

RETURN BIDS TO:
RETOURNER LES SOUMISSIONS À:

SOLICITATION AMENDMENT
MODIFICATION DE L'INVITATION

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

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

Comments - Commentaires

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

Issuing Office - Bureau de distribution
Electronics, Simulators and Defence Systems Div.
/Division des systèmes électroniques et des systèmes de
simulation et de défense
11 Laurier St. / 11, rue Laurier
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|---|---------------------------------------|
| Title - Sujet Naval Remote Weapon Station | |
| Solicitation No. - N° de l'invitation W8472-125389/B | Amendment No. - N° modif. 011 |
| Client Reference No. - N° de référence du client W8472-125389 | Date 2015-06-15 |
| GETS Reference No. - N° de référence de SEAG PW-\$\$QF-101-24870 | |
| File No. - N° de dossier 101qf.W8472-125389 | CCC No./N° CCC - FMS No./N° VME |
| Solicitation Closes - L'invitation prend fin at - à 02:00 PM on - le 2015-06-30 | |
| Time Zone Fuseau horaire Eastern Daylight Saving Time EDT | |
| F.O.B. - F.A.B. Specified Herein - Précisé dans les présentes Plant-Usine: <input type="checkbox"/> Destination: <input type="checkbox"/> Other-Autre: <input checked="" type="checkbox"/> | |
| Address Enquiries to: - Adresser toutes questions à: Michael Rancourt | Buyer Id - Id de l'acheteur 101qf |
| Telephone No. - N° de téléphone (819) 956-3930 () | FAX No. - N° de FAX (819) 956-5650 |
| Destination - of Goods, Services, and Construction: Destination - des biens, services et construction: | |

Instructions: See Herein

Instructions: Voir aux présentes

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

Solicitation No. - N° de l'invitation

W8472-125389/B

Amd. No. - N° de la modif.

011

Buyer ID - Id de l'acheteur

101qf

Client Ref. No. - N° de réf. du client

W8472-125389

File No. - N° du dossier

101qfW8472-125389

CCC No./N° CCC - FMS No/ N° VME

This Request for Information (RFI) amendment 11 is to release the Industry Canada draft RFP bidder Instructions, evaluation procedures, and resulting terms and conditions.

Canada requests that Industry submit their comments and feedback on these documents on or before **June 25th 2015.**

ANNEX “X” (TBD)

NAVAL REMOTE WEAPON STATION

Industrial and Technological Benefits (ITB)

Value Proposition Evaluation Bidder Instructions

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1. INTRODUCTION

- 1.1. On February 5, 2014, the Government of Canada announced the Defence Procurement Strategy (DPS). One of the DPS' objectives is to leverage purchases of defence equipment to create jobs and economic growth in Canada. The principal tool for achieving this objective is the Industrial and Technological Benefits (ITB) Policy including Value Proposition (VP).
- 1.2 The Value Proposition (i.e. Bidder proposal) should describe how the Bidder intends to meet Canada's ITB Objectives for the Naval Remote Weapon Station (NRWS) requirement and clearly indicate how the proposed Value Proposition Criteria, as defined in Article 1.1.51 of the ITB Terms and Conditions, will be performed if awarded this Contract.
- 1.3 The Bidder's Value Proposition Criteria are work packages that will become contractual obligations of the Contractor in any ensuing Contract.
- 1.4 The Bidder's Value Proposition should support the long-term sustainability and growth of Canadian industry by enhancing the capability of Canadian Companies to undertake Direct Work on the NRWS, other Indirect Work on Remote Weapon Station platforms for land and naval application, and the defence sector.
- 1.5 The Bidder's Value Proposition should enhance innovation through Research and Development Activities that enable Canadian Companies to capture high-value market opportunities.
- 1.6 The Bidder's Value Proposition should position Canadian Companies to take advantage of export potential by tapping into traditional and non-traditional markets, resulting in long-term economic growth.
- 1.7 For the NRWS Contract, the Bidder must submit an acceptable Value Proposition package.
- 1.8 A core element of the ITB Policy is a weighted and rated Value Proposition that will be a factor in the awarding of the Contract. The Value Proposition is what the Bidder proposes to Canada at time of bid.
- 1.9 The Value Proposition will be deemed as responsive by the ITB Authority if it meets:

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- 1.9.1 Meets the Mandatory Requirements outlined in Section 4 of this Annex, and,
 - 1.9.2 Meets the Minimum Assessment Values of 32 points out of a possible 64 points outlined in Section 3 of the Value Proposition Evaluation Plan at Annex X.
- 1.10 Should the Bidder's Value Proposition be deemed responsive, it will then be evaluated in accordance with the Rated Evaluation criteria outlined in Section 6 of this Annex and awarded points as outlined in Section 4 of the Evaluation Plan at Annex X.
- 1.11 Evaluation results will be conveyed to the Contracting Authority, who will then integrate them into the overall bid evaluation results, as outlined in Annex G, Evaluation, Procedures and Basis of Selection.
- 1.12 For ITB Contract definitions, the Bidder should refer to the definitions as contained within the ITB Terms and Conditions.

2 GENERAL INSTRUCTIONS

- 2.1 In preparing its Value Proposition, the Bidder should be guided by these Bidder Instructions, as well as by the Evaluation Plan and the ITB Terms and Conditions as found in Annex X. All three documents provide important guidance, definitions and/or contractual provisions related to the Value Proposition and the ITB Policy.
- 2.2 The Value Proposition must be submitted in a separate, self-contained volume. Only the Value Proposition is reviewed during the evaluation. In order to facilitate the evaluation process, any material contained in another section of the bid but relevant to the Value Proposition must be repeated in the Value Proposition to receive consideration by the evaluators.

3 CANADA'S ITB OBJECTIVES

- 3.1 The Bidder's Value Proposition should clearly indicate how the proposed business activities will be achieved if it is awarded the Naval Remote Weapon Station Acquisition and Report and Overhaul Contracts. The optimum Value Proposition will result in the long-term creation and exploitation of capabilities, knowledge, advanced technologies and markets of lasting impact on Canadian industry.
- 3.2 Proposed Value Proposition Criteria with a Canadian Company should result in the enhancement of Canadian capability to undertake other work of a similar nature.

They should make a positive contribution to the continuing viability, growth, innovation, export growth and overall development of the Canadian Recipient, the Canadian defence sector, and wider Canadian economy.

- 3.3 Proposed Value Proposition activities with a Canadian Company must involve work within the Value Proposition Criteria as identified in Section 6.
- 3.4 The regional development objectives of Canada are to encourage long-term quality improvements to the capability, capacity, international competitiveness and growth potential of Canadian Companies in those regions where Canada has established specific initiatives to promote economic growth and diversification through procurement. These Designated Regions of Canada, as defined in the ITB Terms and Conditions, include: Atlantic, Quebec, Northern Ontario, Southern Ontario, West and North. Canadian industry in all the Designated Regions should have the opportunity to participate in the NRWS requirement.
- 3.5 It is an objective of Canada to encourage the participation of Canadian Small and Medium Business (SMB) on major federal procurements and to increase their competitiveness and export market access. Canadian SMB should have the opportunity to participate in the NRWS requirement.
- 3.6 Canadian industry should have the opportunity to participate in high-quality Direct Transactions associated with the delivery of the Work on this NRWS requirement.
- 3.7 In addition, Canadian industry should have the opportunity to participate in high-quality Indirect Transactions, involving business activities, not related to the delivery of the Work on this requirement. Indirect work should involve activities that are generally at the same level of technology or higher as the Work on this requirement and must have a Canadian Content Value (CCV) of no less than thirty percent (30%).
- 3.8 In its Value Proposition, the Bidder must submit proposed Direct and Indirect business activities captured in the form of Unidentified Value Proposition Commitments and Transactions.
- 3.9 Business activities proposed as Transactions should support of Canada's ITB Objectives and must meet the Eligibility Criteria for Transactions as outlined in Article 7 of the ITB Terms and Conditions.

