

Annex E-ISS

Medium Range Radar ISS

Terms and Conditions

Industrial and Regional Benefits (IRB)

Version 3.0:

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1. DEFINITIONS

- 1.1. For the purpose of this Part, unless the context otherwise requires, the following definitions apply:
- 1.1.1. "Accepted IRB Transaction" means an Industrial and Regional Benefits (IRB) Transaction which has been accepted in writing by the IRB Authority as meeting the IRB Eligibility Criteria.
- 1.1.2. "Achieved IRB Transaction" means all or any part of an Accepted IRB Transaction for which IRB Credits have been awarded by the IRB Authority;
- 1.1.3. "Allowable Investment Framework (IF) Investment" - For cash contributions, an Allowable IF Investment means: a grant; or, a purchase of common or preferred shares. It does not include either the purchase of debentures or a repayable loan. For In-Kind contributions, an Allowable IF Investment means: a licence for intellectual property (authorization to use the licensed material); equipment (equipment, software or systems to develop new or improved goods/services); knowledge transfer (lending of an employee to provide technical or managerial know-how); or, marketing and sales support (lending of an employee to undertake marketing/sales activities and share market intelligence; or, a licence for brand or trademarks);
- 1.1.4. "Banked IRB Transaction" means an Accepted IRB Transaction that resides in the IRB Bank;
- 1.1.5. "Canadian Company" or "Canadian Corporation" means a commercial enterprise that is incorporated pursuant to the laws of Canada and which has ongoing business activities in Canada;
- 1.1.6. "Canadian Content Value" or "CCV" is as described in Article 6, Canadian Content Value;
- 1.1.7. "Capitalization" means the total value of a company's issued shares plus the value associated with instruments which can be converted into shares. For publicly traded companies, this is equal to the total number of issued shares multiplied by the market price plus the equity portion of any derivative instrument according to Canadian Generally Accepted Accounting Principles. For privately held companies, this is equal to the total number of issued shares multiplied by the most recent price at which they were sold plus the equity portion of any derivative instrument according to Canadian Generally Accepted Accounting Principles;
- 1.1.8. "Causality" means the Eligibility Criteria of the IRB Policy which stipulates that a proposed IRB Transaction must be brought about, in part, by an IRB Obligation to Canada as set forth in Article 7 (Eligibility Criteria for IRB Transactions);

- 1.1.9. “Commercialization Activity” means a process through which economic value is extracted from knowledge through the production and sale of new or significantly improved goods and services. It can also include advertising, sales promotion and other marketing activities. Specific commercialization activities consist of: business and market planning; project feasibility studies; identifying customer needs; market engagement and testing; basic and applied research; experimental development; profitability analysis and financing; and, launch advertising;
- 1.1.10. “Consortium” or “Consortia” means a public-private partnership established with the intent of undertaking activities related to research and development, and which shall meet the criteria set out in Article 8.6 (Consortium Transactions);
- 1.1.11. "Designated Regions of Canada" means the following regions which have been designated by the Government of Canada for socio-economic purposes: the Atlantic Region (consisting of the Provinces of Newfoundland and Labrador, Prince Edward Island, New Brunswick and Nova Scotia); the Quebec Region (consisting of the Province of Quebec); the Northern Ontario Region (consisting of that part of the Province of Ontario north of and including Nipissing and Parry Sound Districts); the Southern Ontario Region (consisting of that part of the Province of Ontario south of Nipissing and Parry Sound Districts); the Western Region, (consisting of the Provinces of Manitoba, Alberta, Saskatchewan, and British Columbia); and, the Northern Region (consisting of the Territories of Yukon, Northwest Territories and Nunavut);
- 1.1.12. "Direct IRB Transaction” means an IRB Transaction that is entered into for the performance of any part of the Work under this Contract;
- 1.1.13. "Eligibility Criteria" means those criteria outlined in Article 7 (Eligible Criteria for IRB Transactions), which an IRB Transaction must meet in order to be an Accepted IRB Transaction;
- 1.1.14. "Eligible Party" means the Eligibility Criteria of the IRB Policy which stipulates which companies can be a provider (or donor) of an IRB Transaction, as set forth in Article 7 (Eligibility Criteria for IRB Transactions);
- 1.1.15. “Enhanced Priority Technology List” or “EPTL” means the list attached as Annex D which identifies the technologies that reflect the emerging, critical technology needs of the Department of National Defence;
- 1.1.16. “Global Value Chain (GVC) Platform” means a vehicle/craft or major system platform which meets the criteria outlined in Article 8.2.3 (Global Value Chain);
- 1.1.17. “Grouped Transaction” means an IRB Transaction that has more than one Recipient. Grouped Transactions may only include activities involving: the purchase of Direct goods or services; Canadian suppliers with similar characteristics of product, size and/or region; and, a total Canadian Content Value of not more than 10% of the total IRB Obligation;

- 1.1.18. "Import Replacement" refers to the production/manufacture of a good or the provision of a service in Canada that was formerly manufactured or provided from off-shore sources of supply;
- 1.1.19. "Incrementality" means the Eligibility Criteria of the IRB Policy which stipulates that an indirect IRB Transaction must involve new work in Canada, as set forth in Article 7 (Eligibility Criteria for IRB Transactions);
- 1.1.20. "Indirect IRB Transaction" means an IRB Transaction that is entered into for a business activity unrelated to the performance of any part of the Work under this Contract;
- 1.1.21. "In-kind Contribution" means a non-monetary contribution, such as services, equipment, intellectual property, etc. In-kind Contributions will be valued by an independent third party who possesses a Chartered Business Valuator designation (or other similar acceptable designation) and who complies with all by-laws, code of ethics and practice standards of the organizational body governing their profession. Valuation reports will be detailed, use all standard, generally-accepted report formats and valuation approaches, and arrive at one conclusion regarding valuation which balances all approaches. The Contractor or its Eligible Party will assume all costs associated with obtaining the in-kind valuation report. The in-kind valuation report is valid for twelve (12) months;
- 1.1.22. "Investment Framework" or "*IF*" means the method of assessing, valuing and calculating IRB Credits associated with innovation-related investments made directly with Canadian SMB, as outlined in Article 8.7 (Investment Framework Transactions).
- 1.1.23. "Investment Framework Business Plan" means a complete and well-supported plan which: includes an executive summary; provides detailed company information and financial statements; describes the proposed *IF* project; details the specific *IF* activities, goals and duration; and, includes key market, risk and due diligence considerations;
- 1.1.24. "IRB Achievement Period" means the period commencing on March 3, 2008 and ending at the End Date of this Contract;
- 1.1.25. "IRB Authority" means the Minister of Industry or any other person designated by the Minister of Industry to act on the Minister's behalf. The IRB Authority is responsible for evaluating, accepting, monitoring, verifying and crediting IRB, and for assessing the Contractor's IRB performance under this Contract;
- 1.1.26. "IRB Credit" means the written notice by the IRB Authority that an Accepted IRB Transaction has been achieved in whole or in part. All Accepted IRB Transactions are subject to annual reporting, verification and approval before IRB Credit is awarded;

- 1.1.27. "IRB Investment" means an IRB Transaction which consists of an investment within Canada of a verifiable amount of money which fosters the production of goods or the performance of services by Canadian citizens or permanent residents as defined in the *Immigration and Refugee Protection Act 2001, c.27*, and which meets the criteria set forth in Article 8.9 (General Investment Transactions);
- 1.1.28. "IRB Obligation" or "IRB Commitment" means the Contractor's contractual obligation to achieve the CCV for IRB Transactions as set forth in Article 2 (Statement of Work: IRB Commitments and Responsibilities);
- 1.1.29. "IRB Plans" means the Contractor- prepared IRB Plans which, by reference, form part of this Contract: the Company Business Plan, the IRB Management Plan, the Regional Development Plan, and the Small and Medium Business Development Plan, all dated XXX and all bearing reference number XXX;
- 1.1.30. "IRB Recipient" means the Canadian entity that is the recipient of the IRB business activity outlined in an IRB Transaction;
- 1.1.31. "IRB Reporting Period" means the annual periods within the IRB Achievement Period upon which the Contractor's IRB reporting will be based. For example, Reporting Period 1 commences on the first day of the IRB Achievement Period and ends on the last day of the twelfth month after the Effective Date of the Contract. Subsequent Reporting Periods (Period 2, 3, etc) will follow in consecutive annual increments until the end of the IRB Achievement Period;
- 1.1.32. "IRB Transaction" means a commercial or business activity that is carried out by means of a contract, including any purchase order, sales agreement, license agreement, letter of agreement or other similar instrument in writing, and which has an identified dollar value;
- 1.1.33. "Major Obligor" means a company that holds contractual commitments for IRB Obligations in Canada in excess of \$1 billion;
- 1.1.34. "Over-achievement" means the amount by which the Contractor's IRB Credits, awarded on an Accepted IRB Transaction during the IRB Achievement Period, are greater than the IRB Commitment for that IRB Transaction;
- 1.1.35. "Pooling" refers to the act of applying the IRB Credits achieved on a single IRB Transaction to the IRB Obligations associated with two or more projects;
- 1.1.36. "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;

