A VCF is a pooled group of investments directed at assisting the growth of Canadian small businesses and is managed by an unrelated third party.

7.3.8.3. VCF criteria:

- A VCF is any organization which manages investments, such as but not limited to banks, trust companies, venture capital funds, and investment companies. A VCF must be both registered to do business as such and managed in Canada.
- A high percentage of a chosen VCF's investment activity will be with small businesses involved in the development, manufacture or commercialization of advanced technology products or services in one or more 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.
- Canadian small businesses receiving the VCF investment will be

privately held and have 50 employees or less in service based industries or 100 employees or less in manufacturing based industries at the commencement of the investment. In the event that a small business decides to make an initial public offering, no further Credit will be granted by the ITB Authority for that company within the VCF Transaction.

- Initial investments by the VCF manager, including co-investments, in eligible small businesses will not exceed \$1,000,000.

#### 7.3.8.4. Valuation for Credit purposes:

- The Credit multiplier for VCF investments is five (5). Credit may be claimed for the initial contribution once the Contractor or Eligible Donor deposits it to the VCF. Credit for the remaining multiples may be claimed when the VCF manager assigns the funds to a Canadian small business as defined above.
- The VCF funds must remain with the 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 deduction of all Credits for the Transaction.
- The multiplied Credit related to VCF investments will not exceed 5 percent of the Obligation value in Article 3.1.1.

## 8. TRANSACTION ELIGIBILITY CRITERIA

8.1. Each proposed Transaction is assessed by the ITB Authority against all of the eligibility criteria outlined below:

8.1.1. **Causality** - each Transaction must be one which was brought about by either the Contractor or an Eligible Donor, due in part to a current or anticipated ITB or Industrial and Regional Benefit (IRB) obligation to Canada. It will not be one which probably would have been entered into if an obligation had not existed or been anticipated. Causality may be demonstrated to a specific project or more broadly to a company's obligations in general.

8.1.1.1. The Contractor or an Eligible Donor must demonstrate causality by providing a detailed statement on causality using the space provided

in the transaction sheet template attached at Appendix B. The statement will outline the steps and timelines involved in its decision about a business activity and clearly show the link between the steps and decision on that business activity and Canada's IRB/ITB policy.

8.1.1.2. The Contractor or an Eligible Donor must also provide evidence that will certify causality, in support of its detailed statement referred to in Article 8.1.1.1. A certification template is found in Appendix B.

8.1.2. **Timing** - Transactions will be implemented within the Achievement Period.

8.1.2.1. Transactions that are identified after the Effective Date of the Contract must only involve work occurring after the date that the Transaction was proposed to the ITB Authority.

8.1.3. **Incrementality** – Transactions will involve new work in Canada.

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

- A three-year average of previous purchases is calculated, based on the three years immediately preceding the date that the Transaction was proposed to the ITB Authority; and,
- Credit will be awarded only for the amounts which exceed the three year average, in each of the Reporting Periods.

8.1.3.2. The incremental method of calculation outlined in Article 8.1.3.1 does **not** apply in cases where the product or service being purchased in the Transaction:

- involves a Direct Transaction;
- is substantially different than what was previously purchased;
- involves a different end use (market sale, application, etc) for what was previously purchased; or,
- follows a competitive process to re-select the Canadian supplier.

8.1.3.3. The Contractor or an Eligible Donor will demonstrate incrementality by providing a statement on incrementality for every proposed

Indirect Transaction, using the template attached at Appendix B. The Contractor or an Eligible Donor will also provide supporting evidence of incrementality as indicated in the template.

8.1.4. **Eligible Donor** - Transactions will be undertaken by the Contractor or an Eligible Donor.

8.1.4.1. For proposed Eligible Donors that are Canadian Companies with less than 500 employees, the Canadian Company will certify that it understands and has the capacity to undertake Obligations with respect to this Contract. Capacity includes factors such as: company size, product offerings, market conditions, corporate ownership, management processes, and level of Canadian content. A certification template is attached in Appendix B. For Transactions proposed after the Effective Date of the Contract, Contractors must clearly demonstrate that the Canadian Company has the capacity to undertake ITB Obligations with respect to this Contract and the ITB Authority may seek additional information confirming Canadian Company capacity.

8.1.4.2. The Contractor, and not the Eligible Donors, will be fully responsible to Canada for all Obligations related to this Contract, regardless of any subcontracting arrangements with Eligible Donors.

8.1.4.3. The Contractor shall include in the subcontract with each Eligible Donor the consents, authorities and approvals that it requires to meet its obligations under these Terms and Conditions.

8.1.4.4. A list of approved Eligible Donors for the Contract is found in Article 23.

8.1.5. **Other Eligibility Criteria** –

8.1.5.1. Transaction Recipient – Transactions will have one Recipient, unless it is a Grouped Transaction. Government organizations cannot be Recipients, unless it is a Public Research Institution.

8.1.5.2. Level of Technology – Indirect Transactions will involve a level of technology that is the same or higher than that of the Project, with applications in Canadian advanced technology industries.

- 8.1.5.3. CCV – Indirect Transactions will have a CCV of no less than 30 percent of the total value of the Transaction.
- 8.1.5.4. Alignment with policy features – Transactions will comply with any specific criteria and valuation features outlined within these Terms and Conditions.
- 8.2. The ITB Authority will assess eligibility prior to a proposed Transaction becoming an Obligation in the Contract. Contractors should note that all Transactions are subject to annual reporting and verification before Credits are confirmed.
- 8.3. Failure to provide the information and certifications outlined in the above articles may result in a proposed Transaction being rejected. Further, the provision of this information and certification should not be seen as limiting the discretion of the ITB Authority in any decisions related to the eligibility of proposed Transactions.