4 MANDATORY REQUIREMENTS

- 4.1 There are six (6) mandatory requirements that the Bidder Must meet in its Value Proposition. Failure to meet one or more of the mandatory criteria will deem the bid non responsive.
- 4.1.1 Requirement One: The Bidder must commit to achieving Transactions, measured in Canadian Content Value (CCV), valued at 100% of the Contract value (excluding Applicable Taxes and including any Contract options), to be achieved within the Achievement Period. Following the Effective Date of the Contract, this will become the Contractors' ITB Obligation.
- 4.1.2 Requirement Two: Bidder commits to achieving Transactions, measured in CCV, on all business activity submitted within the Value Proposition Criteria in the Value Proposition, to be achieved within the Achievement Period.
- 4.1.3 Requirement Three: In its Value Proposition, the Bidder must:
- 4.1.3.1 Specify its bid price, excluding Applicable Taxes and rounded to the nearest dollar;
- 4.1.3.2 Specify its Commitment to achieve Defence Sector Transactions, measured in CCV, to be achieved within the Achievement Period. The Commitment should be expressed as a percentage of the Contract value;
- 4.1.3.3 Specify its Commitment to achieve Supplier Development Transactions, measured in CCV, to be achieved within the Achievement Period. The Commitment should be expressed as a percentage of the Contract value;
- 4.1.3.4 Specify its Commitment to achieve Research and Development Transactions, measured in CCV, to be achieved within the Achievement Period. The Commitment should be expressed as a dollars expended within the Contract value;
- 4.1.3.5 Identify Transactions that meet the Eligibility Criteria which are detailed, fully described and equal in total to not less than 30% of the bid price (excluding taxes and without including any Contract options), measured in CCV;
- 4.1.3.6 Commit to identifying one (1) year after Contract award, eligible Transactions that are detailed, fully described and bring the cumulative

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- total of identified Transactions to not less than 60% of the Contract value, measured in CCV; and
- 4.1.3.7 Commits to identifying two (2) years after Contract award, eligible Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to 100% of the Contract value, measured in CCV.
- 4.1.4 Requirement Four: The Bidder must commit to achieving Small and Medium Business Transactions, measured in CCV, valued at no less than 15% of the Contract value (excluding Applicable Taxes and including any Contract options), to be achieved within the Achievement Period.
- 4.1.5 Requirement Five: Bidder must accept all of the ITB Terms and Conditions, including the terms respecting Performance Guarantees at Volume 2 – NRWS Acquisition Resulting Contract, Annex X – Industrial and Technological Benefits Requirements.
- 4.1.6 Requirement Six: The Bidder’s Value Proposition must contain the following components:
- 4.1.6.1 Company Business Plan;
- 4.1.6.2 ITB Management Plan;
- 4.1.6.3 Regional Development Plan;
- 4.1.6.4 Small and Medium Business Development Plan;
- 4.1.6.5 Detailed Transaction Sheets for any Proposed Transactions being submitted by the Bidder, accompanied by a summary chart of them; and,
- 4.1.6.6 The Bidder must submit with its Value Proposition, a Mandatory Requirements Compliancy Certificate, signed by a duly authorized company official in the form as attached at Annex X, Appendix XX, attachment XX1.

5 MANDATORY ASSESSMENT

- 5.1 The following section details the requested content of each of the Value Proposition mandatory components referred to in Section 4.1.6. Bidders are encouraged to thoroughly review the instructions below and provide the requested information within their Value Proposition. Failure to adequately respond to the

instructions may result in the Plan or specific Transactions being rejected as ineligible/non-responsive or receiving a lower score in the rated evaluation.

5.2 Company Business Plan

- 5.2.1 The purpose of the Company Business Plan is to demonstrate the ability of the Bidder to assemble, plan and describe its proposed team to complete the ITB Obligations on the NRWS requirement. The Plan should also demonstrate the Bidder's ability to meet the ITB Objectives.
- 5.2.2 The Bidder's Company Business Plan should outline the structure, conduct and performance of the business operations of the Bidder and each of its Eligible Parties that will perform Work on the NRWS requirement.
- 5.2.3 The Plan should describe, both in detailed text and in graphical format, the proposed role of each company (Bidder and its Eligible Parties) in delivering all elements of the NRWS requirement and the proposed location of that Work. It should also include an organizational chart identifying the key personnel in each company who would be responsible for managing and delivering the requirement.
- 5.2.4 The Plan should include a description of the long-term impact of the Work on each company's business operations, in Canada and abroad.
- 5.2.5 The Plan should include the following information, for the Bidder and each of its Eligible Parties:
 - 5.2.5.1 A description of the decision-making process for establishing product and services responsibilities and market mandates within the company;
 - 5.2.5.2 A description of the management and oversight of company functions, including but not limited to future planning, research and development and marketing, including the identification and location of these responsibility centres;
 - 5.2.5.3 An outline of worldwide corporate operations, including a narrative description and hierarchically ordered chart that describes the present corporate family structure, including parent and subsidiary relationships;
 - 5.2.5.4 A detailed description of any existing Canadian facilities, which includes: the location, date of establishment, nature of operations, number of

employees, identification of key personnel, corporate structure and functional interrelationship with the worldwide corporate structure.

5.3 ITB Management Plan

- 5.3.1 The purpose of the ITB Management Plan is to demonstrate the Bidder's ability to develop, implement, manage and report on the proposed ITB Obligation. It is also the place for Bidder to detail and document its proposed Eligible Parties.
- 5.3.2 The ITB Management Plan should provide a detailed overview of all of the ITB management functions and associated organization required by the Bidder to execute a successful ITB Obligation, in a level of detail sufficient to demonstrate that the Bidder understands its ITB Commitment and is prepared to respond to requirements associated with it for the full duration of the Achievement Period.
- 5.3.3 The ITB Management Plan should include a list of the Bidder's proposed Eligible Parties, with details and documentation justifying how each one meets the Eligible Party criteria outlined in Article 1.1.17 of the ITB Terms and Conditions.
 - 5.3.3.1 Eligible Parties are defined in Article 7 of ITB Terms and Conditions.
 - 5.3.3.2 The Bidder is asked to demonstrate in the Plan that each of its proposed Eligible Parties that are Canadian Companies with less than 500 employees has the capacity to undertake ITB Obligations. Capacity is assessed in areas such as company size, product offerings, market conditions, corporate ownership, ITB management processes, level of Canadian content, etc.
 - 5.3.3.3 Any proposed Eligible Party that is found to not meet the criteria will be excluded from the list of Eligible Parties in the ensuing Contract. In addition, any Transaction, with an excluded Eligible Party as the Donor will be deemed as non-responsive in meeting the Eligibility Criteria and will receive no consideration during the Evaluation.
- 5.3.4 The ITB Management Plan should include the following information on the Bidder and each of its Eligible Parties:
 - 5.3.4.1 The name and contact information of each company's ITB official(s) assigned to the NRWS requirement;
 - 5.3.4.2 Job descriptions for each company's ITB official(s) and biographical information about their work experience and education;

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- 5.3.4.3 A description of each company's corporate and requirement-specific resources assigned to execute the management of the ITB Obligation;
 - 5.3.4.4 A description and explanation of each company's internal processes for ITB organization, advocacy and awareness, both specific to the NRWS requirement and in general. The Bidder should include a description of how ITB considerations will be factored into the company's broader decision-making processes, along with how these decisions will be documented and tracked;
 - 5.3.4.5 A description of the methods, processes and procedures that each company will use to identify, submit, track, record keep and report Transactions;
 - 5.3.4.6 A description of any previous ITB/offset obligations that have been undertaken over the past ten (10) years, in Canada and elsewhere, along with a brief overview of the achievement status of each project.

5.4 Regional Development Plan

- 5.4.1 The purpose of the Regional Development Plan is to demonstrate the Bidder's commitment to providing opportunities and assistance for businesses in the Designated Regions of Canada.
- 5.4.2 The Regional Development Plan should identify and describe the Bidder's Proposed Unidentified Value Proposition Commitments and Transactions in the Designated Regions, which will become ITB obligations to be achieved under Article 2 of the ensuing ITB Terms and Conditions. The Plan should also identify any regional commitment targets to which the Bidder is prepared to commit contractually.
- 5.4.3 The Regional Development Plan should provide, in as much detail as possible, the following information on the Bidder and each of its Eligible Parties:
 - 5.4.3.1 A description of the activities undertaken and the approaches to date of each company, along with the business rationale, that have resulted in the proposed distribution of Unidentified Commitments and Transactions to the Designated Regions of Canada;
 - 5.4.3.2 A description of the activities that will be undertaken and the approaches of each company that will be followed after the Effective Date of the Contract until the end of the Achievement Period, along with the business rationale, to

improve the economic opportunities available to the Designated Regions of Canada;

- 5.4.3.3 A description of whether and how regional considerations are factored into each company's procurement/ITB decision making processes;
- 5.4.3.4 A description of the potential economic impact of the Unidentified Value Proposition Commitments and Transactions on the regional Recipients' current operations and areas of business, as well as on their capability to pursue and undertake new business activities.