- 1.1.37. “Proposed IRB Transaction” means an IRB Transaction which has been proposed by the Contractor to the IRB Authority, but which has not yet been formally accepted in writing by the IRB Authority as meeting the IRB Eligibility Criteria;
- 1.1.38. “Public Research Institution” means a federal or provincial organization in Canada that: is engaged in research, research training and related activities in Canada: has as its primary goals the conduct of research, peer review, and the dissemination of results by way of publication, technology transfer or training; reinvests its profits into its research activities or into the dissemination of results; and, is funded primarily from public resources and has established processes, systems, procedures and controls in place to ensure achievement of public objectives;
- 1.1.39. “Research and Development (R&D) activity” means a scientific investigation that explores the development of new goods and services, new inputs into production, new methods of producing goods and services, or new ways of operating and managing organizations. Specific R&D activities consist of: standard test/measurement/analysis; test/measurement/analysis report; specific thermo-mechanical analysis methodology development projects; product/process design/engineering; customized product/process/technology development project; related evaluation and feasibility studies; applied research projects for new product concepts, new technology platforms and new test/measurement/analysis; basic scientific research for creating better understanding and insights in new phenomena; research to advance scientific knowledge with or without a specific practical application in view; and, support work in engineering, design, operations research, mathematical analysis, computer programming, data collection, testing or research;
- 1.1.40. “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;
- 1.1.41. “Shortfall” means the amount by which the Contractor’s IRB Credits, awarded on Accepted IRB Transactions during the IRB Achievement Period, are less than the IRB Commitment;
- 1.1.42. "Small and Medium Business" or “SMB” means a Canadian-based, independently-owned and operated manufacturer or service company with fewer than 250 full-time personnel as of the date of entering into an eligible IRB Transaction. Agents and distributors of foreign goods and services, as well as subsidiaries of firms that are Contractors or Eligible Parties on any IRB contract, do not qualify as Small and Medium Business;

- 1.1.43. "Strategic Plan" means a document which describes the Contractor's broad corporate business development plans for Canada and how these plans may translate into strategic IRB activities, as set forth in Article 9 (Strategic Plans);
- 1.1.44. "Technology and Skills Cooperation" means the granting of a license and/or the transmission of a usable body of knowledge to a Canadian company. Technology and Skills Cooperation is assessed and measured for IRB Credit as set forth in Article 8.8 (Technology and Skills Cooperation Transaction);
- 1.1.45. "Tier One Supplier" means a company that takes on a specific portion of the Work under this Medium Range Radar ISS Contract from the Prime Contractor, producing or servicing a major subassembly or major component that is installed or used in the platform or system being procured under this Contract;
- 1.1.46. "Venture Capital Fund" or "VCF" means a pooled group of investments directed at assisting the growth of Canadian small businesses, which is managed by a third party and meets the criteria set forth in Article 8.10 (Venture Capital Fund Transactions); and
- 1.1.47. "World Product Mandate" means a long-term supplier relationship between the Contractor or an Eligible Party and a Canadian Company, whereby the Canadian company has been legally authorized to carry out and has sole responsibility for specific activities including the design, development, intellectual property, manufacture and marketing related to the supply of products, components, modules or services destined for the domestic and world markets. The CCV of the product or service is calculated as described in Article 13 (World Product Mandate).

2. STATEMENT OF WORK: IRB COMMITMENTS AND RESPONSIBILITIES

- 2.1. Through the implementation of the Company Business Plan, the IRB Management Plan, the Regional Development Plan and the Small and Medium Business Development Plan referenced in Annex A, the Contractor shall by the end of the Achievement Period:
- 2.1.1. achieve \$ [***100% of contract value***] in CCV as Direct and Indirect IRB Transactions, as specified in Annex A;
- 2.1.2. achieve \$ [***not less than 50% of Contract Value***] in CCV as Direct IRB Transactions, as specified in Annex A;
- 2.1.3. achieve \$ [***to be inserted from Contractor's proposal***] in CCV, as Direct and Indirect IRB Transactions in the Designated Regions of Canada, as follows:
- 2.1.3.1. Atlantic: \$ [***to be inserted from Contractor's proposal***]
- 2.1.3.2. Quebec: \$ [***to be inserted from Contractor's proposal***]
- 2.1.3.3. Northern Ontario: \$ [***to be inserted from Contractor's proposal***]
- 2.1.3.4. Southern Ontario: \$ [***to be inserted from Contractor's proposal***]

- 2.1.3.5. West: \$ *[to be inserted from Contractor's proposal]*
- 2.1.3.6. North: \$ *[to be inserted from Contractor's proposal]*
- 2.1.4. achieve \$ *[not less than 15% of Contract Value]* in CCV for Direct and Indirect Small and Medium Business Development IRB Transactions, as specified in Annex A;
- 2.1.5. achieve \$ *[not less than 5% of Contract Value]* in CCV for Direct and Indirect IRB transactions as specified in Annex A, in technology areas related to the Enhanced Priority Technology List (EPTL), attached as Annex D;
- 2.1.6. carry out each and every IRB Transaction as per the IRB Transaction Sheet list attached at Annex A;
- 2.1.7. submit to the IRB Authority, one (1) year following the Effective Date of Contract, eligible tranche 2 IRB Transactions which are detailed, fully described and which bring the cumulative total of identified eligible IRB Transactions to not less than 60% of the contract value, including any options, measured in CCV; and
- 2.1.8. submit to the IRB Authority, three (3) years after the Effective Date of Contract, eligible tranche 3 IRB Transactions which are detailed, fully described and which bring the cumulative total of identified acceptable IRB Transactions to 100% of the contract value, including any options, measured in CCV.
- 2.2. The Contractor shall submit to the IRB Authority, through the PWGSC Contracting Authority, annual IRB Reports based on the performance achieved during the IRB Reporting Periods defined in this Contract. These reports shall be submitted sixty (60) calendar days after the end of the annual IRB Reporting Period. The Contractor is encouraged to use the format and template outlined in Article 3 (IRB Reporting).
 - 2.2.1. As evidence of the Contractor's achievement of IRB Commitments, the Contractor shall provide, appended to the Annual IRB Reports, a Certificate of Compliance, as set forth in Annex B to this Contract, signed by the senior company Comptroller in respect to the IRB Transactions for which there was activity in that IRB Reporting Period. This Certificate of Compliance also applies to those IRB achievements of the Contractor's Eligible Parties.

3. IRB REPORTING

- 3.1. Each annual IRB Report shall consist of five parts, as outlined in the following subparagraphs and in the format template attached in Annex B:
 - 3.1.1. Part A must include:
 - 3.1.1.1. An overview and status of the Work on the Medium Range Radar ISS Project;

- 3.1.1.2. A list of all the progress payment requests or invoices (broken down by reporting period and including the amount, date submitted and payment status) which have been submitted by the Contractor to the Contracting Authority for Work completed since the Effective Date;
- 3.1.1.3. A description of any changes to the IRB Management Plan.
- 3.1.2. Part B must include, for each transaction being reported:
 - 3.1.2.1. An update on any changes to transaction details, such as the CCV percentage or company contact information;
 - 3.1.2.2. A description of significant achievements and activities; and
 - 3.1.2.3. A description of any delays, problems or achievement shortfalls, along with a plan of action to resolve.
- 3.1.3. Part C must include, for each transaction being reported:
 - 3.1.3.1. The CCV value of the IRB achievement claimed for the current reporting period.
- 3.1.4. Part D must include, for each transaction reported:
 - 3.1.4.1. The CCV value of the IRB achievement claimed to date in all the reporting periods since the beginning of the IRB Achievement Period.
- 3.1.5. Part E must include:
 - 3.1.5.1. A description of Small and Medium Business and Regional development activities undertaken during the reporting period;
 - 3.1.5.2. A list of IRB Transactions which have been cancelled, added or substantially altered during the reporting period with the approval of the IRB Authority, and their status vis-à-vis contract amendment;
 - 3.1.5.3. A Certificate of Compliance related to the Contractor's achievement of IRB Commitments, signed by the senior company comptroller in respect of the IRB Transactions for which there was activity in that IRB Reporting Period. This Certificate of Compliance also covers any IRB achievements of the Contractor's Eligible Parties.
 - 3.1.5.4. A Certificate of Compliance related to the Lobbying Act, signed by the senior company official with the authority to bind the Contractor. This Certificate of Compliance also covers any lobbying activities of the Contractor's sub-contractors and/or Eligible Parties.

4. CONTRACT PRICE CHANGES

- 4.1. In the event that the Contract value is increased or decreased, the Contractor's IRB Commitment in Article 2.1.1 shall be correspondingly either increased or decreased to reflect this change.
- 4.2. If the Contract value increases after the third year following the Effective Date of the Contract, the Contractor will submit to the IRB Authority Proposed IRB Transactions valued at 100 percent of the increase within one year of the date of the increase.

5. OVER-ACHIEVEMENT OF IRB COMMITMENTS

- 5.1. The Contractor may achieve a CCV for any Commitment in excess of the value stated in the IRB Transactions without prior approval. When an Over-achievement occurs in an IRB Transaction Commitment, subject to the prior written approval of the IRB Authority, the Over-achievement may be applied against the Shortfall or unidentified portion of the IRB Transactions, as long as the Regional and Small and Medium Business Commitments are achieved. An Over-achievement in one Region will not be applied to reduce a Shortfall in another Region.