## **9. CANADIAN CONTENT VALUE (CCV)**

- 9.1. CCV is that portion of the value of a product or service that involves Canadian costs. For the purposes of valuing Transactions and their associated Credits, only the CCV of a Canadian Company’s product or service is counted. The CCV of a Transaction is determined by using either the net selling price method or the cost aggregate method.
  - 9.1.1. Net selling price method: This method is used when a product or service included in a Transaction has a substantiated selling price. This method of calculating CCV is as follows:
    - 9.1.1.1. Begin with the total selling price of the product or service;
    - 9.1.1.2. Minus the applicable customs duties, excise taxes, Goods and Services Taxes (GST), Harmonized Sales Taxes (HST) and all provincial sales taxes; and,
    - 9.1.1.3. Minus any ineligible costs, as detailed in Article 9.2.
    - 9.1.1.4. The remaining value is the CCV.
  - 9.1.2. Cost aggregate method: This method is used where a product or service contained in a Transaction cannot be assigned a substantiated selling price (i.e. in-house production). This method of calculating CCV is the

aggregate of the following items:

- 9.1.2.1. 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 product in the factory of the manufacturer in Canada;
- 9.1.2.2. the cost of parts or materials of Canadian origin, in that they have been exported from Canada and subsequently imported into Canada as parts or finished goods;
- 9.1.2.3. 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 product, to the extent that such costs are not included in the foregoing paragraph; and
- 9.1.2.4. such part of the following costs, as are reasonably attributable to the production or implementation of the product, service or activity:
  - wages and salaries paid for direct and indirect production and non-production labour, paid to employees residing and working in Canada, who are Canadians or permanent residents, as defined in the *Immigration and Refugee Protection Act 2001*, c.27;
  - materials of Canadian origin used in the work but not incorporated in the final products;
  - utilities paid in Canada, such as light, heat, power and water;
  - workers compensation, employment insurance and group insurance premiums, pension contributions and similar expenses incurred with respect to wages and salaries of Canadians or permanent residents referred to above;
  - taxes on land and buildings in Canada;
  - fire and other insurance premiums relative to the production plant, its equipment and production inventories, paid to a company authorized by the laws of Canada or any province to carry on business in Canada or such province;
  - rental for factory or office premises in Canada paid to a registered

owner in Canada;

- maintenance and repairs that are executed in Canada to buildings, machinery and equipment used for production purposes;
- tools, dies, jigs, fixtures and other similar plant equipment items of a non-permanent nature that have been designed, developed or manufactured in Canada;
- engineering and professional services, experimental work and product or process development work executed and completed in Canada by Canadians or permanent residents;
- Research and Development Activities performed in Canada;
- miscellaneous factory and office expenses paid in Canada, 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) percent of the total capital outlay incurred for buildings in Canada owned by the producer of the work;
- travel expenses, including Canadian carriers, accommodations and meals, for travel by Canadians or permanent residents that are specifically associated with Direct Transactions in the Contract;
- fees paid for services performed by Canadians or permanent residents in Canada not elsewhere specified; and
- pre-tax net profit upon which Canadian taxes are paid or are payable.

9.2. Costs or business activities that are ineligible for Credit:

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

9.2.2. in the case of an Indirect Transaction, the value of raw materials and Semi-processed Goods exported from Canada;

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

- 9.2.4. the amount of all Excise Taxes, Import Duties, Federal and Provincial Sales Taxes, Goods and Services Taxes, Harmonized Sales Taxes and other duties;
- 9.2.5. the value of any royalties and license fees paid by the Contractor or an Eligible Donor to a person, company or entity outside of Canada;
- 9.2.6. the value of goods and services with respect to which Credits have been received or are being claimed by the Contractor or an Eligible Donor as a Transaction to Canada under any other obligation or agreement;
- 9.2.7. any proposal or bid preparations costs;
- 9.2.8. all transportation or travel costs not covered under Articles 9.1.2.3 or 9.1.2.4;
- 9.2.9. the cost of government furnished equipment (equipment supplied by Canada to be used in the production process; for example, tooling, jigs, dies, production equipment);
- 9.2.10. license fees paid by the Recipient and any on-going royalty payments;
- 9.2.11. Transactions claimed by a Contractor that pertain to its influence or that of an Eligible Donor over any country's purchasing agent/department;
- 9.2.12. interest costs associated with letters of credit or other financial instruments to support Transactions;
- 9.2.13. fees paid to lobbyists (as per the *Lobbying Act*); and
- 9.2.14. fees paid to third-party consultants or agents for work related to obtaining Credit against this Contract. This includes, but is not limited to: providing advice on the ITB/IRB policy; preparation of proposed Transactions and/or reports; representing the interests of the Contractor to the ITB Authority; and/or searching for potential Recipients.

## **10. STRATEGIC PLANS**

- 10.1. Contractors are encouraged to address their ITB obligations in a strategic manner, considering how the Contractor's broad corporate plans and vision for Canada might translate in Transactions.

- 10.2. At the discretion of the ITB Authority, Contractors that hold IRB/ITB obligations in Canada may be asked to submit a strategic plan to the ITB Authority and to meet to review, discuss and/or update it.
- 10.3. The Contractor's strategic plan would include:
  - 10.3.1. 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);
  - 10.3.2. How these corporate plans and vision may translate into Transactions;
  - 10.3.3. An overview of the Contractor's current and anticipated obligations to Canada; and,
  - 10.3.4. ITB partnerships with Eligible Donors and major suppliers.

## 11. POOLING

- 11.1. **Pooling** refers to the act of splitting the Credits achieved on a single Transaction and applying each portion to one of two or more obligations.
- 11.2. Pooled Transactions must meet the following criteria:
  - 11.2.1. meet all of the Transaction eligibility criteria as described in Article 8;
  - 11.2.2. have a value of not less than \$50 million, measured in CCV; and
  - 11.2.3. have strategic and long term impacts on the Recipient, including but not limited to: R&D support; first purchase of innovative Canadian technologies; World Product Mandate; global value chain activities; consortia activities; Small and Medium Business activities; and/or technology advancement.
- 11.3. The Contractor must describe and document how any proposed transaction for pooling meets the criteria in Article 11.2.
- 11.4. A portion of a pooled Transaction may be applied to this Contract. The Contractor will report on the pooled Transaction through the annual reporting process and schedule agreed to with the ITB Authority at the time of pooled Transaction approval.

- 11.5. If a portion of a pooled Transaction originates in the bank and Credits have already been confirmed, the value of those Credits will transfer to this Contract, if the Eligible Donor criterion is met. In addition, any uncredited Transaction value, measured in CCV, will also be transferred to the Contract and be subject to the annual reporting and verification processes and the remedies in these Terms and Conditions.
- 11.6. Pooling guidelines are available on the ITB Website ([www.canada.ca/itb](http://www.canada.ca/itb)).