5.5 Small and Medium Business (SMB) Development Plan

- 5.5.1 The SMB Development Plan allows the Bidder to demonstrate their commitment to provide opportunities, assistance and encouragement to SMBs.
- 5.5.2 The SMB Development Plan should identify and describe the Bidder's Proposed Unidentified Value Proposition Commitments and Transactions involving SMB, which will become, if they meet the Eligibility Criteria, an obligation to be achieved under the ensuing Contract.
- 5.5.3 The SMB Development Plan should provide, in as much detail as possible, the following information on the Bidder and each of its Eligible Parties:
 - 5.5.3.1 A description of the activities undertaken and the approaches followed to date by each company, along with the business rationale, that have resulted in the proposed distribution of Unidentified Value Proposition Commitments and Transactions to SMB;
 - 5.5.3.2 A description of the activities undertaken and the approaches that will be followed by each company, after the Effective Date of the Contract until the end of the Achievement Period, to improve the opportunities available to SMB;
 - 5.5.3.3 A description of whether and how SMB considerations are factored into each company's ITB decision-making processes;
 - 5.5.3.4 A description of the potential economic impact of the proposed Unidentified Value Proposition Commitments and Transactions on the SMBs' current operations and areas of business, as well as on their capability to pursue and undertake new business activities; and,

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

5.6 Unidentified Value Proposition Commitment Sheet

- 5.6.1 If applicable for the Bidder, the Bidder's Value Proposition should provide information on each proposed Unidentified Value Proposition Commitment; whereby the Bidder in its Value Proposition proposes to provide business activity into Canada, with an identified dollar value. A recipient or activity specifics do not necessarily need to be fully defined, however the Bidder is prepared to commit contractually to this activity through the submission of an eligible ITB Transaction after Contract award. A template of the sheet is attached as Annex X to the ITB Terms and Conditions. The Bidder is encouraged to use this template, to promote administrative consistency and ease.
- 5.6.2 Unidentified Value Proposition Commitments must be submitted as eligible Transactions at a later date.
- 5.6.3 Unidentified Value Proposition Commitment Sheet details
- Unidentified Value Proposition Commitment Type (direct or indirect)
 - Identification of Value Proposition Activity (select all criteria that apply) –
 - Defence Sector (Please indicate whether activity is Direct, Indirect RWS or Indirect Defence)
 - Canadian Supplier Development
 - R&D Activity

5.7 Detailed Transaction Sheets

- 5.7.1 The Bidder's Value Proposition should provide detailed information on each identified Transaction that the Bidder proposes to provide to Canada and for which it is prepared to commit contractually. A separate Transaction sheet is to be completed for each Proposed Transaction. A template of the Transaction sheet is attached as Annex C of the ITB Terms and Conditions. The Bidder is encouraged to use this template to promote administrative consistency and ease of evaluation.

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- 5.7.2 In addition to the individual Transaction sheets, the Bidder should include a summary chart of all of its Proposed Transactions in a tabular/chart format. The tabular/chart summary should clearly identify each Transaction and provide a breakdown (with appropriate sub-totals and percentages) by: Identified Market Segment, Direct work, Indirect Work, Regional (the Designated Region of Canada and SMB. The chart should also indicate what Value Proposition criteria it addresses in accordance with the Value Proposition rated requirements as outlined in section 4 of the Value Proposition Evaluation Plan. The Bidder may use a format of its choice for the summary chart.
- 5.7.3 The Bidder should include a forecast plan for the Transactions due one (1) year and two (2) years following the Effective Date of the Contract, respectively. The forecast plan should include such information as, but not limited to: an overview of the processes and plans in place to identify and submit Transactions; any planned supplier development activities; a list of Canadian Companies being considered and/or, the specific capabilities being sought from Canadian Companies.
- 5.7.4 The Bidder is strongly encouraged to fully complete each section of the Transaction sheet, as outlined below, so that the Transaction can be properly evaluated. The Bidder is also asked to provide details and documentation in support of Transaction eligibility within its Value Proposition. Failure to adequately describe and/or provide documentation for the Proposed Transaction may result in it being deemed as non-responsive.
- 5.7.4.1 Obligor Contact Information (information regarding the proposed Contractor on the NRWS requirement)
- 5.7.4.2 Transaction Details
- Transaction Title (provide a brief title identifying the activity);
 - Transaction Number (assign a unique number, in simple, sequential order, for reference purposes)
 - Date Transaction Submitted
 - Tranche (the Proposal is Tranche 1)
 - Transaction Type (direct or indirect)

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- Value Proposition Activity (yes or no) – (Note: For the Value Proposition, only activities within the specified Value Proposition criteria for the NRWS requirement will be subject to evaluation)
 - Identification of Value Proposition Activity (select all Value Proposition areas that apply) –
 - Defence Sector (If Value Proposition related, please indicate whether activity is Direct, Indirect Remote Weapon Station or Indirect Defence)
 - Canadian Supplier Development
 - R&D Activity
 - SMB Activity (yes or no)
 - Activity Type (purchase, investment, etc.)
 - Business Activity Type (electronics, manufacturing, etc.);
 - Federal Supply Class (FSC) Code (website reference provided on template)
 - Description of each Transaction (provide a detailed description of the proposed activity, so that it is clear: the nature of the work; the location of the work in Canada, the estimated quantities and timelines; any end-use market, platform or program; that it is different from other similar Transactions; and, other relevant information);
 - Canadian Government Assistance (describe the date and details of any assistance provided -- either to the specific activity, the Donor, or the Recipient -- from any level of government in Canada);
- 5.7.4.3 Donor information (Note that the Donor must be an Eligible Party);
- 5.7.4.4 Recipient information [Notes: i) the company description should include locations, business history and core capabilities; ii) each Transaction sheet should contain only one Recipient, unless it is a Grouped Transaction; and iii) a government organization cannot be a Recipient, unless it is a Public Research Institution];
- 5.7.4.5 Consortium Member (if applicable);

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- 5.7.4.6 Eligibility Criteria (be as specific and detailed as possible in addressing how the Proposed Transaction meets each Eligibility Criteria, which are outlined in the ITB Terms and Conditions. Include all details and supporting documentation in the Value Proposition);
 - 5.7.4.7 Quality of Transaction (detail the quality of the Proposed Transaction and how it meets the ITB Objectives, including factors such as: competitiveness of the defence sector, research and development, scope of innovation, increases in supplier capability or employment, global export potential, long-term relationship, etc.)
 - 5.7.4.8 List of Supporting Documentation
 - 5.7.4.9 Valuation and Time Phasing (specify the overall values as applicable, plus the detailed commitment schedule broken out by 12 month periods, which mirror the Reporting Periods detailed in the ITB Terms and Conditions)

5.8. Mandatory Requirements Compliancy Certificate

- 5.8.1. The Bidder must submit with its Value Proposition the Mandatory Requirements Compliancy Certificate in the form as provided in Annex X, completed with its company name and bid price, and signed and dated by a company official duly authorized to bind the company. Beyond adding its name, bid price, signature and date, the Bidder must not make any other changes to the template provided in Annex X.

6. RATED REQUIREMENTS

- 6.1 The Bidder should provide information and details on its Unidentified Value Proposition Commitments, Transactions, and International Export Strategy, which will be rated as described in Section 4 of the Evaluation Plan.
- 6.2 The Bidder should note that even though a Transaction may be counted towards meeting a Value Proposition Commitment, this does not negate the need for the identified Transaction to meet all of the Eligibility Criteria, including those related to Causality and Incrementality.