6. CANADIAN CONTENT VALUE (CCV)

- 6.1. The CCV of any Direct and Indirect Transaction shall be determined by the Net Selling Price Method or the Cost Aggregate Method.
 - 6.1.1. Net Selling Price Method: A product or service which bears a substantiated selling price may have its CCV calculated as follows:
 - 6.1.1.1. begin with the total selling price of the product or service
 - 6.1.1.2. subtract the applicable customs duties, excise taxes and applicable GST, HST and all provincial sales taxes; and
 - 6.1.1.3. subtract any costs incurred as set out in Article 6.2.
 - 6.1.2. Cost Aggregate Method: Any product or service that cannot be assigned a substantiated selling price may have its CCV calculated as the aggregate of the following:
 - 6.1.2.1. the cost of parts produced in Canada, and the cost of materials to the extent that they are of Canadian origin, that are incorporated in the equipment in the factory of the manufacturer in Canada;
 - 6.1.2.2. the cost of parts or materials which the IRB Authority can verify as being of Canadian origin, in that they have been exported from Canada and subsequently imported into Canada as parts or finished goods;

- 6.1.2.3. transportation costs, including insurance charges incurred in transporting parts and materials from a Canadian supplier or frontier port of entry to the factory of the manufacturer in Canada for incorporation in the equipment, to the extent that such costs are not included in the foregoing paragraph; and
- 6.1.2.4. such part of the following costs (not including GST, HST, all provincial sales taxes, excise taxes, royalties and license fees paid outside of Canada) as are reasonably attributable to the production or implementation of the equipment, service or activity:
 - 6.1.2.4.1. wages and salaries paid for direct and indirect production and non-production labour in Canada paid to Canadians or to permanent residents as defined in the Immigration and Refugee Protection Act 2001, c.27;
 - 6.1.2.4.2. materials used in the Work but not incorporated in the final products;
 - 6.1.2.4.3. light, heat, power and water;
 - 6.1.2.4.4. workers compensation, employment insurance and group insurance premiums, pension contributions and similar expenses incurred with respect to labour referred to above in Article 6.1.2.4.1;
 - 6.1.2.4.5. taxes on land and buildings in Canada;
 - 6.1.2.4.6. fire and other insurance premiums relative to production inventories and the production plant and its equipment, paid to a company authorized by the laws of Canada or any province to carry on business in Canada or such province;
 - 6.1.2.4.7. insurance purchased specifically from a company authorized by the laws of Canada or any province to carry on business in Canada or such province;
 - 6.1.2.4.8. rent of factory or office premises paid to a registered owner in Canada;
 - 6.1.2.4.9. maintenance and repairs to buildings, machinery and equipment used for production purposes that is executed in Canada;
 - 6.1.2.4.10. tools, dies, jigs, fixtures and other similar plant equipment items of a non-permanent nature that have been designed, developed or manufactured in Canada;
 - 6.1.2.4.11. engineering and professional services, experimental work and product or process development work executed and completed in Canada;

- 6.1.2.4.12. pertinent miscellaneous factory and office expenses, such as: administrative and general expenses; depreciation with respect to production machinery and permanent plant equipment and the installation costs of such machinery and equipment; and, a capital allowance not exceeding five (5) % of the total capital outlay incurred for buildings in Canada owned by the producer of the work;
- 6.1.2.4.13. personal travel expenses, including Canadian carriers, accommodations and meals, for travel associated with Direct IRB activities in this Medium Range Radar ISS Contract;
- 6.1.2.4.14. fees paid for services not elsewhere specified; and,
- 6.1.2.4.15. pre-tax net profit upon which Canadian taxes are paid or are payable.

6.2. Costs or Business Activities that are ineligible for IRB Credit:

- 6.2.1. the value of materials, labour and services imported into Canada;
- 6.2.2. in the case of Indirect IRB, the value of raw materials and Semi-Processed Goods exported from Canada;
- 6.2.3. the value of any living, relocation costs and remuneration paid to non-Canadians for work on the Project;
- 6.2.4. the amount of all Canadian Excise Taxes, Import Duties, Federal and Provincial Sales Taxes, Goods and Services Taxes, Harmonized Sales Taxes and other Canadian duties;
- 6.2.5. the value of goods and services with respect to which IRB Credit has been received or is being claimed by the Contractor or its Eligible Parties as an IRB to Canada under any other IRB Obligation or agreement;
- 6.2.6. any proposal or bid preparations costs;
- 6.2.7. all transportation or travel costs not covered under Articles 6.1.2.3 or 6.1.2.4.13;
- 6.2.8. obligations of the Federal Government (e.g. government furnished equipment);
- 6.2.9. license fees paid by the Canadian IRB Recipient and any on-going royalty payments;
- 6.2.10. IRB Transactions claimed by a Contractor that pertain to its influence or that of one of its Eligible Parties over any country=s purchasing agent/department;
- 6.2.11. interest costs associated with letters of credit or other financial instruments to support IRB Transactions;
- 6.2.12. fees paid to lobbyists (as per the *Lobbying Act*); and

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

7. ELIGIBILITY CRITERIA FOR IRB TRANSACTIONS

- 7.1. **Causality** - each IRB Transaction shall be one which was brought about by either the Contractor or one of its Eligible Parties, due in part to a current or anticipated IRB Obligation to Canada. It shall not be one which probably would have been entered into if an IRB obligation had not existed or been anticipated. Causality may be demonstrated to a specific project or more broadly to a company's IRB obligation in general.
- 7.1.1. The Contractor or its Eligible Party must demonstrate Causality by providing a detailed statement on Causality, which outlines the steps and timelines involved in its decision about a procurement or investment activity and which clearly shows the link between the steps and decision on a business activity and Canada's IRB Policy.
- 7.1.2. The Contractor or its Eligible Parties will provide evidence of Causality in support of its detailed statement referred to in Article 7.1.1. Evidence of Causality is written documentation and may include, but not be limited to: sub-contract documentation, correspondence, meeting documents, corporate presentations, etc.
- 7.1.3. The Contractor or its Eligible Party should provide as much detailed documentary evidence as possible, at the time of submitting a Proposed IRB Transaction to the IRB Authority. Failure to provide sufficient evidence of Causality may result in the IRB Transaction being rejected.
- 7.1.4. Further guidance on Causality is available on the IRB website at www.ic.gc.ca/irb.
- 7.2. **Timing** - IRB Transactions shall be implemented within the IRB Achievement Period, as defined in Article 1.1.24.
- 7.2.1. IRB Transactions, or substitute IRB Transactions, that are identified after the Effective Date of the Contract must meet the IRB Eligibility Criteria and they must only involve work occurring after the date of identification of the IRB Transaction to the IRB Authority.
- 7.3. **Incrementality** – IRB Transactions shall involve new work in Canada.
- 7.3.1. Should an IRB Transaction involve the purchase of goods or services from an existing Canadian supplier to the Contractor or its Eligible Party, the incremental method of calculating the IRB Credits will apply, as follows:

- 7.3.1.1. A three-year average of previous purchases is calculated, based on the three years immediately preceding the date of identification of the IRB Transaction to the IRB Authority;
- 7.3.1.2. IRB Credit will be awarded only on those purchase amounts which exceed the three year average, in each of the Reporting Periods.
- 7.3.2. The incremental method of calculation outlined in 7.3.1 does **not** apply in cases where the product or service being purchased in the IRB Transaction:
 - 7.3.2.1. involves Direct Work;
 - 7.3.2.2. is substantially different than what was previously purchased;
 - 7.3.2.3. involves a different end use (market sale, application, etc) than what was previously purchased; or,
 - 7.3.2.4. follows a competitive process to re-select the Canadian supplier.
- 7.4. **Eligible Party** - IRB Transactions shall be undertaken by an Eligible Party as defined and named in the Contract.
 - 7.4.1. An Eligible Party is the Contractor, its parent corporation, and all the parent's subsidiaries, divisions and subdivisions; and, the Contractor's Tier-One suppliers related to the performance of the Work under this Contract, their parent corporations and all the parent's subsidiaries, divisions and subdivisions.
 - 7.4.2. For proposed Eligible Parties that are Canadian Companies with less than 500 employees, Contractors must clearly demonstrate that the Canadian Company has the capacity to undertake IRB Obligations with respect to this Contract. Capacity includes factors such as: company size, product offerings, market conditions, corporate ownership, IRB management processes, level of Canadian content, etc.
 - 7.4.3. The Contractor shall be fully responsible to Canada for all IRB Commitments related to this Contract, regardless of flow down arrangements with Eligible Parties.
 - 7.4.4. A list of approved Eligible Parties for the Medium Range Radar ISS Contract is found in Article 24. The IRB Authority reserves the right to seek validation of the Eligible Parties found in Article 24, as outlined in Article 7.5.

7.5. **Validation of Eligibility**

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

- 7.5.2. The IRB Authority reserves the right to validate, within one calendar year of the Effective Date of the Contract, the criteria associated with IRB Transaction eligibility, Global Value Chain Platform eligibility and Enhanced Priority Technology List eligibility.
- 7.5.3. The IRB Authority shall submit to the Contractor a written notice of the IRB Transactions that the IRB Authority wishes to validate. Once this written notice is submitted, the Contractor shall have 60 calendar days to submit a package of information and documentation in support of their eligibility claims. Contractors are strongly encouraged to respond in a timely manner as they are responsible to ensure that the information received by the IRB Authority is accurate and complete.
- 7.5.4. Should the Contractor be unable during the one year validation period to demonstrate IRB eligibility, the IRB Transaction will not be eligible for IRB Credit and a substitute IRB Transaction will be sought from the Contractor.
- 7.5.5. Should the Contractor be able to demonstrate IRB eligibility during the validation period, but unable to demonstrate GVC or EPTL eligibility, the IRB Transaction will be eligible for IRB Credit but not counted towards the Contractor's Direct or EPTL obligations.
- 7.5.6. Contractors should note that all IRB Transactions are subject to annual reporting, verification and approval before IRB Credits are confirmed. Should new information arise during verification that seriously calls into question the eligibility of an IRB Transaction, the IRB Authority will review and investigate as soon as possible.