## **12. BANKING**

- 12.1. The Contractor may apply bank transactions to this Contract up to a total value of 50 percent of the Obligation cited in Article 3.1.1, measured in CCV.
- 12.2. Any bank transaction applied to this Contract, or portion thereof, will clearly state that it originated from the bank and be the same in description and details as the approved bank transaction. The bank transaction must meet the Eligible Donor criteria outlined in Article 8.1.4.
- 12.3. The Contractor may submit bank overachievements to the bank arising from Transactions in this Contract. For the purposes of banking, a bank overachievement is the amount of Credit achieved that exceeds the Obligation in Article 3.1.1 and where the Contractor has:
  - 12.3.1. Completed its Obligations in Article 3.1.1 through 3.1.3 on the Contract, before the end of the Achievement Period;
  - 12.3.2. elected to continue business activities on selected Transactions and to continue its annual reporting process until the end of the Achievement Period; and,
  - 12.3.3. applied to bank, within one (1) year after the final notification of Credits from the ITB Authority, those overachieved portions of the selected Transactions.
  - 12.3.4. Apply to bank only those bank overachievements that:
    - 12.3.4.1. Were achieved between the date of early completion of the Obligations and the end date of the Achievement Period.
    - 12.3.4.2. Reflect the achievement of all portions of a pooled Transaction (if

applicable).

- 12.4. With respect to any bank transaction involving a bank overachievement, the bank account holder is deemed to be the donor for the purposes of assessing the Eligible Donor criteria.
- 12.5. A bank transaction involving a bank overachievement, or any portion thereof, is not eligible to be re-banked at a later date as part of a subsequent bank overachievement.
- 12.6. Trading and/or transfer between companies of bank transactions is not permitted.
- 12.7. Banking guidelines are available on the ITB Website ([www.canada.ca/itb](http://www.canada.ca/itb)).

### **13. PUBLIC COMMUNICATIONS**

- 13.1. The Contractor, its Eligible Donors and/or Recipients are encouraged to be as transparent as possible regarding the Obligations, Commitments and specific Transactions, making them publicly available whenever possible.
- 13.2. The Contractor and the ITB Authority will jointly coordinate public communications related to the Transactions. The two parties will also collaborate to identify success stories associated with specific Transactions.
- 13.3. The Contractor consents to public announcements regarding the Project, made by or on behalf of the ITB Authority, which are related to Obligations, Commitments and Transactions. 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. The Contractor will obtain a similar consent from each of the Eligible Donors and Recipients.
- 13.4. The Contractor consents to allow the ITB Authority to publish and openly disclose the Contractor's track record in fulfilling its Obligations, in a manner that respects commercial confidentiality.
- 13.5. For all other public communications regarding the Transactions, 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 a proposed

announcement.

- 13.6. Nothing in this Article will be interpreted as preventing the fulfillment by any company involved in an Obligation or Transaction of its reporting obligations under applicable securities laws.

## **14. INFORMATION MANAGEMENT**

- 14.1. It is understood and agreed that the Contractor will submit corporate and transactional business information to the ITB Authority in the implementation of these Terms and Conditions and/or through a strategic plan, some of which may contain information that is sensitive and confidential to the Contractor. The ITB Authority will ensure, to the best of its ability, that this information is protected, stored and used according to the Government of Canada's information management and security guidelines.
- 14.2. The Contractor agrees that the overall, aggregate information related to Obligations, Transactions and Credits is considered by the ITB Authority to be information available to Parliament and the public.
- 14.3. Subject to all applicable federal laws and processes, such as the *Access to Information Act*, the *Privacy Act* and the *Library and Archives of Canada Act*, the ITB Authority will not release or disclose outside the Government of Canada any of the Contractor's commercially confidential business information.
- 14.3.1. 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 and agencies with whom the ITB Authority collaborates in the administration of the ITB policy.

## **15. TRANSACTION ALTERATIONS**

- 15.1. The Contractor will not alter the Transactions listed in Appendix 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 Transaction(s) listed in Appendix 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 in Article 3 of these Terms and Conditions are maintained;
  - 15.2.3. the proposed alterations or substitutions meet the eligibility criteria stated in these Terms and Conditions;
  - 15.2.4. the proposed substitute Transaction is not less than the Transaction to be replaced as to the level of technological sophistication of the work to be performed, the CCV, and the extent to which it meets the original Value Proposition Proposal submitted by the Contractor in its bid submission. For greater clarity, a Transaction in one VP evaluation criteria area must be replaced by a new Transaction under the same VP evaluation criteria area; and,
  - 15.2.5. the proposed substitute Transaction would not have lowered the Contractor's VP score as determined in the original selection process.
- 15.3. Mutual Abatement and Trading
- 15.3.1. Mutual Abatement is the reduction of the Contractor's Obligation in exchange for the reduction of a Canadian Company's obligations to a foreign offset authority and is not permitted. Trading of Obligations, or of Credits, is also not permitted.
- 15.4. If, during the term 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, Obligations may not be met, the Contractor will immediately notify the ITB Authority through the Contracting Authority. The Contractor will fully describe the issue and 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 a Canadian Company. In such instances, the Obligations shall be reduced to the extent the CCV associated with the change differs from the CCV of the original Work. Notwithstanding the foregoing, the Obligation in Article 3.1.1 will remain.

## **16. VERIFICATION AND ACCESS TO RECORDS**

- 16.1. The Contractor will implement the procedures and practices as described in the ITB Management Plan.
- 16.2. The Contractor will keep proper records and all documentation relating to the Transactions attached to this Contract, including invoices and proof of payments. The Contractor will 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 under this Contract, until settlement of all outstanding claims and disputes, or the end of the Achievement Period, whichever is later.
- 16.3. All such records and documentation will, during the aforementioned retention period, be open to verification, inspection and examination by the ITB Authority, through access at reasonable times, and within sixty (60) calendar days of being notified by the ITB Authority. The Contractor will obtain similar undertakings in the subcontracts of all Eligible Donors and arrange for the same in respect of work performed by such Eligible Donors for which ITB Credits are claimed.
- 16.4. 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 Obligation or Commitment, the Contractor will provide such additional information as may be required by the ITB Authority.
- 16.5. Where it cannot be verified that a Transaction has been achieved as claimed, that portion of the 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.
- 16.6. If the ITB Authority determines that a significant deficiency in the Contractor's achievements exists such that the ITB Authority believes that the Contractor will not meet its Obligations, 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 the deficiency. The Contractor will submit its proposal within sixty (60) calendar days of receipt of such notice. If the proposal is not provided within this time period or is not acceptable to the ITB Authority, the ITB Authority may request the Contracting Authority to terminate the Contract.