Defence Sector

- 6.3.1 The Bidder's Value Proposition should include the Bidder's Commitment to achieve eligible Transactions within the Naval Remote Weapon Station, Remote Weapon Stations for land or naval application, and the Defence Sector,

as defined in Articles 1.1.30, 1.1.38, and 1.1.13 of the ITB Terms and Conditions respectively.

- 6.3.1.1 Unidentified Value Proposition Commitments should be expressed as a percentage of the Contract value, measured in CCV, including options and excluding applicable taxes. The Bidder will be required to complete Unidentified Value Proposition Commitment Sheet.
- 6.3.1.2 Transactions should be expressed as a percentage of the Contract value price, measured in CCV, including options and excluding applicable taxes. The Bidder should clearly describe in the Transaction Sheets how the Proposed Transactions align with the Defence Sector and should provide supporting details and documentation in its Value Proposition.

Canadian Supplier Development

- 6.4.1 The Bidder's Value Proposition should include the Bidder's obligation to achieve eligible Transactions involving Canadian Supplier Development, as defined in Article 1.1.45 of the ITB Terms and Conditions.
 - 6.4.1.1 Unidentified Value Proposition Commitments should be expressed as a percentage of the Contract value, measured in CCV, including options and excluding applicable taxes. The Bidder will be required to complete the Unidentified Value Proposition Commitment Sheet.
 - 6.4.1.2 Transactions should be expressed as a percentage of the Contract value, measured in CCV, including options, excluding applicable taxes. The Bidder should clearly describe the Transaction Sheets how the proposed Transactions and align with Supplier Development and should provide supporting details and documentation.

Research and Development

- 6.5.1. The Bidder's Value Proposition should include the Bidder's obligation to achieve eligible Transactions involving Research and Development, as defined in Article 1.1.40 of the ITB Terms and Conditions.
 - 6.5.1.1 Unidentified Value Proposition Commitments should be expressed as dollars expended towards Research and Development, measured in CCV. The Bidder will be required to complete the Unidentified Value Proposition Commitment Sheet.

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- 6.5.1.2 Transactions should be expressed as dollars expended towards Research and Development, measured in CCV. The Bidder should clearly describe in the Transaction Sheets how the proposed Transactions align with Research and Development and should provide supporting details and documentation.

International Export Strategy

- 6.6 The Bidder's Value Proposition should include an international export strategy, demonstrating that the Bidder as well as its Eligible Parties can leverage the NRWS requirement into future export success. The export strategy should, in as much detail as possible, provide information on the Bidder's plan to maximize export activities for Canadian industry. In addition, the export strategy should provide details that respond to each of the items of information being requested regarding Target Markets and Capacity to Export as described in 6.6.1 and 6.6.2.

- 6.6.1 **Target Markets:** The international export strategy should identify the international markets that the Bidder and its Eligible Parties intend to target and provide information to enable Canada to determine whether a realistic assessment of export potential has been provided. More specifically, the Bidder should:

- Identify the specific markets that are targeted, including an assessment of the size of the market potential.
- Describe any barriers affecting market entry from Canada and mitigation strategies.
- Identify whether a buyer has been identified and whether the Bidder's solution is a procurement priority of potential buyers in targeted markets (e.g. has a Request for Proposal been issued?)
- Describe the direct or indirect market entry approach (e.g. government to government contract, direct commercial contract, agent, local partner, setting up local operations, etc.).
- Describe the Bidder's competitive advantage (e.g. has the offering already been sold commercially?).

- 6.6.2 **Capacity to Export:** The international export strategy should also demonstrate that the Bidder or its Eligible Parties have the capacity to successfully carry out their export plans and provide sufficient information to enable Canada to

determine whether the conditions for success are in place. The Capacity to Export, in particular the possession of, or access to the Intellectual Property as defined in Article 1.1.23 of the ITB Terms and Conditions and the possession of the World Product Mandate as defined in Article 1.1.53 of the ITB Terms and Conditions. All the components detailed below are required in order to successfully manage an export program. Value Proposition points will only be awarded for the Capacity to Export section if Bidders can demonstrate that each of the Capacity to Export components has been fulfilled. Specifically, the Bidder must:

- Demonstrate that they and/or their Eligible Parties have the decision-making authority to export from Canada, specifically the following:
 - the signing authorities in place to pursue international sales; and
 - details illustrating the extent of the decision-making authority with regard to pursuing export contracts.
- Demonstrate that they and/or their Eligible Parties have access to the Intellectual Property rights needed to export from Canada, specifically the following:
 - copy of a transfer and/or licensing agreement for the Intellectual Property;
 - proof of access to the Intellectual Property; and
 - registration number of the Intellectual Property.
- Demonstrate that their Canadian-based operations and the Canadian-based operations of their Eligible Parties have a World Product Mandate, specifically the following:
 - contract or certification or other documentation to illustrate that they have a World Product Mandate for a product or service with exclusive authority to export outside of Canada.
- Demonstrate that they and/or their Eligible Parties have an appropriate management team in place to pursue international sales.
- Demonstrate that they and/or their Eligible Parties have set aside sufficient human and financial resources to pursue international market opportunities.

7. BANKING

- 7.1. The Bidder may use Banked Transactions as part of its Value Proposition should it fall within the specified Value Proposition Criteria for the Naval Remote Weapon Station requirement. Should Banked Transactions not be

eligible for the Value Proposition, the Banked Transactions may be submitted following Contract award.

- 7.2. The Bidder submitting a Banked Transaction in its Value Proposition should include and attach the following:
 - 7.2.1. A copy of the exact and latest version of the Banked Transaction sheet that was approved by the Banker; and,
 - 7.2.2. A copy of the signed letter of approval from the Banker with respect to that Banked Transaction sheet.
- 7.3. If a Banked Transaction is used as part of a Bidder's Value Proposition, Transaction will be evaluated to determine Value Proposition scoring, as outlined in the Evaluation Plan.
- 7.4. The Bidder may submit Banked Transactions of any value in its Value Proposition. However, at least 50% of the cumulative value of the Bidder's eligible Transactions submitted in its Value Proposition must be non-banked Transactions.
- 7.5. The entire CCV of a Banked Transaction, not portions thereof, must be submitted as a single Transaction in the Value Proposition.

8. INVESTMENT FRAMEWORK (*IF*)

- 8.1. An *IF* Transaction should only be included in the Bidder's Value Proposition if it has already been fully reviewed and approved by the ITB Authority as a Banked Transaction prior to bid submission within the context of the NRWS requirement.
- 8.2. Any *IF* Transaction that has not been fully reviewed and approved by the ITB Authority as a Banked Transaction, yet included in a Bidder's Value Proposition, will be counted as zero for the purposes of evaluation.

Mandatory Requirements Compliancy Certificate

The Bidder, _____, declares and certifies that through this Value Proposition for NRWS requirement, the Bidder:

1. Commits to achieving Transactions, measured in Canadian Content Value (CCV), valued at 100% of the Contract, (excluding Applicable Taxes and including any Contract options), to be achieved within the Achievement Period.
2. The Bidder's Value Proposition must commit to achieving Transactions, measured in CCV, on all business activity submitted within the Value Proposition Criteria in the Value Proposition, to be achieved within the Achievement Period.
- 3(a) Identifies its bid price (not including taxes and rounded to the nearest dollar) as:
\$ _____;
- 3(b) Specifies its Commitment to achieve Transactions for the Naval Remote Weapon Station as _____% of the Contract value, measured in CCV (excluding Applicable Taxes and including any Contract options);
- 3(c) Specifies its Commitment to achieve Transactions for Remote Weapon Stations for land and naval applications as _____% of the Contract value, measured in CCV (excluding Applicable Taxes and including any Contract options);
- 3(d) Specifies its Commitment to achieve Transactions for the Defence Sector as _____% of the Contract value, measured in CCV (excluding Applicable Taxes and including any Contract options);
- 3(e) Specifies its Commitment to achieve Supplier Development Transactions as _____% of the Contract value, measured in CCV (excluding Applicable Taxes and including any Contract options);
- 3(f) Specifies its Commitment to achieve Research and Development Transactions as _____\$ of the Contract value, measured in CCV;
- 3(g) Identifies eligible Transactions equal in total to not less than 30% of its bid price (excluding Applicable Taxes and not including any Contract options), measured in CCV;