8. IRB TRANSACTIONS

8.1. Direct IRB Transactions

- 8.1.1. Direct IRB Transactions are those achieved through the provision of the goods and services required to deliver the **Medium Range Radar ISS Project**.
- 8.1.2. Canadian resources should be utilized to the maximum extent possible to develop, produce, integrate and deliver the **Medium Range Radar ISS Project**.

8.2. Indirect IRB Transactions

- 8.2.1. Indirect IRB Transactions are those achieved through business activities not related to the Medium Range Radar ISS project.
- 8.2.2. Indirect IRB Transactions shall involve a level of technology that is generally the same or higher than that of the Medium Range Radar ISS Project, with applications in Canadian advanced technology industries.

- 8.2.3. Indirect IRB Transactions must have a Canadian Content Value (CCV) of no less than 30 percent of the total value of the IRB Transaction.
- 8.2.4. Global Value Chain (GVC):
- 8.2.4.1. GVC are those business activities which are related to the provision of goods and services on an Eligible GVC Platform and, while being Indirect Transactions, may be counted towards fulfilling a Direct IRB Commitment.
- 8.2.4.2. GVC Platform
- 8.2.4.2.1. An IRB GVC Platform is a vehicle/craft or tier 1 major sub-system, used for a particular purpose or which performs a specific mission. It has various stages in the supply chain which are connected by the division of production and aftermarket support among many global firms, leveraging each partner's core competencies.
- 8.2.4.2.2. To be eligible, an IRB GVC Platform must:
- be the same or similar (in nature and complexity) to the platform being procured by Canada under the Medium Range Radar ISS Project;
 - have the same or greater market potential, measured by estimated market value, size and/or timeframe, as the platform procured by Canada under the Medium Range Radar ISS Project;
- 8.2.4.2.3. GVC Platforms should also offer significant opportunities for:
- technological advancement and growth in the level of system integration;
 - regional and SMB participation; and,
 - high-value and long-term activities related to acquisition and/or in-service support.
- 8.2.4.2.4. The Contractor or its Eligible Party must clearly describe how any proposed GVC Platform(s) meets the criteria in Article 8.2.4.2.2 and the extent to which it fulfills the goals outlined in Article 8.2.4.2.3. The Contractor or its Eligible Party should provide complete details and documentation in support of the eligibility of any proposed GVC Platform.
- 8.2.4.2.5. A list of approved GVC Platforms is found in Article 25. The IRB Authority reserves the right to seek validation of the eligibility of the GVC Platforms found in Article 25, as outlined in Article 7.5.

8.2.4.3. GVC Transactions

- 8.2.4.3.1. Activities associated with GVC Platforms include, but are not limited to, pre-commercialization activities (e.g. collaborative technology development and demonstration projects), production activities (e.g. definition, design, and manufacturing) and In Service Support activities.
- 8.2.4.3.2. Even though a proposed GVC Transaction may be counted towards meeting a Direct IRB requirement, this does not negate the need for the GVC Transaction to meet all of the IRB Eligibility Criteria, including those related to Causality and Incrementality.

8.3. Small and Medium Business (SMB) Transactions

- 8.3.1. An IRB Transaction where an SMB is the IRB Recipient, and the SMB's product or service has a CCV of at least seventy (70) percent, will have its IRB Credit credited as follows:
 - 8.3.1.1. the portion of the Transaction's CCV value that is equal to or less than \$1,000,000 will be deemed to have 100 percent CCV for reporting and verification purposes;
 - 8.3.1.2. any portion of the Transaction's CCV value that is over \$1,000,000 will use the actual CCV as calculated using Article 6 (Canadian Content Value).

8.4. Enhanced Priority Technology List (EPTL) Transactions

- 8.4.1. Version 1 of the EPTL is attached as Annex D and applies to this contract. The IRB Authority will assess proposed EPTL transactions to determine whether they are relevant to the EPTL List Version 1, and involve technology and/or capabilities that do not currently exist among global product offerings. All EPTL transactions must meet the IRB Eligibility Criteria outlined in Article 7.
- 8.4.2. The IRB Authority may publish updated versions of the EPTL. Such a subsequent published version of the EPTL may be considered to replace Version 1 in this Contract. Replacing the EPTL would require agreement between the IRB Authority and the Contractor, as part of a Contract Change Proposal submitted to the Contracting Authority.
- 8.4.3. In the case where EPTL Version 1 is replaced with a subsequent version, any IRB Transactions which have already been accepted by the IRB Authority as eligible under Version 1 will remain unaffected by the change to a subsequent version.

- 8.4.4. The Contractor may choose to submit a banked EPTL-related transaction for this Medium Range Radar ISS Project. With respect to a banked EPTL transaction, the Version of the EPTL which was in effect at the time of the transaction's acceptance into the IRB bank may be different than the version applicable to this Medium Range Radar ISS Project. In that case, the banked EPTL transaction can nonetheless be counted towards the EPTL requirement on this Medium Range Radar ISS Project.
- 8.4.5. The IRB Authority reserves the right to seek validation of the eligibility of the EPTL transactions found in Annex A, as outlined in Article 7.5.
- 8.4.6. The IRB Authority is the single point of contact between industry and government regarding the EPTL. All enquiries regarding the EPTL contents should be directed to the IRB Authority.

8.5. Post-Secondary and Public Research Institution Transactions

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

8.6. Consortium Transactions

- 8.6.1. In any instance where the Contractor or its Eligible Party invests in research and development through a Consortium, the method of crediting such investments will be as detailed in this Article.
- 8.6.2. Scope: A Consortium shall consist of:
 - 8.6.2.1. the Contractor or its Eligible Party;
 - 8.6.2.2. a minimum of one (1) Canadian Company, and;
 - 8.6.2.3. a minimum of one (1) Canadian Post-Secondary Institution or Public Research Institution.
 - 8.6.2.4. Involvement of non-Canadian company(s) in the Consortium shall be permitted. The combined total investment from non-Canadian companies shall not exceed fifty (50) percent of the Consortium value.
 - 8.6.2.5. The Contractor shall not be able to claim its Consortium members as Eligible Parties to this Contract.

- 8.6.2.6. In cases where an existing Eligible Party to the Contract participates in the same Consortium as the Contractor, separate IRB Transaction Sheets shall be submitted that describes both the Contractor's and the Eligible Party's involvement in the Consortium. Both the Contractor and the Eligible Party may only claim the IRB Credits associated with the contributions that each has leveraged into the Consortium. At no time shall the Contractor and Eligible Party be able to claim for the same contribution(s).
- 8.6.2.7. Contributions to the Consortium may take the form of cash or in-kind contributions. In the case of in-kind contributions, the value of these shall be determined by an assessment to be undertaken by a Third Party to this Contract solely at the cost of the Contractor.
- 8.6.2.8. The future sales that may arise from the Consortium will not be counted for IRB Credit within the Consortium Transaction. Should the Contractor procure goods and services from the Consortium, the purchase will be considered as a separate IRB Transaction and no multiplier will be applied.
- 8.6.2.9. When a Consortium IRB Transaction is submitted, the Contractor must identify the manner that it proposes to calculate the regional distribution. The Contractor may opt to make regional commitments based on where funding for the Consortia originates as a proportion of the total Canadian funding. Alternatively, the Contractor may opt to make regional commitments based on where the work associated with the Consortium is taking place. In either situation, once a Contractor selects a regional calculation, the Contractor will be held to this selection.
- 8.6.2.10. In addition to demonstrating that its investment in the Consortium meets all of the IRB Eligibility Criteria, the Contractor shall also be responsible for demonstrating how its involvement in the Consortium leveraged the investments from the other parties involved. In order to receive IRB Credit for funds invested by other companies, the Contractor must demonstrate that the additional funds invested into the Consortium were the result of the Contractor's participation. The Contractor will not receive any IRB Credit for contributions already existing in the Consortium prior to their participation.
- 8.6.2.11. The Contractor will not receive any IRB Credit on any contributions leveraged by other parties and applied to other IRB obligations. In cases where multiple Contractors with IRB obligations are involved in the same Consortium, each of these Contractors may be eligible to receive IRB credit for their own contribution and that of the members they can demonstrate they attracted to the Consortium.
- 8.6.3. Valuation for IRB Credit Purposes:
- 8.6.3.1. An initial value will first be calculated, and shall be the sum of the following:
- 8.6.3.1.1. the value of cash contributions from the Contractor to the Consortium; and,

- 8.6.3.1.2. the value of cash contributions from other eligible participants, up to a maximum value equal to that of the Contractor's contribution, which have been demonstrably leveraged by the Contractor's participation in the Consortium.
- 8.6.3.2. Once the initial value is established, the Contractor shall receive a five (5x) times multiplier on it.
- 8.6.3.3. The value of any in-kind contributions would then be added. In-kind contributions are not eligible for a multiplier.
- 8.6.4. Timing:
 - 8.6.4.1. IRB Credit can be claimed when both the Contractor and the member(s) make their contributions to the Consortium.
 - 8.6.4.2. All Consortium-related IRB Credits claimed by the Contractor are subject to annual reporting, verification and written approval by the IRB Authority before IRB Credits are approved.
- 8.6.5. The following will not be eligible for IRB Credit:
 - 8.6.5.1. contributions made to the Consortium by Post-Secondary Institutions or Public Research Institutions; and,
 - 8.6.5.2. direct contributions into the Consortium made by any level of government.
- 8.6.6. Performance Guarantees:
 - 8.6.6.1. IRB Transaction sheets related to a Consortium should be stated in the multiplied value of the proposed contributions. This multiplied value is part of the Contractor's total IRB Commitment and, as such, is subject to the performance guarantees stipulated in this Contract.
 - 8.6.6.2. If the Contractor fails to achieve an Accepted IRB Transaction involving a Consortium, the full multiplied value of its IRB Commitment shall be made up with other IRB activities that meet the IRB Eligibility Criteria. Substitute IRB Transactions will not automatically be subject to a multiplier.
- 8.7. **Investment Framework (IF) Transactions**
 - 8.7.1. IRB Transactions may involve R&D or Commercialization investments made directly by the Contractor with a Canadian SMB. The methods of assessing, valuing and crediting these investments are detailed in this article.