## **17. CONFLICT RESOLUTION**

- 17.1. The ITB Authority and the Contractor acknowledge that they have entered into a long-term relationship, with the goal that the Contractor achieves the Obligations and Commitments stated herein, delivers long-term economic benefits to Canada and carries out these Terms and Conditions.
- 17.2. 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 (i.e. ITB and contract managers) and at the management level (i.e. Departmental and Executive officials). Discussions will be frequent and ongoing over the life of the Contract.
- 17.3. 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.

## **18. REMEDIES**

- 18.1. 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 Transaction identification schedule outlined in Article 3 and the annual reporting process outlined in Article 4. 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 Obligations in this Contract.
- 18.2. Notwithstanding the terms of this Contract that provide remedies in the event of default by the Contractor, one or more of the following remedies may be exercised in the event of default under these Terms and Conditions. Some or all remedies may apply, but combined will not exceed 10 percent of the overall Contract Price. In the event of a default by the Contractor of its obligations pursuant to these Terms and Conditions, the remedies contained in this Article are in addition to, and not in substitution for, any remedies provided elsewhere in the Contract.

### 18.3. Holdback/Stop Payment

18.3.1. If the Contractor has failed to meet any of its Obligations contained in Article 3.1.4 and 3.1.6 the ITB Authority will notify the Contractor in writing, through the Contracting Authority, of such deficiency and Canada may apply a holdback (the Holdback) from any claim for payment then due or payable under the Contract.

18.3.2. With respect to the Holdback, a cure period of sixty (60) calendar days (the Cure Period), beginning on the date of notification to the Contractor by the ITB Authority, will apply before the Holdback takes effect.

18.3.2.1. Within the Cure Period, the Contractor may take corrective action by providing to the ITB Authority a corrective action plan to remedy the deficiency. If the plan is accepted by the ITB Authority, no Holdback will be made.

18.3.2.2. If, after the Cure Period, the plan has not been delivered, or if delivered, has not been accepted pursuant to Article 18.3.2.1, then the following amounts of subsequent claims for payment will be withheld:

- For Obligations contained in Article 3.1.2, the Holdback will be equal to 20 percent of each deficiency; and
- For all other Obligations, the Holdback will be equal to 10 percent of the greatest deficiency.

18.3.2.3. The Holdback will accrue until it reaches the amount of the deficiency, or until the Contractor submits a plan that is approved by the ITB Authority, whichever occurs first.

18.3.3. The Holdback will be released progressively as the deficiency is extinguished. During the Holdback period, the ITB Authority will confirm the amount of Credits achieved and/or Transactions identified within a reasonable amount of time from when the claims or proposed Transactions are submitted by the Contractor. The corresponding amount of the Holdback will be released when the next payment under the Contract is made.

### 18.4. Liquidated Damages

18.4.1. If the Contractor fails to achieve any of the Obligations in Article 3.1.1, 3.1.3, and/or 3.1.5 by the end of the Achievement Period, after taking into account the provisions of Article 6, Canada may in its sole discretion elect to require the Contractor to pay to Canada as liquidated damages 10 percent of the total deficiency, less the amount of any Holdback.

18.4.1.1. In the event that a deficiency is comprised of more than one of the Obligations in Articles 3.1.1., 3.1.3, and 3.1.5, the Contractor will be liable only for the deficiency that arises under the Obligation that results in the highest liquidated damages.

18.4.2. If the Contractor fails achieve any of the VP Obligations in Article 3.1.2 by the end of the Achievement Period, after taking into account the provisions of Article 6, Canada may in its sole discretion require the Contractor to pay to Canada as liquidated damages 20 percent of the total deficiency, less the amount of any Holdback.

18.4.2.1. In the event that a deficiency is comprised of more than one of the Obligations in Articles 3.1.2 the Contractor will be liable in respect to Article 18.4.2 under all deficiencies on an additive basis.

18.4.3. The obligation of the Contractor to pay liquidated damages, if such obligation exists, pursuant to Article 18.4.1 or 18.4.2, will be triggered by notice by either the Minister or the Deputy Minister of Public Works and Government Services to the Contractor, stating that the Contractor is in default under the Contract for failure to achieve the identified Obligations within the Achievement Period and that Canada is demanding payment of liquidated damages in accordance with this Article.

## 18.5. Contract Termination

18.5.1. Default by the Contractor - In the event that this Contract is terminated for default pursuant to Section *X* of General Conditions *Y*, the ITB Authority will notify the Contractor, and the Contractor will identify Transactions within 6 months of the date of termination equal to 100 percent of the value of Contract Price.

18.5.1.1. The Contractor will then, within 60 days of the date of termination, in its sole discretion, elect either:

- To take action to achieve all identified Transactions with 1

year; or,

- To pay Canada as liquidated damages the amount calculated in accordance with Article 18.4, less the amount of any Holdback, after taking into account the provisions of Article 6.

18.5.1.2. For the purposes of Article 18.5.1.1, the amount of liquidated damages shall be calculated on the basis of the Contract Price. If the Contractor fails to identify the Transactions within the time period in Article 18.5.1, then the requirement to pay liquidated damages as set out in Article 18.5.1.1 shall apply.

18.5.1.3. The parties agree that Canada's right under Section *X* of General Conditions *Y* to terminate the Contract for default shall not apply to a failure to meet the Contractor's Obligations under these Terms and Conditions, unless the Contractor fails or neglects, within sixty (60) days of the ITB Authority's demand to do so, to satisfy any of the material Obligations listed below:

- Pay the liquidated damages amounts required by Article 18.4; and
- Satisfy its VP Obligations described in Article 3.1.2.

18.5.1.4. The Parties agree that: the obligations contained in Article 18.5.1.3 constitute material obligations under the Contract; and, the obligations contained in Article 18.5.1.1 shall survive termination of the Contract.

18.5.2. Termination for Convenience - In the event that this Contract is terminated for convenience pursuant to Section *X* of General Conditions *Y*, the Contractor will have no further obligations and liabilities under these Terms and Conditions,, including any liabilities arising from VP Obligations. In the event of partial termination of the Contract under Section *X* of General Conditions *Y*, the Contractor will be released from the terminated portions of the Obligations and from the provisions of Article 3 as it relates to such terminated portions.