-
- 3(h) Commits to identifying, one (1) year after Contract award, Activities in the form of Transactions that meet the Eligibility Criteria and that bring the cumulative total of identified eligible Transactions to not less than 60% of the Bidder's Value Proposition Commitment, measured in CCV;
- 3(i) Commits to identifying, two (2) years after Contract award, additional activities in the form of Transactions that meet the Eligibility Criteria and that bring the cumulative total of identified eligible Transactions to 100% of the Bidder's Value Proposition Commitment, measured in CCV.
4. Commits to achieving Small and Medium Business Transactions, measured in CCV, valued at not less than 15% of the Contract value (excluding Applicable Taxes and including any Contract options), to be achieved within the Achievement Period.
5. Accepts all of the ITB Terms and Conditions including the terms associated with Performance Guarantees.
6. Has submitted all the required components of a Value Proposition:
- Company Business Plan;
 - ITB Management Plan;
 - Regional Development Plan;
 - Small and Medium Business Development Plan;
 - Detailed Transaction Sheets, accompanied by a summary chart of them, and,
 - Unidentified Value Proposition Commitment Sheet accompanied by a summary chart of them; and,
 - This Mandatory Requirements Compliancy Certificate, duly completed, signed and dated.

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

SIGNATURE

NAME AND TITLE OF SENIOR COMPANY OFFICIAL

ANNEX “X” (TBD)

NAVAL REMOTE WEAPON STATION Industrial and Technological Benefits (ITB) Value Proposition Evaluation Plan

DRAFT

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

1. INTRODUCTION

- 1.1. The purpose of the Evaluation Plan is to describe the methodology that will be used to evaluate the Value Proposition (i.e. Proposal) submitted by the Bidder.
- 1.2. In Phase 1 of the evaluation process, the Bidder's Proposal will be evaluated as either responsive or non-responsive. In Phase 1, the Bidder's Proposal will be responsive if it meets all of the Mandatory Requirements outlined in Section 2 and achieves the ITB Minimum Assessment Values outlined in Section 3.
- 1.3. In Phase 2 of the evaluation process, the Bidder's Proposal will be evaluated using the rated evaluation criteria, as outlined in Section 4. Phase 2 of the evaluation process only applies to Proposals that have met the Mandatory Requirements and achieved the ITB Minimum Assessment Values in Phase 1 of the evaluation.
- 1.4. The results of the evaluation will be conveyed to the Contracting Authority. The results will then be integrated into the overall bid evaluation results, as outlined in Section XX of the Naval Remote Weapon Station requirement Evaluation Plan.

2. ITB MANDATORY REQUIREMENTS

- 2.1. The chart below details each mandatory requirement and how the ITB Authority will confirm whether each has been met.

| Mandatory Requirement | Method to Confirm |
|--|---|
| 1. Bidder commits to achieving Transactions, measured in Canadian Content Value (CCV), valued at 100% of the Contract value (excluding Applicable Taxes and including any Contract options), to be achieved within the Achievement Period. | Mandatory Requirements Compliancy Certificate is duly signed and submitted. |
| 2. Bidder commits to achieving Transactions, measured in CCV, on all business activity submitted within the VP Criteria in the Value Proposition, to be achieved within the Achievement Period. | Mandatory Requirements Compliancy Certificate is duly signed and submitted |
| 3(a) Bidder has specified its bid price, excluding applicable taxes and rounded to the nearest dollar; | Mandatory Requirements Compliancy Certificate section 3 (a). |
| 3(b) Specifies its Commitment to achieve | Mandatory Requirements Compliancy |

| | |
|--|---|
| Transactions for the Naval Remote Weapon Station as _____% of the Contract value, measured in CCV (excluding Applicable Taxes and including any Contract options); | Certificate section 3 (b). |
| 3(c) Specifies its Commitment to achieve Transactions for Remote Weapon Stations for land and naval applications as _____% of the Contract value, measured in CCV (excluding Applicable Taxes and including any Contract options);; | Mandatory Requirements Compliancy Certificate section 3 (c). |
| 3(d) Specifies its Commitment to achieve Transactions for the Defence Sector as _____% of the Contract value, measured in CCV (excluding Applicable Taxes and including any Contract options);; | Mandatory Requirements Compliancy Certificate section 3 (d). |
| 3(e) Specifies its Commitment to achieve Supplier Development Transactions as _____% of the Contract value, measured in CCV (excluding Applicable Taxes and including any Contract options);; | Mandatory Requirements Compliancy Certificate section 3 (e). |
| 3(f) Specifies its Commitment to achieve Research and Development Transactions as _____\$ of the Contract value, measured in CCV (excluding Applicable Taxes and including any Contract options);; | Mandatory Requirements Compliancy Certificate section 3 (f). |
| 3(g) Bidder has identified Transactions that meet the Eligibility Criteria which are detailed, fully described and equal in total to not less than 30% of the bid price excluding Applicable Taxes and without including any Contract options, measured in CCV; | Mandatory Requirements Compliance Certificate is duly signed and submitted. |
| 3(h) Bidder commits to identifying one (1) year after Contract award, eligible Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to not less than 60% of the Contract value, measured in CCV(excluding Applicable Taxes and including any Contract options); | Mandatory Requirements Compliancy Certificate is duly signed and submitted. |
| 3(i) Bidder commits to identifying two (2) years after Contract award, eligible Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to 100% of the Contract value, measured in CCV(excluding Applicable Taxes and including any Contract options); | Mandatory Requirements Compliancy Certificate is duly signed and submitted. |
| 4. Bidder commits to achieving Small and | Mandatory Requirements Compliancy |

| | |
|--|---|
| Medium Business Transactions, measured in CCV, valued at no less than 15% of the Contract value (excluding Applicable Taxes and including any Contract options), to be achieved within the Achievement Period. | Certificate is duly signed and submitted. |
| 5. Bidder accepts all of the ITB Terms & Conditions and agrees to the terms associated with performance guarantees. | Mandatory Requirements Compliance Certificate is duly signed and submitted. |
| 6. Bidder submits all the required components in its Value Proposition: <ul style="list-style-type: none"> • Company Business Plan • ITB Management Plan • Regional Development Plan • Small and Medium Business Development Plan • Detailed Transaction Sheets, accompanied by a summary chart of them • Unidentified VP Commitments Sheet, • Signed Mandatory Requirements Compliance Certificate | Presence of each required component in the Proposal. |

3. MINIMUM ASSESSMENT VALUES

3.1. Evaluation of Plans

- 3.1.1. The Bidder's four Plans (Company Business, ITB Management, Regional Development, and Small and Medium Business) are evaluated for quality and for risk, using the assessment definitions in Tables 3-1 and 3-2.
- 3.1.2. Quality will be evaluated as to whether each plan responds to all the requested components outlined in Section 5 of the Bidder Instructions, the level of detail in the component, and how well the content of the plan meets the ITB Objectives.
- 3.1.3. Quality will be evaluated on a scale of one (1) to four (4), using the values below in Table 3-1;

Table 3- 1, Plan Quality Assessments

| VALUE | PLAN – QUALITY ASSESSMENTS |
|--------------|--|
| 4 | SUPERIOR Plan contains most of the requested items in Section 5 of the Bidder Instructions. Items are very well developed. The Plan demonstrates that most of Canada’s ITB Objectives will be met. |
| 3 | GOOD Plan contains many of the requested items in Section 5 of the Bidder Instructions. Items are generally well developed. The Plan demonstrates that many of Canada’s ITB Objectives will be met. |
| 2 | POOR Plan contains some of the requested items in Section 5 of the Bidder Instructions. Items are somewhat developed. The Plan demonstrates that some of Canada’s ITB Objectives will be met. |
| 1 | VERY WEAK Plan contains very few of the requested items in the Section 5 of the Bidder Instructions. Items are not well developed. The Plan does not demonstrate that Canada’s ITB Objectives will be met. |

3.1.4. Risk will be evaluated as to the levels of demonstrated in the plan of experience, capability, planning, resources and engagement.