- 8.7.2. Proposed IF activities will be reviewed, approved and awarded by the IRB Authority using the following gate process:
 - 8.7.2.1. Gate 1 - Term Sheet Eligibility
 - 8.7.2.2. Gate 2 - Investment Valuation
 - 8.7.2.3. Gate 3 - Determination of IRB Credits and Transaction Sheet Approval
 - 8.7.2.4. Gate 4 - Monitoring and Award of IRB Credit
- 8.7.3. Gate 1, Term Sheet Eligibility - Proposed IF activities must meet all six of the following eligibility criteria:
 - 8.7.3.1. Investment must be linked to Research and Development (R&D) and/or Commercialization activities, as defined in this Contract;
 - 8.7.3.2. Investment must be with a Canadian SMB, as defined in this Contract;
 - 8.7.3.3. Investment must meet the IRB Eligibility Criteria, as defined in this Contract;
 - 8.7.3.4. Investment must be an Allowable IF Investment, as defined in this Contract;
 - 8.7.3.5. IF activity must have a duration of at least five (5) continuous years, beginning at the date the investment is made; and,
 - 8.7.3.6. A complete IF Business Plan, as defined in this Contract, must be submitted to the IRB Authority.
- 8.7.4. Gate 2, Investment Valuation – Eligible IF activities will be valued, using the following methods:
 - 8.7.4.1. Eligible cash investments will be taken at face value.
 - 8.7.4.2. Eligible in-kind investments will be valued by an independent third party, as outlined in article 1.1.21.
- 8.7.5. Gate 3, Determination of IRB Credits – The following multipliers will be applied to the value of the eligible IF investment:
 - 8.7.5.1. Cash for R&D activities; or, License for IP – nine (9)
 - 8.7.5.2. Cash to purchase, or in-kind transfer of, Equipment – seven (7)
 - 8.7.5.3. In-kind transfer of Knowledge and/or Marketing/Sales Support – four (4)
- 8.7.6. Gate 4, Monitoring and Award of IRB Credits –

- 8.7.6.1. The multiplied IRB credits resulting from an IF activity will be awarded along the following timeline:
- 50 percent up front, once the investment activity is made according to the IF Business Plan, reported to the IRB Authority, and verified by the IRB Authority;
 - 50 percent apportioned over the remaining years of the IF project, as annual IF reporting requirements are met.
- 8.7.6.2. The Contractor will be deemed as having met each year's annual IF reporting requirements once the Contractor:
- reports on its IF activities through the established IRB annual reporting requirements outlined in Article 3, "IRB Reporting"; and,
 - includes in its IRB Annual Report each year a specific and complete IF activity report, using the template provided in Annex E of this contract, "Annual IF Activity Report."
- 8.7.7. The total issued IRB Credits associated with IF activities cannot exceed five (5) percent of the total IRB Obligation value in this Contract, as identified in Article 2.1.1.
- 8.7.8. The investment must be made within 12 months from the date of either: the final IRB transaction approval from the IRB Authority (cash investment); or, the third party valuation report (in-kind investment).
- 8.7.9. The investment must remain with the SMB for at least five (5) continuous years and be used for the purposes outlined in the IF Business Plan.
- 8.7.10. IRB Credits may be disallowed or revoked by the IRB Authority in any of the following circumstances:
- 8.7.10.1. failure to provide a detailed, complete and accurate "Annual IF Activity Report" in each year of the IF project;
- 8.7.10.2. removal, in whole or in part, of the IF investment from the SMB prior to the end of five continuous years; or
- 8.7.10.3. use of the IF investment for purposes other than those outlined in the IF Business Plan.
- 8.7.11. A "Guide for Applicants" is available on the IRB Website (www.ic.gc.ca/irb), which provides additional details on the IF processes, timelines and deliverables. The Guide also provides the templates to be used by the Contractor or its Eligible Party during the IF submission process.

8.8. Technology and Skills Cooperation Transactions

- 8.8.1. IRB Transactions may take the form of direct Technology and Skills Cooperation and shall meet the following criteria:
 - 8.8.1.1. technology shall be in a form that is sufficiently complete to allow the Canadian recipient to apply the knowledge to existing or new products or processes;
 - 8.8.1.2. technology shall be proprietary, current and at a level of technology equivalent to or higher than that used on the Project;
 - 8.8.1.3. all required licenses or permits to facilitate the sale of products/services domestically or for export shall be included;
 - 8.8.1.4. the transferor shall make available all engineering and technical advice and assistance required to exploit and keep current the transferred technology and all related information (drawings, methods of application, etc.);
 - 8.8.1.5. the Canadian Company shall have access to domestic and foreign markets and have the resources to exploit the technology in these markets;
 - 8.8.1.6. the technology shall be exploitable in terms of the capability (financial and technical) of the Canadian Company to use and keep it current; and
 - 8.8.1.7. the Contractor shall make available, upon request by the IRB Authority, the licensing agreement with the Canadian recipient. Failure to do so may result in the technology and skills cooperation IRB Transaction being rejected.
- 8.8.2. The Technology and Skills Cooperation shall be measured in Canadian Content Value of the future sales, export sales or Import Replacement, of goods or services by the Canadian Company as a result of the Technology and Skills Cooperation. In addition, the Contractor may be credited for reasonable costs incurred as a result of the Technology and Skills Cooperation once the achievement in future sales surpasses the cost of the Technology and Skills Cooperation. Reasonable costs incurred include:
 - 8.8.2.1. training costs;
 - 8.8.2.2. set-up of infrastructure needed to exploit the technology; and
 - 8.8.2.3. any others as deemed reasonable by the IRB Authority.
- 8.8.3. IRB activities in the form of Technology and Skills Cooperation with Canadian Companies may include, but not be limited to, activities such as:

- 8.8.3.1. participation in the design, development and manufacture of new or improved systems;
- 8.8.3.2. the provision of new process technologies that will enhance Canadian industry by improving their capabilities in present product lines and enhance their export potential; and
- 8.8.3.3. the provision of licenses which will allow Canadian Companies to manufacture new or existing components of major systems for export sale and Import Replacement.

8.9. General Investment Transactions

- 8.9.1. IRB Transactions can involve activities such as investment in Canada. These investments shall meet the IRB Eligibility Criteria and shall be made by the Contractor or its Eligible Party and placed directly with a Canadian recipient.
- 8.9.2. The Contractor will be credited the CCV of future sales achieved by the IRB Recipient as a result of the specific investment. In addition, the Contractor will also be credited for the amount of the investment itself, once the Recipient's future sales achievement surpasses the amount of the initial investment. The credited future sales will be prorated by multiplying the applicable sales to the ratio of the Contractor's own direct investment in the Canadian company relative to the Canadian company's Capitalization at the time the investment was made once the accepted IRB Credits surpasses the amount of the total investment.
- 8.9.3. Credited Future Sales =

$$\text{Applicable Sales} \times \frac{\text{Contractor's own direct investment in Canadian Recipient}}{\text{Canadian Recipient's Capitalization at the time the investment was made}}$$
- 8.9.4. The investment shall not be in the form of a loan or for the purchase of debentures.
- 8.9.5. The investment made by the Contractor or its Eligible Parties shall remain placed with the Canadian Recipient for a minimum of three (3) years, starting from the date the investment is placed with the Recipient. Failure to do so will result in the immediate clawback of all IRB approved IRB Credits for the IRB Transaction by the IRB Authority. No further IRB Credits will be approved for that particular transaction.
- 8.9.6. In the event the Contractor or an Eligible Party invests in its own Canadian facilities, the investment and the incremental sales resulting from that investment may be eligible for IRB Credit, assuming the investment meets the IRB Eligibility Criteria. Consideration will be given to whether the investment results in a benefit to Canada and that it does not result in overcapacity, shutdowns of existing companies or losses of prospective sales by existing companies in Canada.

8.9.7. The capital associated with the purchase of a Canadian Company that is considered a “going concern” is not an eligible investment for IRB purposes. If the investment is for a Canadian Company that has availed itself of the Canadian bankruptcy laws, then the investment can be considered for IRB purposes.