## 18.6. Letter of Credit

18.6.1. In the event that the Contractor has not completed its Obligations at the time of completing the Work under the Contract and being entitled to

receipt of the final progress payment from Canada, the Contractor may be required to provide to Canada a guarantee for completion of the Obligations prior to the expiration of the Achievement Period in the form of a letter of credit. The letter of credit will be in the amount of monies that would be owing by way of liquidated damages should the Contractor not achieve any further Credits after the date of the final progress payment.

18.6.2. The letter of credit will be:

- issued by a financial institution which is a member of the Canadian Payment Association;
- in form and substance satisfactory to the ITB Authority;
- solely at the cost of the Contractor;
- abated as set forth below;
- unconditional and irrevocable; and,
- subject to the Uniform Customs and Practice for Documentary Credits, as set out in Publication No. 600, July 2007.

18.6.3. The letter of credit will remain in force until the earliest of:

- the achievement of the Obligations; and
- six months following the submission of the ensuing final annual report at which time the letter of credit will be abated in full and will be returned by Canada to the Contractor. Provided that, if the Obligations have not been achieved, Canada will draw down on the letter of credit in the amount of the outstanding Obligations prior to returning it to the Contractor.

18.6.4. The obligation of the financial institution to pay under the letter of credit will be triggered by notice executed by the Contracting Authority to the issuing bank, stating that the Contractor is in default under the Contract for failure to achieve the Obligations within the Achievement Period, that Canada has made a demand by notice for payment of liquidated damages in accordance with the liquidated damages articles and that the Contractor has failed to pay Canada such liquidated damages. No other event will trigger payment under the letter of credit.

18.7. 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 amounts owing under this Contract.

18.8. 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 the Contract by the Contractor.

- 18.9. Actual damages which would be sustained by Canada in the event of a breach by the Contractor of the Obligations in 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.

## **19. CHANGES TO THE PLANS**

- 19.1. The Contractor may propose revisions to the Plans. Any proposed revisions must be agreed to by the ITB Authority in writing. Revisions will be made by administrative amendment, executed by the Contracting Authority.

## **20. RESPONSIBILITIES OF THE PARTIES**

- 20.1. The award of this Contract to the Contractor resulted from a procurement process in which the Contractor committed to fulfill the Obligations set out in Article 3, Statement of Obligations.
- 20.2. It is the responsibility of the Contractor to ensure that it can complete the Transactions and that these are not limited by applicable laws, regulations, policies or standards.

## **21. COMPLIANCE WITH THE *LOBBYING ACT***

- 21.1. The Contractor represents, warrants and undertakes that it and the Eligible Donors are and will remain in compliance with Canada's *Lobbying Act* with respect to these Terms and Conditions.

## **22. CONTINGENCY AND/OR SUCCESS FEES**

- 22.1. The Contractor represents warrants and undertakes that neither it nor an Eligible Donor will make or agree to make any payment to an individual, company or entity that is contingent on the approval of Credit by the ITB Authority under these Terms and Conditions or upon the entity's success in arranging meetings with public office holders.

22.2. The ITB Authority acknowledges that the Contractor, for the purposes of making the representation and warranties in Articles 21.1 and 22.1 on behalf of the Eligible Donors, has relied on a representation provided by each of them to it.

### **23. LIST OF APPROVED ELIGIBLE DONORS**

23.1. The Eligible Donors to this Contract include the companies and coordinates listed below:

*[List to be included at contract award]*

## **APPENDIX A – VALUE PROPOSITION COMMITMENTS, PLANS AND TRANSACTIONS**

Value Proposition Commitments – to be referenced from Contractor’s Proposal.

Plans – to be referenced from Contractor’s Proposal

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

Transaction # and Version	Title	Description	Donor	Recipient	CCV\$
					<i>Sub-totals for direct, indirect, regional, SMB and VP criteria</i>

# APPENDIX B – TEMPLATE – TRANSACTION SHEET

(Electronic copy available on ITB website)

## Industrial and Technological Benefits (ITB) Transaction Sheet

\*Please complete the yellow highlighted areas.

### Section 1: Transaction overview

Transaction title and number:

Date of submission to ITB Authority:

Tranche (1, 2, or 3):

### Section 2: Contractor information

Canadian procurement project:

Company name:

ITB contact name:

Email:

Telephone:

Address:

City:

Province/state:

Country:

Postal/zip code:

### Section 3: Donor information

Company name:

ITB contact name:

Email:

Telephone:

Address:

City:

Province/state:

Country:

Postal/zip code:

Description of core capabilities:

Tier level:

Number of employees:

**Section 4: Recipient information**

Company name:

ITB contact name:

Email:

Telephone:

Address:

City:

Province:

Country:

Postal code:

Description of core capabilities:

Description of transaction quality and impact on recipient:

Number of employees:

Small- and medium-sized business?

Tier level:

**Section 5: Valuation and time phasing**

Total of transaction OR initial investment (as applicable):

Multiplier (if applicable):

Canadian Content Value (CCV) % of recipient:

Estimated future sales (if applicable):

CCV \$ of transaction:

**Commitment schedule:**

Period	Total CCV	SMB	Atlantic	Quebec	Ontario	N. Ontario	West	North
1								
2								
3								

**Section 6: Transaction details**

Direct:

Indirect:

Pooled:

Banked:

<b>Description of transaction:</b>		
<b>Value Proposition (VP) Activity:</b>		
<input type="radio"/> Yes <input type="radio"/> No		
<b>Direct:</b>	<input type="radio"/> Yes	<input type="radio"/> No
<b>R&amp;D with Canadian Company:</b>	<input type="radio"/> Yes	<input type="radio"/> No
<b>R&amp;D with Post-Secondary Institutions or Public Research Institutions</b>	<input type="radio"/> Yes	<input type="radio"/> No
<b>Small and Medium Business:</b>	<input type="radio"/> Yes	<input type="radio"/> No
<b>Justification for VP classification:</b>		
<b>Activity Type:</b>		
<b>Activity type:</b>	<input type="radio"/> Consortium <input type="radio"/> Investment Framework <input type="radio"/> General investment – cash <input type="radio"/> General investment – in kind <input type="radio"/> Post-secondary investment <input type="radio"/> Purchase <input type="radio"/> Venture Capital Fund (VCF)	
<b>NAICS categorizing type of business activity</b>	<b>Primary NAICS:</b>	
	<b>Secondary NAICS (optional):</b>	
	<b>Tertiary NAICS (optional):</b>	
<b>Section 6: Transaction details (Continued)</b>		
<b>Business activity type (Check ONE that applies best):</b>		
<b>Defence</b>		