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

Table 3- 2, Plan Risk Assessments

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

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

- 3.1.6. First, each evaluator will provide a quality and risk assessment score for each plan.
- 3.1.7. Secondly, an average for each of the quality and risk assessment scores for each plan will be calculated.
- 3.1.8. Thirdly, the quality and risk score averages will be multiplied together to determine the assessment value of each plan.
- 3.1.9. Finally, the total assessment values of all plans will be added together to determine the final plans assessment value.
- 3.1.10. The Bidder must achieve a minimum final plans assessment value of thirty-two (32) points out of a possible sixty-four (64) points to be considered responsive.

EXAMPLE:

| Plan | Quality (A) | Risk (B) | Assessment Value (C) (C) = (A) x (B) |
|---------------------------|-------------|----------|---|
| Company Business Plan | 4 | 3 | 12 |
| ITB Management Plan | 2 | 3 | 6 |
| Regional Development Plan | 4 | 4 | 16 |

| | | | |
|-------------------------------------|---|---|-----------|
| SMB Development Plan | 4 | 2 | 8 |
| Final Plans Assessment Value | | | 42 |

3.2. Evaluation of Unidentified VP Commitments

- 3.2.1. The Bidder's Unidentified VP Commitments will be evaluated to determine whether they align the ITB Terms and Conditions, with respect to the Eligibility Criteria for Unidentified VP Commitments.
- 3.2.2. If a proposed Commitment is found to meet the criteria outlined in 3.2.1, it will then be evaluated using the rated evaluation criteria outlined in Section 4.

3.3. Evaluation of Transactions

- 3.3.1. The Bidder's Proposed Transactions will be evaluated to determine whether they meet the Eligibility Criteria as outlined in Article 7 of the ITB Terms and Conditions.
- 3.3.2. If a Proposed Transaction is found not to meet the criteria outlined in 3.3.1, it will be rejected during the evaluation and will receive no further consideration.
- 3.3.3. If a Proposed Transaction is found to meet the criteria outlined in 3.3.1, it will be then evaluated using the rated evaluation criteria outlined in Section 4.
- 3.3.4. For the purposes of the first part and second part of the evaluation processes, multipliers, as defined in Article 8.4, 8.5, 8.6 and 8.9 of the Terms and Conditions, will not be considered. The Transaction Sheets submitted in the Proposal will only be evaluated based on the actual dollar value of the business activity, measured in CCV. Multipliers must only be considered after Contract award.
- 3.3.5. On completion of part 1 of the evaluation process, for each bid evaluated as responsive, Canada will carry out part 2 of the evaluation process, which consists of rated requirements as outlined in Section 4.

4. RATED EVALUATION

- 4.1 The Bidder's Proposed Unidentified VP Commitments and Transactions will be evaluated against the rated criteria described below.
- 4.1.1 The extent to which the Bidder provides Unidentified VP Commitments and/or identifies eligible Transactions for activities in the Defence Sector, measured in CCV. For the Naval Remote Weapon Station requirement, the Defence Sector is classified as:
- 4.1.1.1 Direct activities related to the Naval Remote Weapon Station requirement;
- 4.1.1.2 Indirect activities related to other Remote Weapon Station platforms within for land and naval applications; and
- 4.1.1.3 Indirect activities related to the Defence Sector, excluding those activities outlined under Article 4.1.1.1 and 4.1.1.2.
- 4.1.2 The extent to which the Bidder provides Unidentified VP Commitments and/or identifies eligible Transactions for activities involving Supplier Development, measured in CCV. For the Naval Remote Weapon Station requirement, Canadian Supplier Development is classified as:
- 4.1.2.1 Undertaking of activities involving Canadian-based suppliers within defence and non-defence sectors; and
- 4.1.2.2 Undertaken within the Canadian facilities of the Bidder and Eligible Parties as defined in Article 7 of the ITB Terms and Conditions.
- 4.1.3 The extent to which the Bidder provides Unidentified VP Commitments and/or identifies eligible Transactions for activities involving Research and Development, measured in CCV. For the Naval Remote Weapon Station requirement, Research and Development is classified as:
- 4.1.3.1 Undertaking of Research and Development activity in Canada; and
- 4.1.3.2 Undertaking of Research and Development activity with Canadian Post-Secondary Institutions.
- 4.1.4 The extent to which the Bidder's international export strategy provides information on the Bidder's plan to maximize export activities for Canada

industry within the procurement area by identifying the international markets that the Bidder and its Eligible Parties intend to target, and the extent to which the international export strategy demonstrates that the Bidder has the capacity to successfully carry out its plans. For the Naval Remote Weapon Station requirement, demonstration of capacity to carry out plans is classified as:

4.1.4.1

Target Markets

- Identify the specific markets that are targeted, including an assessment of the size of the market potential;
- Describe any barriers affecting market entry from Canada and mitigation strategies;
- Identify whether a buyer has been identified and whether the bidder's solution is a procurement priority of potential buyers in target markets;
- Describe the direct or indirect market entry approach (e.g. government to government contract, direct commercial contract, agent, local partner, setting up local operations);
- Describe the bidder's competitive advantage (e.g. has the offering already been sold commercially).

4.1.4.2

Capacity to Export

- Demonstrate that they have the decision-making authority to export from Canada;
- Demonstrate that they have access to the intellectual property rights needed to export from Canada;
- Demonstrate that their Canadian-based operations have a global product mandate;
- Demonstrate that they have an appropriate management team in place to pursue international sales from Canada;
- Demonstrate that they have set aside sufficient human and financial resources to pursue international market opportunities from Canada.

- 4.2 The Bidder is eligible to receive up to one hundred (100) Value Proposition Points (VPP) based on the criteria above, which will be weighted using the following formulae:

| Criteria | Points | Weighting Percentage |
|--|--------|----------------------|
| <u>Defence Sector (1)</u> <ul style="list-style-type: none">- Direct activities related to the Naval Remote Weapon Station | 50 | 5 |

| | | |
|--|------------|------------|
| requirement. | | |
| <u>Defence Sector (2)</u> - Indirect activities related to other Remote Weapon Station products within land and naval applications. | | |
| <u>Defence Sector (3)</u> - Indirect activities related to the Defence Sector, excluding Defence Sector (1) and (2). | | |
| <u>Canadian Supplier Development</u> - Undertaking of activities involving Canadian-based suppliers within defence and non-defence sectors; - Excluding work undertaken within the Canadian facilities of the Bidder and Eligible Parties. | 10 | 1 |
| <u>Research and Development</u> - Undertaking of Research and Development activity in Canada; - Undertaking of Research and Development activity with Canadian Post-Secondary Schools. | 10 | 1 |
| <u>International Export Strategy</u> - Target Markets discussion; - Demonstration of Capacity to Export | 30 | 3 |
| Total Score | 100 | 10% |

4.2.1 0.25 VPP for every 1% of bid price, measured in CCV, for Direct Unidentified VP Commitments in the Defence Sector (1);

4.2.2 0.5 VPP for every 1% of the Contract value, measured in CCV, identified within Direct Transactions in the Defence Sector (1);

-
- 4.2.3 0.2 VPP for every 1% of bid price, measured in CCV, for Indirect Unidentified VP Commitments in the Defence Sector (2);
- 4.2.4 0.4 VPP for every 1% of bid price, measured in CCV, identified within Indirect Transactions in the Defence Sector (2);
- 4.2.5 0.15 VPP for every 1% of bid price, measured in CCV, for Indirect Unidentified VP Commitments in the Defence Sector (3);
- 4.2.6 0.3 VPP for every 1% of bid price, measured in CCV, identified within Indirect Transactions in the Defence Sector (3);
- 4.2.7 0.05 VPP for every 1% of bid price, measured in CCV, for Direct or Indirect Unidentified VP Commitments in Canadian Supplier Development;
- 4.2.8 0.1 VPP for every 1% of bid price, measured in CCV, identified within Direct or Indirect Transactions in Canadian Supplier Development;
- 4.2.9 1.0 VPP for every CAD\$200,000, measured in CCV, for Direct or Indirect Unidentified VP Commitments in Research and Development;
- 4.2.10 2.0 VPP for every CAD\$200,000, measured in CCV, identified within Direct or Indirect Transactions in Research and Development;
- 4.2.11 VPP for Capacity to Export Criteria. Breakdown of how the 30 VPP are assigned is outlined below.
- 4.2.11.1 VPP for the response to the Target Markets Criteria up to a maximum of 10 VPP.
- 4.2.11.2 VPP for the response to the Capacity to Export Criteria up to a maximum of 20 VPP.