8.9.8. Investment transactions may also include:

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

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

8.10. Venture Capital Fund Transactions

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

8.10.2. Timing:

8.10.2.1. IRB Credit can be claimed when:

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

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

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

8.10.3. Scope:

- 8.10.3.1. (Privately held) small business recipients of the VCF investment shall have 50 employees or less (service based industries) or 100 employees or less (manufacturing based industries) at the commencement of the investment.
- 8.10.3.2. Initial investments by the VCF Manager, including co-investments, in eligible small businesses cannot exceed \$1M.
- 8.10.3.3. Small business recipients will generally be involved in the development, manufacture or commercialization of a technologically advanced product or service in one of the following sectors:
 - Life sciences (biotechnology, medical devices and pharmaceuticals)
Health
 - Advanced materials
 - Advanced manufacturing
 - Environment
 - Information and communications technologies, and
 - Aerospace and defence
- 8.10.3.4. Only Canadian registered and managed VCFs (or Third Parties) which support the above industrial sectors will be acceptable. The Contractor will have to provide evidence that a high percentage of a chosen fund=s investment activity is with companies that are in the above sectors.

8.10.4. Multiplier for IRB Credit purposes:

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

8.10.5. Limitation to Venture Capital Funds

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

8.10.6. Performance Guarantees

- 8.10.6.1. IRB Transaction sheets related to qualifying VCF transactions are stated in the multiplied value of the proposed contributions to the VCF. This multiplied value is part of the Contractor's total IRB Commitment, and as such is subject to the performance guarantees stipulated in this Contract.
- 8.10.6.2. If the Contractor fails to achieve an Accepted IRB Transaction involving a VCF, the full (multiplied) value of its IRB Commitment shall be made up with other IRB activities that meet the IRB Eligibility Criteria. Substitute transactions will not be subject to the multiplier.

9. STRATEGIC PLANS

- 9.1. Major Obligors to Canada are required to submit a Strategic Plan to the IRB Authority;
- 9.2. The Contractor and the IRB Authority will meet regularly to update, review and discuss the Contractor's Strategic Plan. Representatives at senior levels of both the Contractor's corporation and IRB Authority will be available for these meetings.
- 9.3. The Contractor's Strategic Plan should include:
 - 9.3.1. a description of the Contractor's broad corporate plans and overarching strategic vision for Canada over the medium-term (3-5 years) and long-term (5+ years);
 - 9.3.2. how these corporate plans and vision may translate into IRB activities
 - 9.3.3. an overview of the Contractor's current and anticipated IRB Obligations to Canada
 - 9.3.4. IRB Partnerships with Tier-one Suppliers or other Eligible Parties; and,
 - 9.3.5. Notice of potential IRB Transactions that will request Pooling.
- 9.4. Contractors with multiple IRB Obligations totaling less than \$1 billion may also submit a Strategic Plan to the IRB Authority. However, neither the IRB Authority, nor the Contractor will be required to meet to discuss the Strategic Plan.
- 9.5. Contractors with a Strategic Plan may be permitted to pool high value, strategic IRB business activities.
- 9.6. Pooled IRB Transactions must meet the following criteria:
 - 9.6.1. meet all of the IRB Eligibility Criteria as described in Article 7 (Eligibility Criteria for IRB Transactions);
 - 9.6.2. have a value of over \$100 million, measured in CCV; and

- 9.6.3. have strategic and long term impacts on the Canadian IRB Recipient, including but not limited to: R&D support; first purchase of innovative Canadian technologies; unique market leadership; world product mandate; global value chain activities; consortia activities; small and medium business activities; and/or technology advancement.
- 9.7. The Contractor must clearly describe and document how any proposed IRB Transaction for Pooling meets the criteria in Article 9.6.
- 9.8. The receipt, storage and protection of corporate business information included in a Strategic Plan is governed by applicable federal laws and processes, such as the *Access to Information Act*, the *Privacy Act* and the *Library and Archives of Canada Act*.

10. VALID ORDERS

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

11. BANKING

- 11.1. Banked IRB Transactions may comprise a total of 50% of the IRB Commitment value.
- 11.2. The entire CCV of a Banked IRB Transaction, not a portion thereof, must be applied to a single IRB Transaction under the Contract.
- 11.3. Each transaction must clearly state that it is a Banked IRB Transaction. The Banked IRB Transaction must contain the exact information as submitted to the IRB Bank.
- 11.4. Trading and/or transfer between companies of banked transactions is not permitted.

12. IMPORT REPLACEMENT

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

13. WORLD PRODUCT MANDATE

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

14. PUBLIC COMMUNICATIONS

- 14.1. The Contractor, its Eligible Parties and/or IRB Recipients are encouraged to be as transparent as possible regarding its IRB plans, obligations and specific IRB Transactions, making them publicly available whenever possible.
- 14.2. In the above efforts at transparency, the Contractor and the IRB Authority will jointly coordinate public communications related to the IRB activities associated with the Medium Range Radar ISS Project. The two parties will also collaborate to identify IRB impact and success stories associated with IRB activities.
- 14.3. The Contractor consents to public announcements regarding the Medium Range Radar ISS Project, made by or on behalf of the Minister of Industry, that are related to i) IRB Obligations and ii) those IRB Transactions which involve business activities with a signed contract or Memorandum of Understanding between the IRB Donor and the IRB Recipient. These announcements would include company names, general descriptions of the work being proposed and approximations of CCV. In these cases, the IRB Authority will make all reasonable efforts to ensure that the Contractor has the opportunity to participate in the announcement and/or the preparation of any related materials.
- 14.4. For all other public communications regarding the IRB activities on the Medium Range Radar ISS Project, drafts of announcements and their publication schedule will be delivered by either party to the other as soon as is reasonably possible, but in any event prior to the proposed release date. Each party will make every effort to inform the other, and seek resolution of, any objections to the content or timing of the proposed announcement.
- 14.5. Nothing in this Article 14 shall be interpreted as preventing the fulfillment by any company involved in an IRB obligation or activity of its reporting obligations under applicable Securities laws.

15. IRB TRANSACTION ALTERATIONS

- 15.1. The Contractor shall not alter the IRB Commitments listed in Annex A unless:
 - 15.1.1. the Contractor has submitted a proposal to the IRB Authority through the Contracting Authority, with respect to the alteration; and,
 - 15.1.2. the IRB 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 IRB Transaction(s) listed in Annex A, and the IRB Authority may accept these requests provided that in the judgment of the IRB Authority:

- 15.2.1. the circumstances requiring the change are exceptional and likely to result in undue hardship upon the Contractor if a change is not made;
 - 15.2.2. the obligations of this Contract under the Statement of Work are maintained i.e. the overall Regional and Small and Medium Business Commitments are maintained;
 - 15.2.3. the proposed alterations or substitutions meet the IRB Eligibility Criteria stated in this Contract;
 - 15.2.4. the proposed substitute IRB Transaction is not less than the IRB Transaction to be replaced both as to the level of technological sophistication of the work to be performed and the CCV;
 - 15.2.5. Canadian industry will receive the maximum high-quality, low risk, Direct Benefits associated with the delivery of the work; and
 - 15.2.6. Canadian industry will receive high-quality, low risk, Indirect Benefits of the same level of technology as the Direct Benefits.
- 15.3. Mutual Abatement and Trading
- 15.3.1. Mutual Abatement means a reduction of the Contractor's IRB Obligation in exchange for the reduction of a Canadian company's obligations to a foreign offset authority.
 - 15.3.2. Mutual Abatement is not permitted.
 - 15.3.3. Trading of IRB Obligations, or of IRB Credits, is not permitted.

16. VERIFICATION AND ACCESS TO RECORDS

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

- 16.3. In addition, the IRB Authority may request the Contractor provide copies of all such information be sent to him/her via mail or courier for a random sample of IRB Transactions, as he/she may from time to time request.
- 16.4. If the IRB Authority determines that the information contained in the Annual IRB Report and certified by the Certificate of Compliance shall be verified, the Contractor shall undertake to provide the IRB Authority with access, at all reasonable times, and within sixty (60) calendar days of being notified, to its accounts and records relating thereto and shall, by obtaining similar undertakings in the subcontracts of all Eligible Parties, arrange for the same in respect of any subcontracts and suppliers carrying out the work.
- 16.5. Where, subsequent to the verification action taken pursuant to this Article, the IRB Authority determines that the records are insufficient to verify the Contractor's achievements in respect of any IRB Commitment, the Contractor shall provide such additional information as may be required by the IRB Authority.
- 16.6. Where it cannot be verified that an IRB Transaction has provided the IRB claimed, that portion of the IRB Transaction which cannot be verified will be considered as not having been achieved and the IRB Authority will give Notice to the Contractor of the Shortfall through the Contracting Authority.
- 16.7. If the IRB Authority determines that a significant Shortfall in the Contractor's total IRB Commitment exists and if the IRB Authority believes that the Contractor will not meet its total IRB Commitment, the IRB Authority may give, through the Contracting Authority, notice to the Contractor and request the Contractor to submit a proposal showing how the Contractor plans to correct such deficiencies. The Contractor will submit its proposal within sixty (60) calendar days of receipt of such notice. If the proposal is not acceptable to the IRB Authority, the IRB Authority may request the Contracting Authority to terminate the Contract.

17. INFORMATION MANAGEMENT

- 17.1. The Contractor's overall, aggregate information related to IRB Obligations, activities and achievements is considered by the IRB Authority to be information available to Parliament and the public.
- 17.2. The receipt, storage and protection of the Contractor's specific corporate and transactional business information, which is provided to the IRB Authority in the context of this Contract and/or through a Strategic Plan, is governed by applicable federal laws and processes, such as the *Access to Information Act*, the *Privacy Act* and the *Library and Archives of Canada Act*.