<ul style="list-style-type: none"> <li>○ Ammunition and Other Munitions</li> <li>○ Missies and Rockets</li> <li>○ Firearm and Other Weapons</li> <li>○ Military Systems Deployed in Space, Space Launch Vehicles, Land-based Systems for the Operation, Command and Control of Space Launch Vehicles or Systems Deployed in Space and Related Components</li> <li>○ Primarily Airborne Electro-Optical, Radar, Sonar and Other Sensor/Information Collection Systems, Fire Control, Warning and Countermeasures Systems and Related Components</li> <li>○ Primarily Land-Based or Man-Portable Electro-Optical, Radar, Sonar and Other Sensor/Information Collection Systems; Fire Control, Warning and Countermeasures Systems and Related Components</li> <li>○ Primarily Airborne Communications and Navigation Systems, and Other Information Systems (Including Processing and Dissemination), Software, Electronics and Components</li> <li>○ Primarily Land-Based, Man-Portable or Non-Platform Specific Communications and Navigation Systems; and Other Information Systems (Including Processing and Dissemination), Software, Electronics and Components</li> </ul>	<ul style="list-style-type: none"> <li>○ Naval Ship-Borne Mission Systems and Components</li> <li>○ Naval Ships' Structural Elements, Platform Systems, Parts, &amp; Components (EXCLUDES: Ship-borne Naval Mission Systems)</li> <li>○ New Naval Vessels Constructed by Shipyards, and Naval Conversions</li> <li>○ Naval Ship Maintenance, Repair and Overhaul</li> <li>○ Combat Vehicles and Components</li> <li>○ Combat Vehicles Maintenance, Repair &amp; Overhaul</li> <li>○ Military Aircraft Maintenance, Repair &amp; Overhaul Services</li> <li>○ Aircraft Fabrication, Structures and Components</li> <li>○ Unmanned Aerial Systems/Vehicles (UAS/V) and Components</li> <li>○ Simulation Systems for Aircraft</li> <li>○ Simulation Systems for Naval Vessels</li> <li>○ Simulation Systems for Land Vehicles or Other Applications</li> <li>○ Military Training Services-Live, Virtual and Constructive (LVC)</li> <li>○ Military Personal Protective Equipment, Load Carriage Systems and Operational Clothing</li> </ul>
	<ul style="list-style-type: none"> <li>○ Other (Please specify):</li> </ul>
<b>Civil Aerospace</b>	
<ul style="list-style-type: none"> <li>○ Aircraft (Fixed-Wing, Tilt, and Rotorcraft)</li> <li>○ Aircraft Structures and Components</li> <li>○ Unmanned Aerial Systems/Vehicles (UAS/V)</li> <li>○ Landing Gear Systems and Components</li> <li>○ Aircraft Propulsion Systems and Components</li> <li>○ Airborne Avionics and Electronics Systems and Components</li> <li>○ Simulation Equipment Systems and Components</li> </ul>	<ul style="list-style-type: none"> <li>○ Maintenance, Repair and Overhaul Services</li> <li>○ Commercial Systems Deployed in Space, Space Launch Vehicles, Land-based Systems for the Operation, Command and Control of Space Launch Vehicles or Systems Deployed in Space, and Related Components</li> <li>○ Government Non-Military Systems Deployed in Space, Space Launch Vehicles, Land-based Systems for the Operation, Command and Control of Space Launch Vehicles or Systems Deployed in Space and Related Components</li> </ul>
	<ul style="list-style-type: none"> <li>○ Other Civil Aerospace (Please specify):</li> </ul>
<b>Civil and Commercial Marine</b>	
<ul style="list-style-type: none"> <li>○ Shipbuilding, Ship Hulls and Structural Components</li> <li>○ Ship Propulsion Systems, Electrical Power Systems and Related Components</li> <li>○ Ship-borne Software, Sensors, Electronics, Navigation Systems, and Equipment Control Systems and Components</li> </ul>	<ul style="list-style-type: none"> <li>○ Offshore Oil and Gas Structures and Components</li> <li>○ Marine Sciences and Ocean Technology (Other Acoustic, Radar, Sonar, Communication, Surveying, Mapping, Imaging and Geomatics Equipment, Components and Services)</li> <li>○ Unmanned Marine Vehicles, Manned Sub-Surface Vehicles</li> </ul>

<ul style="list-style-type: none"> <li>○ Ship Repair and Maintenance Services</li> <li>○ Ship Design, Engineering and Related Professional Services</li> </ul>	and Marine Robotics and Components	
	<ul style="list-style-type: none"> <li>○ Other (Please specify):</li> </ul>	

**Investment Framework (if applicable):**

**Allowable investment types:**

<ul style="list-style-type: none"> <li>○ Cash grant</li> <li>○ Cash purchase of shares</li> <li>○ Licence for brand or trademark</li> <li>○ Licence for IP</li> <li>○ Loan of employee for marketing/sales support</li> </ul>	<ul style="list-style-type: none"> <li>○ Loan of employee for technical/managerial support</li> <li>○ Transfer of equipment</li> <li>○ Transfer of software</li> <li>○ Transfer of systems</li> </ul>
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**Type of R&D/commercialization activity:**

**Business plan:**

**Valuation documentation included:**

**Section 7: Consortium member (if applicable)**

<b>Company name:</b>
<b>ITB contact name:</b>
<b>Email:</b>
<b>Telephone:</b>
<b>Address:</b>
<b>City:</b>
<b>Province/state:</b>
<b>Country:</b>
<b>Postal/zip code:</b>

**Section 8: Eligibility criteria**

<b>Causality:</b>
<b>Timing:</b>
<b>Incrementality:</b>
<b>Eligible donor:</b>

**Section 9: Other**

Government assistance or participation in transaction:
CCV overview:
Level of technology:

**Section 10: Signatures**

By signing below, the undersigned party, as a representative of (*donor company*), attests that the information included in and attached to this document is complete and accurate to the best of our knowledge, and can be relied upon by the ITB Authority for the purposes of compliance monitoring.