| Rated Criteria | Score to be assigned based on the following criteria | |
|----------------|--|---|
| Target Markets | Demonstrates a comprehensive level of capability and | 100 percent of available points (10 points) |

| | | |
|--|--|---|
| | planning, resources and engagement such that the probability of failure to achieve is extremely low. | |
| | Demonstrates some level of experience, capability and planning, resources and engagement such that the probability of failure to achieve is moderate. | 50 percent of available points (5 points) |
| | Demonstrates a very limited level of experience, capability and planning, resources and engagement such that the probability of failure to achieve is significant. | 0 percent of available points (0 points) |

| Rated Criteria | Score to be assigned based on the following | |
|---------------------------|--|---|
| Capacity to Export | Successfully demonstrated that they meet all 5 of the listed capacity to export criteria | 100 percent of available points (20 points) |
| | Does not successfully demonstrate that they meet all 5 of the listed capacity to export criteria | 0 percent of available points (0 points) |

- 4.2.12 For evaluation purposes the scoring of Unidentified VP Commitments and identified Transactions are mutually exclusive of one another.
- 4.2.13 Bidder activities, either as Unidentified VP Commitments and identified Transactions, may be double or triple counted for VPP should they respectively fall within two or three of the Evaluation Criteria (i.e. Defence Sector, Canadian Supplier Development and R&D) as outlined in Section 4.
- 4.2.14 The Bidder's VPP score will be weighted at ten (10) percent of the total available score for the Navel Remote Weapon Station requirement bid evaluation.

NAVAL REMOTE WEAPON STATION VALUE PROPOSITION:
DRAFT BIDDER EVALUATION SCENARIOS

| Value Proposition Criteria | Bidder 1 | | Bidder 2 | | Bidder 3 | | Bidder 4 | |
|---|---|---|---|---|---|---|---|---|
| | Percentage of Bid Price for Transactions Identified and Export Criteria Discussed/ Demonstrated | Percentage of Bid Price for Unidentified Commitment | Percentage of Bid Price for Transactions Identified and Export Criteria Discussed/ Demonstrated | Percentage of Bid Price for Unidentified Commitment | Percentage of Bid Price for Transactions Identified and Export Criteria Discussed/ Demonstrated | Percentage of Bid Price for Unidentified Commitment | Percentage of Bid Price for Transactions Identified and Export Criteria Discussed/ Demonstrated | Percentage of Bid Price for Unidentified Commitment |
| | (A) | (B) | (A) | (B) | (A) | (B) | (A) | (B) |
| Defence Sector (1) | 65 | 0 | 20 | 10 | 10 | 0 | 5 | 0 |
| Score | 32.5 | 0 | 10 | 2.5 | 5 | 0 | 2.5 | 0 |
| Defence Sector (2) | 5 | 2 | 3 | 10 | 5 | 5 | 20 | 0 |
| Score | 2 | 0.4 | 1.2 | 2 | 2 | 1 | 8 | 0 |
| Defence Sector (3) | 10 | 0 | 20 | 10 | 30 | 10 | 55 | 0 |
| Score | 3 | 0 | 6 | 1.5 | 9 | 1.5 | 16.5 | 0 |
| Canadian Supplier Development | 30 | 1 | 20 | 20 | 10 | 3 | 30 | 0 |
| Score | 3 | 0.05 | 2 | 1 | 1 | 0.15 | 3 | 0 |
| R&D | \$1M | \$0K | \$400K | \$600K | \$200K | \$0K | \$0K | \$0K |
| Score | 10 | 0 | 4 | 3 | 2 | 0 | 0 | 0 |
| International Export Strategy – Target Market | Comprehensive Level of Capability/Low Failure Risk | N/A | Some Level of Capability/Moderate Failure Risk | N/A | Limited Level of Capability/Significant Failure Risk | N/A | Limited Level of Capability/Significant Failure Risk | N/A |
| Score | 10 | | 5 | | 0 | | 0 | |

| | | | | | | | | |
|--|-------|-----|-------|-----|-------|-----|------|-----|
| International Export Strategy – Capacity to Export Strategy | Yes | N/A | Yes | N/A | No | N/A | No | N/A |
| Score | 20 | | 20 | | 0 | | 0 | |
| Total Points for Bidder (Scores A + Scores B) | 80.95 | | 58.2 | | 21.65 | | 30 | |
| Total Value Proposition Weighting (Total Points for Bidder / 10) | 8.1% | | 5.82% | | 2.17% | | 3.0% | |

5. EVALUATION PROCESS

- 5.1 Evaluation is led by the ITB Authority, with participation from representatives of the Regional Development Agencies (RDAs), and, if required, the Department of Foreign Affairs, Trade and Development, the Canadian Commercial Corporation, Public Works and Government Services Canada, the Department of National Defence and other Subject Matter Experts.
- 5.2 The ITB Authority will hold overall responsibility for ensuring that the members of the evaluation team carry out their responsibilities. The ITB Authority will act as the liaison between the evaluation team and the Contracting Authority.

ANNEX “X” (TBD)

NAVAL REMOTE WEAPON STATION REQUIREMENT

Industrial and Technological Benefits (ITB)

Terms and Conditions

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- E Annual IF Activity Report Template

1. DEFINITIONS

- 1.1. For the purpose of this part, unless the context otherwise requires, the following definitions apply:
 - 1.1.1. “Accepted Transaction” means a Transaction which has been accepted in writing by the ITB Authority as meeting the Eligibility Criteria.
 - 1.1.2. “Achieved Transaction” means all or any part of an Accepted Transaction for which Credits have been awarded by the ITB Authority;
 - 1.1.3. “Achievement Period” means the period commencing on April 12, 2012 and ending on completion of the Contract;
 - 1.1.4. “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);
 - 1.1.5. “Banked Transaction” means an Accepted Transaction that resides in the Bank;
 - 1.1.6. "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;
 - 1.1.7. “Canadian Content Value” or “CCV” is as described in Article 6, Canadian Content Value;
 - 1.1.8. “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;
 - 1.1.9. “Causality” means the Eligibility Criteria of the ITB Policy which stipulates that a Proposed Transaction must be brought about, in part, by an Obligation to Canada as set forth in Article 7 (Eligibility Criteria for Transactions);

- 1.1.10. “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;
- 1.1.11. “Consortium” or “Consortia” means a public-private partnership established with the intent of undertaking activities related to research and development, and which must meet the criteria set out in Article 8.5 (Consortium Transactions);
- 1.1.12. “Credit” means the written notice by the ITB Authority that an Accepted Transaction has been achieved, in whole or in part, towards meeting an ITB Commitments, as measured in CCV. All Accepted Transactions are subject to annual reporting, verification and approval before Credit is awarded;
- 1.1.13. “Defence Sector” means businesses engaged in the manufacture and delivery of products and services related to the defence sector. It includes: Aircraft Fabrication, Structures and Components; Missiles, Rockets and Drones; Troop Support; Combat Vehicles and Components; Ammunition and Other Munitions; Firearms and Other Weapons; Electro-Optical, Radar and Sonar Systems and Components, and Fire Control, Warning and Countermeasures Systems and Components; Simulation Systems and Components; Naval Shipbuilding and Repair and Maintenance; Naval Ship-borne Systems and Components; Other Electronics, Information Technology (Including Software), Communications and Navigation Systems and Components; Military Aircraft Maintenance, Repair and Overhaul Services; Military Systems Deployed in Space, Space Launch Vehicles, Earth Based Systems for the Operation of Space Launch Vehicles or Systems Deployed in Space and Related Components; and others including the Naval Remote Weapon Station and Remote Weapon Stations;
- 1.1.14. “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);
- 1.1.15. “Direct Transaction” or “Direct Work” means a Transaction or Work that is

entered into for the performance of any part of the Work under this Contract;