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

18. CONFLICT RESOLUTION

- 18.1. The IRB Authority and the Contractor acknowledge that they have entered into a long-term contractual relationship, with the goal that the Contractor achieves the IRB Obligations stated herein, delivers long-term economic benefits to Canada and effectively carries out the Terms and Conditions of this Contract.
- 18.2. Guiding this long-term relationship are common values and approaches, such as mutual accountability, open communication, mutual respect and effective collaboration. The relationship will involve officials at the project level (ie IRB and contract managers) and at the management level (ie Departmental and Executive officials). Discussions will be frequent and ongoing over the life of the Contract.
- 18.3. In the event that a disagreement arises between the IRB Authority and the Contractor regarding an IRB 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.

19. PERFORMANCE GUARANTEES

- 19.1. The long-term relationship between the Contractor and IRB Authority is supported by several processes aimed at promoting regular, ongoing engagement between the two parties. These processes include the IRB identification schedule outlined in Article 2 and the annual reporting process outlined in Article 3. Taken together, these and other monitoring measures are aimed at encouraging positive engagement, use of best practices and the successful completion of the Contractor's IRB Obligations in this contract.
- 19.2. In the unlikely event that the Contractor fails to meet its IRB Obligations under this Contract, the following performance guarantees are in place:
- 19.2.1. Holdback/Stop Payment:
- 19.2.1.1. If at the end of IRB Reporting Period 2, it is confirmed through the submission and assessment of transactions that the Contractor failed to meet the requirements as stated in Article 2.1.7, all further ISS payments will be withheld.

- 19.2.1.2. With respect to the Holdback outlined in article 19.2.1,1, a grace period of thirty (30) calendar days, beginning on the date of failure notification by the IRB Authority, shall pass before the Holdback takes effect. Within this period, the Contractor may take corrective action.
- 19.2.1.3. If at the end of the IRB Reporting Period 4, it is confirmed through the submission and assessment of transactions that the Contractor has failed to meet the requirements as stated in Article 2.1.8, Canada will suspend contract payment until the situation is remedied.
- 19.2.1.4. With respect to the payment suspension outlined in article 19.2.1.3, a grace period of thirty (30) calendar days, beginning on the date of failure notification by the IRB Authority, shall pass before the payment suspension takes effect. Within this period, the Contractor may take corrective action.
- 19.2.2. Liquidated Damages:
- 19.2.2.1. In respect of the failure to achieve any of the Commitments in articles 2.1.1 to 2.1.6 (Statement of Work: IRB Commitments and Responsibilities) by the end of the IRB Achievement Period, the Contractor shall pay to Canada as liquidated damages 10% of the Shortfall.
- 19.2.2.2. In the event that liquidated damages arise under more than one of the IRB Commitments, the Contractor will be liable only under the IRB Commitment which results in the highest liquidated damages.
- 19.2.2.3. Included in the total IRB Commitments are the unidentified IRB Commitments.
- 19.3. In the event that the Contract is terminated for default),the Contractor will immediately pay to Canada an amount equal to the Liquidated Damages that would be payable under article 19.2.2.1 based on the Shortfall in regard to those Commitments that, according to Annex A (Plans and Transactions), were to be achieved by the date of termination. In the event of such payment, the Contractor will have no further liabilities in regard to the IRB requirements of the Contract.
- 19.4. In the event that this Contract is terminated for convenience, the Contractor will have no further liabilities. In the event of partial termination of the Contract under Clause A, the Contractor will be released from the terminated portions of its Commitments and from the provisions of Article 2 (Statement of Work: IRB Commitments and Responsibilities) as it relates to such terminated portions.

- 19.5. If, during the progress of the Contract, a change in the Work is initiated by Canada which results in the Contractor no longer being able to source from a Canadian Company and, as a consequence, Commitments in the Statement of IRB Work may not be met, the Contractor shall immediately notify the IRB Authority through the Contracting Authority. The Contractor shall fully describe the issue, provide all supporting data, including a complete record of attempts to purchase from Canadian sources and Canadian suppliers' responses, together with an analysis of specific technical, commercial or other factors which result in the inability to source from Canada.
- 19.6. The obligation of the Contractor to pay Liquidated Damages pursuant to articles 19.2.2.1 will be triggered by notice executed by either the Minister or the Deputy Minister of Public Works and Government Services Canada to the Contractor, stating that the Contractor is in default under the Contract for failure to achieve the IRB Commitments within the IRB Achievement Period and that Canada is demanding payment of Liquidated Damages in accordance with the Liquidated Damages Clause.
- 19.7. Letter of Credit: The Contractor shall, prior to being entitled to receipt of the final Milestone Payment from Canada following the completion of the Work, provide Canada a guarantee in the form of a letter of credit, covering the amount of monies that would be owing by way of liquidated damages pursuant to the Liquidated Damages clause should the Contractor not achieve any further IRB Credits after the date of the final Milestone Payment. The letter of credit shall be:
- 19.7.1. issued by a financial institution which is a member of the Canadian Payment Association;
 - 19.7.2. in form and substance satisfactory to the Minister;
 - 19.7.3. solely at the cost of the Contractor;
 - 19.7.4. abated as set forth below;
 - 19.7.5. unconditional and irrevocable; and
 - 19.7.6. subject to the Uniform Customs and Practice for Documentary Credits, as set out in Publication No. 600, July 2007.
- 19.8. The letter of credit shall remain in force until the earliest of:
- 19.8.1. the achievement of the Commitments; and
 - 19.8.2. six months following the submission of the final IRB Report at which time the letter of credit will be abated in full and will be returned by Canada to the Contractor.

- 19.9. The obligation of the Financial Institution to pay under the letter of credit will be triggered by notice executed by either the Minister or the Deputy Minister of Public Works and Government Services Canada to the Issuing Bank stating that the Contractor is in default under the Contract for failure to achieve the Commitments within the Achievement Period, that Canada has made a demand by Notice for payment of Liquidated Damages in accordance with the Liquidated Damages Clause and that the Contractor has failed to pay Canada Liquidated Damages in accordance with the Liquidated Damages Clause. No other event will trigger payment under the letter of credit.
- 19.10. The Contracting Authority in accordance with this Article, will have the right to holdback, drawback, deduct and set off from and against the monies owing at any time by Canada to the Contractor, any damages owing under this Contract equal to ten percent (10%) of the Shortfall amount.
- 19.11. Nothing in this Article will be interpreted as limiting the rights and remedies which the Contracting Authority may otherwise have in relation to any breach of this Article by the Contractor, including the right to terminate the Contract for default.
- 19.12. Actual damages which would be sustained by Canada in the event of a breach by the Contractor of the CCV Commitment provisions of this Contract would be commercially impracticable or extremely difficult to compute or ascertain and, therefore, the provisions for Liquidated Damages are agreed to be a fair and reasonable best estimate of such actual damages, and the manner provided herein for the enforcement and collection of Liquidated Damages is agreed to be fair and reasonable.

20. RESPONSIBILITIES OF THE PARTIES

- 20.1. The Parties to this Contract acknowledge and agree that:
- 20.1.1. Canada has responsibility to set in place programs and policies which foster a growing, competitive, knowledge-based Canadian economy and to establish IRB Objectives which include:

- 20.1.1.1. the long-term creation and exploitation of capabilities, knowledge, advanced technologies and markets of lasting impact on Canadian industry;
- 20.1.1.2. the involvement of advanced technologies and result in the enhancement of Canadian capability to undertake other work of a similar nature and make a positive contribution to the continuing viability, growth, innovation, export growth and development of the Canadian IRB Recipient.
- 20.1.1.3. encouraging the participation of Canadian companies in the Designated Regions of Canada, assisting with long-term quality improvements to their capability, capacity, international competitiveness and growth potential.
- 20.1.1.4. encouraging the participation of Canadian SMB as suppliers on major federal procurements and to increase their competitiveness and export market access.
- 20.1.2. the award of this Contract to the Contractor resulted from a procurement process in which the Contractor committed to fulfill the CCV Commitments set out in Article 2, Statement of Work: IRB Commitments and Responsibilities; and
- 20.1.3. it is the responsibility of the Contractor to ensure that it can complete the IRB Transactions and that these are not limited by applicable laws, regulations, policies or standards.

21. GOVERNMENT ORGANIZATIONS

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

22. COMPLIANCE WITH THE LOBBYING ACT

- 22.1. The Contractor and its Eligible Parties each represents, warrants and undertakes:
 - 22.1.1. that it has filed all *Lobbying Act* returns to be filed in respect of persons employed by it who communicate and/or arrange meetings with public office holders as part of their employment duties, and that it will continue to do so;
 - 22.1.2. that it has not contracted with any person to communicate and/or arrange meetings with public office holders for remuneration that is or would be contingent in any way upon success of such person arranging meetings with public office holders, or upon the approval and granting of IRB Credit under this Contract;

- 22.1.3. that it will not contract with any person to communicate and/or arrange meetings with public office holders for remuneration that is or would be contingent upon the success of such person arranging meetings with public office holders, or upon the approval and granting of IRB Credit under this Contract;
- 22.1.4. all persons who are or have been contracted by it to communicate and/or arrange meetings with public office holders in respect to this Contract are in full compliance with the registration and other requirements of the *Lobbying Act*;
- 22.1.5. it shall at all times ensure that any persons contracted to communicate and/or arrange meetings with public office holders in respect of this Contract are in full compliance with the requirements of the *Lobbying Act*.
- 22.2. When submitting each IRB Annual Report, the Contractor and its Eligible Parties must provide the IRB Authority with a Certificate of Compliance related to Lobbying, signed by the senior officer of the corporation who is authorized to bind the company. The Certificate of Compliance template is contained in Annex B.