Signature	
Name, Company, and Title	Date

*Protected B (when completed)*

**CERTIFICATE OF CAUSALITY -  
INDUSTRIAL AND TECHNOLOGICAL BENEFITS (ITB)**

WHEREAS the ITB policy requires that, as evidence of causality, the Contractor shall provide a detailed statement on causality and submit a signed certificate of causality as supporting evidence to the ITB Authority;

NOW THEREFORE, I \_\_\_\_\_, in my capacity as a senior officer of the (*donor company*), do hereby declare and certify as follows:

- i) I am aware of the meaning of causality, as outlined in the Terms and Conditions;
- ii) The information contained in the transaction sheet(s) appended herewith provides a detailed statement on causality, which outlines the steps and timelines involved in the 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 or IRB policy;
- iii) The information contained in the transaction sheet(s) noted below and appended herewith, is to the best of our knowledge and ability complete, true and accurate;
- iv) Failure to provide a detailed statement on causality and this certificate may result in the proposed Transaction being rejected pursuant to the Terms and Conditions. Provision of this causality information should not be seen as limiting the discretion of the ITB Authority in decisions related to the eligibility of specific Transactions submitted for approval.

IN WITNESS THEREOF THIS CERTIFICATE OF CAUSALITY HAS BEEN SIGNED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ BY THE SENIOR OFFICER WHO IS DULY AUTHORIZED IN THAT BEHALF.

\_\_\_\_\_  
\_\_\_\_\_  
SIGNATURE  
OFFICER

NAME AND TITLE OF SENIOR

AT: \_\_\_\_\_

Project and Transaction number(s): \_\_\_\_\_

Title(s): \_\_\_\_\_

Recipient Company(ies): \_\_\_\_\_

**INCREMENTALITY CHECKLIST**

*For Indirect Transactions, complete this checklist and attach supporting documentation*

<p>Incremental work is the purchase of a good or service that represents new or additional purchases from a Canadian supplier. These new or additional purchases may take various forms. They may involve:</p>	<p>Please check the appropriate box and attach documents as indicated:</p>
<p>i) purchase of a new product or service from a new Canadian supplier on an Indirect Transaction</p>	<p><input type="checkbox"/> Written statement attesting the Canadian Recipient is a new supplier + Purchase Order (or PO equivalent if the order has not taken place)</p>
<p>ii) purchase of a new product or service from an existing Canadian supplier on an Indirect Transaction</p>	<p><input type="checkbox"/> Written statement attesting the product/service has not previously been purchased + Purchase Order (or PO equivalent if the order has not taken place)</p>
<p>iii) purchase of an existing product or service from an existing Canadian supplier on an Indirect Transaction, but which involves a new application or end use of the product (see example below)</p>	<p><input type="checkbox"/> Written statement detailing the new application or end use of the product/service + New part number (where applicable) + Purchase Order (or PO equivalent if the order has not taken place)</p>
<p>iv) purchase of an existing product or service from an existing Canadian supplier on an Indirect Transaction, but where there has been a new competitive process to re-select the supplier</p>	<p><input type="checkbox"/> Written statement detailing the Request for Quote (or equivalent) proving a new competition has taken place + Purchase Order (or PO equivalent if the order has not taken place)</p>
<p>v) purchase of an existing product or service from an existing Canadian supplier on an Indirect Transaction, but where none of the above circumstances apply. (in these cases, a three-year average of previous purchases will be calculated, based on the three years immediately preceding the date of identification of the Transaction to the ITB Authority, and Credit may be awarded on those purchase amounts which exceed the three year average, in each of the</p>	<p><input type="checkbox"/> Written statement detailing the three-year average calculation</p>

ensuing Reporting Periods)	
vi) other: _____	<input type="checkbox"/> Written statement detailing the activity + other evidence
<i>An example of a new application or end use: The Contractor has previously purchased military tripods from a Canadian supplier that mount to Gun A for sale to Country A. The new application or end use could be the purchase of the same military tripods from the Canadian supplier, but instead of mounting to Gun A for sale to Country A, they are mounted to Gun A for sale to Country B, or they are mounted to Gun B for sale to Country B.</i>	<i>The ITB Authority at its discretion will determine if the proposed Transaction is incremental taking the information provided into account.</i>

**CERTIFICATE OF ELIGIBLE DONOR  
INDUSTRIAL AND TECHNOLOGICAL BENEFITS (ITB)**

WHEREAS the ITB policy requires Transactions be undertaken by an Eligible Donor, as outlined in the Terms and Conditions;

AND WHEREAS, the ITB policy requires that when a proposed Eligible Donor is a Canadian Company with less than 500 employees, it has the capacity to undertake Obligations with respect to this Contract;

NOW THEREFORE, I \_\_\_\_\_, in my capacity as an officer of (*Canadian Company name*), do hereby declare and certify as follows:

- i) I am familiar with Canada’s ITB policy, goals and objectives.
- ii) I am aware of the meaning of Eligible Donor, as defined in Article 8 of the Terms and Conditions;
- iii) I understand and accept the responsibilities associated with acting as an Eligible Donor and strategic partner in the delivery of the Obligation on the (*insert project name*) project. These responsibilities may include sharing a portion of the Obligation, remedies, planning and undertaking Direct and Indirect Transactions, record keeping and supporting the prime contractor in the areas of annual reporting and verification.
- iv) My company has the capability and resources to undertake the role of Eligible Donor on this project.
- v) Failure to provide a certificate of Eligible Donor may result in the proposed Transaction being rejected pursuant to the Terms and

Conditions. Provision of this certificate should not be seen as limiting the discretion of the ITB Authority in decisions related to the overall eligibility of specific Transactions submitted for approval.

IN WITNESS THEREOF THIS CERTIFICATE OF ELIGIBLE DONOR HAS BEEN SIGNED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ BY THE SENIOR OFFICER WHO IS DULY AUTHORIZED IN THAT BEHALF.