23. CONTINGENCY AND/OR SUCCESS FEES

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

24. LIST OF APPROVED ELIGIBLE PARTIES

- 24.1. The Eligible Parties to this Contract include the companies and coordinates listed below:
 - 24.1.1. (List to be included at contract award)

25. LIST OF APPROVED GLOBAL VALUE CHAIN PLATFORMS

- 25.1. The Platforms approved for GVC work are listed below:
 - 25.1.1. (List to be included at contract award)

ANNEX A – PLANS AND TRANSACTIONS

IRB Plans – to be referenced from Contractor’s IRB Proposal

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

Protected B (when completed

V.3 Model Terms and Conditions
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Any changes to the transaction details (such as CCV % or company contact info)

Significant achievements and activities

Any delays, problems or achievements shortfalls, with a plan of action to resolve

PART C – For each transaction being reported, include:

The IRB achievement claims for the **CURRENT** reporting period, with appropriate totals and subtotals for Direct, Indirect, SMB, EPTL/SADTL, and each of the Designated Regions. The Contractor may use the chart format of their choice.

PART D – For each transaction reported, include:

The IRB achievement claims **SINCE THE START OF THE IRB ACHIEVEMENT PERIOD**, with appropriate totals and subtotals for Direct, Indirect, SMB, EPTL/SADTL, and each of the Designated Regions. The Contractor may use the chart format of their choice.

PART E

Description of activities undertaken related to SMB and regional development

List of IRB Transactions that have been cancelled or substantially altered (with previous IRB Authority approval)
Certificate of Compliance for IRB Achievements (template attached)
Certificate of Compliance for the Lobbying Act (template attached)

CERTIFICATE OF COMPLIANCE
For IRB Reporting Purposes

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

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

NOW THEREFORE, The Contractor declares and certifies as follows:

- i) The information contained in the documents appended herewith, which applies to the reporting of the IRB Transaction periods is to the best of our knowledge and ability complete, true and correct;
- ii) The information contained in the documents appended herewith is compliant with information contained in Certificates of Compliance submitted to the Contractor by other Eligible Parties;
- iii) The Canadian Content Values shown in documents appended herewith have been determined in accordance with Article 6 (Canadian Content Value) of the Contract;

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

SIGNATURE

NAME AND TITLE OF SENIOR COMPTROLLER

AT:_____

CERTIFICATE OF COMPLIANCE - Lobbying Act For IRB Reporting Purposes

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

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

NOW THEREFORE, The Contractor declares and certifies as follows:

- i) that it has filed all *Lobbying Act* returns to be filed in respect of persons employed by it who communicate and/or arrange meetings with public office holders as part of their employment duties, and that it will continue to do so;
- ii) that it has not contracted with any person to communicate and/or arrange meetings with public office holders for remuneration that is or would be contingent in any way upon success of such person arranging meetings with public office holders, or upon the approval and granting of IRB Credit under this Contract;
- iii) that it will not contract with any person to communicate and/or arrange meetings with public office holders for remuneration that is or would be contingent upon the success of such person arranging meetings with public office holders, or upon the approval and granting of IRB Credit under this Contract;
- iv) all persons who are or have been contracted by it to communicate and/or arrange meetings with public office holders in respect to this Contract are in full compliance with the registration and other requirements of the *Lobbying Act*; and
- v) it shall at all times ensure that any persons contracted to communicate and/or arrange meetings with public office holders in respect of this Contract are in full compliance with the requirements of the *Lobbying Act*.
- vi) it shall not make or agree to make any payment to an individual, company or entity that is contingent on the approval of IRB Credit by the IRB Authority under this Contract or upon the entity's success in arranging meetings with public office holders.

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

SIGNATURE

NAME AND TITLE OF SENIOR OFFICIAL
AT: _____

ANNEX C
TEMPLATE FOR IRB TRANSACTION SHEET

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

Protected B (when completed)

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

2. TRANSACTION DETAILS			
Title:			
Number:			
Date of Submission:			
Tranche:	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
IRB Transaction Type: <input type="checkbox"/> Direct <input type="checkbox"/> Indirect			
IRB Activity Type: <input type="checkbox"/> Purchase <input type="checkbox"/> Consortium <input type="checkbox"/> University Investment <input type="checkbox"/> Investment Framework <input type="checkbox"/> General Investment <input type="checkbox"/> Technology Transfer <input type="checkbox"/> VCF			

Government Assistance or Participation in Transaction:

3. TRANSACTION DONOR

Company Name

IRB Contact Name

Email

Telephone

Address

City

Province/State

Country

Postal Code

NAISC code

(See NAISC website - <http://www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVDP&Page1&TVD=118464>)

Description of Core Capabilities

Tier Level

4. TRANSACTION RECIPIENT

Company Name

IRB Contact Name

Email

Telephone

Address

City

Province

Country

Postal Code

NAISC code

Description of company and core capabilities

Description of impact on recipient

Number of Employees

Small and Medium Business?

Tier Level

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

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

7. QUALITY OF TRANSACTION

8. LIST OF SUPPORTING DOCUMENTATION	
Nature of Document	Relevance

--	--

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

(CCV\$)

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

.

ANNEX D
ENHANCED PRIORITY TECHNOLOGY LIST – VERSION X

Sector	Category	Description
Ships	Defence	Detection capabilities and decision aids
	Signature Management	Detectability reduction
Cyber	Network Monitoring	Detection and tracking of anomalous behaviours that threaten network defence capabilities
	Network Defence	Tools to support dynamic responses to isolate, monitor and defeat cyber intrusions
Aerospace	Arctic and Maritime Domain Awareness	Affordable aerospace-based surveillance and monitoring systems
	Vulnerability Reduction	Precision navigation and timing capabilities that reduce vulnerabilities in current systems such as GPS
Soldier Systems	Power and Energy	Lightweight high-energy portable power sources
	Full Spectrum Protection	Blast and ballistic omni-directional shielding
	Garment Platforms	Integrated multi-function electro-textiles
	Tunable Weapons Systems	Weapons systems which deliver effects across non-lethal and lethal environments
	Situation Awareness	Integrated, portable, lightweight, multifunction, wireless and secure C3 systems

ANNEX E – TEMPLATE FOR ANNUAL IF ACTIVITY REPORT

Protected B (when completed)

ANNUAL IF ACTIVITY REPORT <i>(Please complete entire form)</i>
IF Transaction Number:
IF Transaction Title:
IF Investor:
SMB Recipient:
Date of this report:
<u>PART A – FIRST IF REPORT</u> At a minimum, the Contractor's first Annual IF Activity Report must contain and address the items listed below:
1. Documentation confirming IF investment: For cash investments, attach the following: <ul style="list-style-type: none"> <input type="checkbox"/> A certified copy of the cheque or wire transfer to the SMB <input type="checkbox"/> Written reconfirmation from the SMB of their anticipated use of the cash investment <input type="checkbox"/> A copy of the final signed legal agreement (or similar signed document) between the IRB Obligor and the SMB outlining the terms and conditions of the investment. For in-kind investments, attach the following: <div style="margin-left: 20px;"> For tangible assets <ul style="list-style-type: none"> <input type="checkbox"/> written confirmation that the transfer of the asset has taken place <input type="checkbox"/> written confirmation from the SMB of its receipt <input type="checkbox"/> written reconfirmation from the SMB of its expected use. For intangible assets (licenses, knowledge, marketing and sales) <ul style="list-style-type: none"> <input type="checkbox"/> written confirmation from the SMB identifying the contribution, confirming its receipt and reconfirming its expected use. <input type="checkbox"/> a copy of the final signed legal agreement (or similar signed document) between the IF Investor and the SMB, outlining the terms and conditions of the investment, including the final value of the transfer. </div>
<u>PART B – ENSUING IF REPORTS</u> Once IF activities begin, each of the Contractor's Annual IF Activity Reports must, at a minimum, contain and address the items listed below:
1. Overview of the IF investment and how it is to be used:

Details:

Successes associated with *IF* activities?

- ☐ **Yes**
- ☐ **No**

Details:

Opportunities associated with *IF* activities?

- ☐ **Yes**
- ☐ **No**

Details:

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

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

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

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

Overview:

☐ **Successes related to relationship/collaboration?**

☐ **Yes**

☐ **No**

Details

☐ **Challenges related to relationship/collaboration?**

☐ **Yes**

☐ **No**

Details

☐ **Future opportunities related to relationship/collaboration?**

☐ **Yes**

☐ **No**

Details:

☐ **Links to other partners or sectors**

☐ **Yes**

☐ **No**

Details:

☐ **Other information**

☐ **Yes**

☐ **No**

Details:

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

Impact on Innovation

☐ **High**

☐ **Moderate**

☐ **Low**

Details:

Impact on Competitiveness

☐ **High**

☐ **Moderate**

☐ **Low**

Details:

Impact on Delivering Broader Benefits to Canada

☐ **Technology**

☐ **Economy**

☐ **Environment**

☐ **Social**

☐ **Security**

- ☐ **Other**

Details:

10. Major Changes

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

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

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

11. Signatures

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

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

IRB Contractor

Signature

Date

Name (please print)

Title

***IF* Donor**

Signature	Date
<hr/>	
Name (please print)	Title
<hr/>	
<u>IF Recipient (Canadian SMB)</u>	
Signature	Date
<hr/>	
Name (please print)	Title
<hr/>	