\_\_\_\_\_  
SIGNATURE NAME AND TITLE OF OFFICER

AT: \_\_\_\_\_

## APPENDIX C – TEMPLATE - ANNUAL REPORT

(Electronic copy available on ITB website)

*Protected B (when completed)*

### GENERAL INFORMATION

Project Name:  
Contractor Name:  
ITB Manager:  
Currency  
Contract Award  
Total # of Reporting Periods  
Period #  
Report Due Date  
Date of Report

### CONTRACTUAL OBLIGATIONS

Total Obligation:  
Direct:  
SMB:  
Atlantic  
N Ontario:  
Ontario  
Quebec  
West

North

## **PART A – Overview**

### **An overview and status of Work on the Project:**

*Please provide a very high level overview of the project over the past year, including any annual report highlights and the project schedule. Proposed length of response is 5-10 lines.*

### **Progress Payments:**

*Please provide a brief written overview of the progress payment activities since contract award. Proposed length of response is 5-10 lines. In addition, please populate the Progress Payments Tab below.*

*[Progress Payments chart on excel]*

### **Plans:**

*Please provide an overview of any substantive changes to the Plans, including changes to ITB officials working on the project. Please indicate if no changes are proposed. Proposed length of response is 5-10 lines.*

### **Value Proposition Overview:**

*Please provide a detailed overview of each VP Commitment and related activity during the Reporting Period, along with a cumulative summary of the achievement status of each.*

*Proposed length of response is 4-5 lines for each item, accompanied by the documentation as indicated.*

## **PART B, C and D – Transactions**

*Please fill in all of the information requested in a chart format.*

## **PART E – Additional Information**

### **SMB and Regional Development Activities:**

*Please provide an overview of the activities that were undertaken on this project with Small and Medium size Businesses. Include highlights of work activities undertaken during this period. Proposed length of response is 5-10 lines.*

### **New, Changed or Cancelled Transactions:**

*Please provide a brief overview of any changes (listed by Transaction) including any cancelled, new or altered Transaction in the last Reporting Period. Ensure these changes are reflected in the Transaction Tab by highlighting in red all changes*

*indicated below. Proposed length of response if dependent on the number of applicable Transactions.*

**Certificate of compliance:**

*Submission of this annual report should be accompanied by the completed and signed certificate of compliance. The template is available below.*

**Certificate of compliance**  
For Annual Reporting Purposes

WHEREAS Her Majesty the Queen in right of Canada as represented by the Minister of Public Works and Government Services (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 (CCV) of Transactions and compliance with the *Lobbying Act*, the Contractor will submit a certificate of compliance to that effect to the ITB Authority;

NOW THEREFORE, The Contractor declares and certifies as follows:

- The information contained in the documents appended herewith, which applies to the reporting of the Transaction periods, is to the best of our knowledge and ability complete, true and correct;
- The information contained in the documents appended herewith is compliant with information contained in certificates of compliance submitted to the Contractor by Eligible Donors;
- The CCV shown in documents appended herewith have been determined in accordance with Article 9 of the Contract;
- The Contractor and all Eligible Donors are, subject to Article 22.2, in compliance with Canada's *Lobbying Act* with respect to this 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: \_\_\_\_\_

**Appendix D – IF BUSINESS PLAN TEMPLATE**  
 (Electronic copy available from ITB Authority)

**The IF business plan** describes the proposed IF project, details the specific activities, goals and duration, outlines how an investment will be used by the SMB, includes a market assessment and provides company information.

<p>Template  <b>IF Business Plan</b></p>
<p><i>Protected B (when completed)</i></p>
<p>IF Transaction title:</p>
<p>Donor:</p>
<p>SMB Recipient:</p>
<p>Date:</p>
<p><b>Description of IF activity:</b>  <i>Provide a detailed description of the IF activity, including but not limited to: specific activities to be undertaken; goals; duration; value of the investment and how it will be used by the SMB; the anticipated impacts/outcomes for the SMB; and key IF activity assumptions and risks.</i></p> <p><i>Anticipated length: 8-10 paragraphs.</i></p>
<p><b>Market Assessment:</b>  <i>Provide an outline of the opportunity, market size, key competitors, sales strategy and the donor/SMB Recipient's competitive advantage.</i></p> <p><i>Anticipated length: 3-5 paragraphs</i></p>

**Company profile of SMB:**

*Provide a description of the SMB's operations, product lines, corporate structure and ownership.*

*Anticipated length: 2-3 paragraphs + organizational chart*

**Certification and signatures**

WHEREAS the ITB policy requires that a proposed IF Transaction be accompanied by a business plan outlining the IF activity in detail;

NOW THEREFORE, we the undersigned, in our capacities as senior officers at the Donor and SMB Recipients, do hereby declare and certify that the information included in and attached to this business plan is complete, accurate and can be relied upon by the ITB Branch for the purposes of monitoring the compliance of the proposed IF Transaction.

IN WITNESS THEREOF THIS CERTIFICATION HAS BEEN SIGNED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_ BY A SENIOR OFFICER WHO IS DULY AUTHORIZED IN THAT BEHALF.

**Donor**

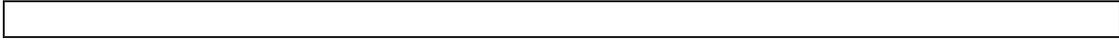
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title of Senior Officer

**SMB Recipient**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title of Senior Officer



## APPENDIX E:

**Primarily Land-Based, Man-Portable or Non-Platform Specific Electro-Optical, Radar, Sonar and Other Sensor/Information Collection Systems; Fire Control, Warning and Countermeasures Systems, and Related Components:** This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services relating to Primarily Land-based or Man-Portable:

- Electro-optical systems (e.g. image intensification night-vision systems, thermal imaging systems, lasers), radars, sonar, other sensors, and fire-control systems used to aid weapons in target acquisition, tracking and engagement;
- Warning systems (e.g. technologies that detect enemy radars, enemy laser targeting systems, and approaching threats such as missiles); and
- Countermeasures (e.g. electronic jamming equipment, smoke screens, flares to counter heat-seeking missiles).

**Primarily Land-Based, Man-Portable or Non-Platform Specific Communications and Navigation Systems; and Other Information Systems (Including Processing and Dissemination), Software, Electronics and Components:** This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services relating to Land-Based or Man-Portable:

- Military communications systems, secure cyber/information systems and other military Information Technologies (including software);
- 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 for military applications, remote sensing services for military applications);

- Other technologies for the receipt, exchange/disseminating, processing, synthesizing, analysis and integration of multiple types of data;
- Display technologies and digital control systems;
- Other defence computer and electronics related products not elsewhere specified.

**Simulation Systems for Land Vehicles or Ground-based Systems:** This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services for the hardware and software technologies used by military and security forces to develop, experiment and test operational doctrines and to train personnel using situational scenarios (e.g. intelligent software, visual systems, network simulations, real-time simulators, etc.) as primarily related to land vehicles/ground-based systems and operations.