- 1.1.16. “Eligibility Criteria” means those criteria outlined in Article 7 (Eligible Criteria for Transactions), which a Transaction and any Unidentified Value Proposition Commitments must meet in order to be an Accepted Transaction;
- 1.1.17. “Eligible Party” means the Eligibility Criteria of the ITB Policy to be a provider (or donor) of a Transaction, as set forth in Article 7 (Eligibility Criteria for Transactions);
- 1.1.18. “Grouped Transaction” means a Transaction that has more than one Recipient. Grouped Transactions may only include activities involving: the purchase of Direct goods or services; Canadian suppliers with similar characteristics of product, size and/or region; and, a total Canadian Content Value of not more than 10% of the total ITB Obligation;
- 1.1.19. “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;
- 1.1.20. “Incrementality” means the Eligibility Criteria of the ITB Policy which stipulates that an Indirect transaction must involve new work in Canada, as set forth in Article 7 (Eligibility Criteria for Transactions);
- 1.1.21. “Indirect Transaction” or “Indirect Work” means a Transaction that is entered into for a business activity unrelated to the performance of any part of the Work under this Contract;
- 1.1.22. “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 from the date of the in-kind valuation report completion;
- 1.1.23. “Intellectual Property” or “IP” or “IP rights” means legal rights that result from intellectual activity in the industrial, scientific, literary and artistic fields. These rights may take the form of patents, trade-marks, copyright, industrial designs, integrated circuit topographies or plant breeders’ rights;

- 1.1.24. “Investment” means a 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 8.8 (General Investment Transactions);
- 1.1.25. “Investment Framework” or “IF” means the method of assessing, valuing and calculating Credits associated with innovation-related investments made directly with Canadian SMB, as outlined in Article 8.6 (Investment Framework Transactions).
- 1.1.26. “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;
- 1.1.27. “ITB Authority” means the Minister of Industry or any other person designated by the Minister of Industry to act on the Minister's behalf. The ITB Authority is responsible for evaluating, accepting, monitoring, verifying and crediting ITB, and for assessing the Contractor's ITB performance under this Contract;
- 1.1.28. “ITB Obligation”, “Obligation” or “ITB Commitment” means the Contractor’s contractual obligation to achieve the CCV for Transactions as set forth in Article 2 (Commitments and Responsibilities). The Contractor’s contractual obligation is formed by the Contractor’s Transactions and Unidentified Value Proposition Commitments;
- 1.1.29. “Major Obligor” means a company that holds contractual commitments for Obligations in Canada in excess of \$1 billion;
- 1.1.30. “Naval Remote Weapon Station” or “NRWS” means the defined as per Annex X NRWS Statement of Work and its appendices;
- 1.1.31. “Over-achievement” means the amount by which the Contractor's Credits, awarded on an Accepted Transaction during the Achievement Period, are greater than the Commitment for that Transaction;
- 1.1.32. “Plans” means the Contractor- prepared Plans at bid submission which, by reference, form part of this Contract: the Company Business Plan, the ITB Management Plan, the Regional Development Plan, and the Small and Medium Business Development Plan, all dated XXX and all bearing reference number XXX;
- 1.1.33. “Pooling” refers to the act of applying the Credits achieved on a single Transaction to the ITB Obligations associated with two or more projects;

- 1.1.34. “Post-Secondary Institution” means an institution or other organizational entity in Canada involved in developing and delivering formal education activities and in awarding academic credentials to people for whom the normal entrance requirement is high school completion. The institution should be available to the general public, be recognized by a province or the Canada Student Loans Program, and offer programs leading to degrees and diplomas that are recognized by the academic community in Canada;
- 1.1.35. “Proposed Transaction” means a Transaction which has been proposed by the Contractor to the ITB Authority, but which has not yet been formally accepted in writing by the ITB Authority as meeting the Eligibility Criteria;
- 1.1.36. “Public Research Institution” means a federal or provincial organization in Canada that: is engaged in research, research training and related activities in Canada; has as its primary goals the conduct of research, peer review, and the dissemination of results by way of publication, technology transfer or training; reinvests its profits into its research activities or into the dissemination of results; and, is funded primarily from public resources and has established processes, systems, procedures and controls in place to ensure achievement of public objectives;
- 1.1.37. “Recipient” means the Canadian entity that is the recipient of the business activity outlined in a Transaction;
- 1.1.38. “Remote Weapon Station” or “RWS” means system for remote control of weapon system(s) for remote target acquisition, and, weapon firing for vehicle mounted weapons with weapon stabilization;
- 1.1.39. “Reporting Period” means the annual periods within the Achievement Period upon which the Contractor’s annual reporting will be based. For example, Reporting Period 1 commences on the first day of the Achievement Period and ends one (1) year after Contract award. Subsequent Reporting Periods (Period 2, 3, etc...) will follow in consecutive annual increments until the end of the Achievement Period;
- 1.1.40 “Research and Development (R&D)” or “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;

- 1.1.41 “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;
- 1.1.42 “Shortfall” means the amount by which the Contractor’s Credits, awarded on Accepted Transactions during the Achievement Period, are less than the Commitments;
- 1.1.43 “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 Transaction. Agents and distributors of foreign goods and services, as well as subsidiaries of companies that are the Contractor or Eligible Party on any contract with Obligations, do not qualify as Small and Medium Business;
- 1.1.44 “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 Transactions, as set forth in Article 9 (Strategic Plans);
- 1.1.45 “Supplier Development” or “Canadian Supplier Development” means the Contractor or its Eligible Parties undertaking work and investments with Canadian-based suppliers, beyond their own Canadian facilities.
- 1.1.46 “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 Credit as set forth in Article 8.7 (Technology and Skills Cooperation Transactions);
- 1.1.47 “Tier One Supplier” means a company that takes on a specific portion of the Work under this Naval Remote Weapon Station requirement 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;
- 1.1.48 “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, and is measured in CCV;
- 1.1.49 “Unidentified Value Proposition Commitments” or “Unidentified VP Commitments” means the Contractor’s Commitment to achieve CCV for business

activities proposed in the Value Proposition and which were not captured in the form of eligible Transactions. Unidentified Value Proposition Commitments will be required to be submitted in the form of eligible ITB Transactions in accordance with Transaction identification timelines and criteria set out in Article 7 (Eligibility Criteria for Unidentified Value Proposition Commitments);

1.1.50 “Value Proposition” means the Plans, Commitments, Transactions along with any other information that was submitted in the Contractors ITB proposal at the time of bid.

1.1.51 “Value Proposition Criteria” or “VP Criteria” means the areas of business activity that can be proposed to Canada at the time of bid captured in the form of eligible Transactions and Unidentified Value Proposition Commitments. For the export strategy, a written submission is required. Under the Naval Remote Weapon Station requirement, Value Proposition Criteria includes:

- Direct activities related to the Naval Remote Weapon Station Work;
- Indirect activities related to other Remote Weapon Stations for land and naval applications;
- Indirect activities related to the Defence Sector (excluding the Naval Remote Weapons Station and other Remote Weapons Stations for land and naval applications);
- Activities for Canadian-based suppliers within defence and non-defence sectors;
- R&D activity in Canada;
- R&D with Canadian Post -Secondary Schools;
- Export Strategy for activities related to NRWS or RWS for land and naval applications;

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

1.1.53 “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. COMMITMENTS AND RESPONSIBILITIES

- 2.1. Through the implementation of the Company Business Plan, the ITB Management Plan, the Regional Development Plan and the Small and Medium Business Development Plan, referenced in Annex X, the Contractor must by the end of the Achievement Period:
 - 2.1.1. Achieve 100% of the Contract Value in CCV as Transactions, as specified in Annex X;
 - 2.1.1.1. Achieve X *(to be inserted from the Contractor's Proposal)* in CCV as Value Proposition Activities, in the form of Transactions, on the NRWS.
 - 2.1.1.2. Achieve X *(to be inserted from the Contractor's Proposal)* in CCV as Value Proposition Activities, in the form of Transactions, for Remote Weapon Station activities involving land and/or naval applications.
 - 2.1.1.3. Achieve X *(to be inserted from the Contractor's Proposal)* in CCV as Value Proposition Activities, in the form of Transactions, in the Defence Sector.
 - 2.1.1.4. Achieve X *(to be inserted from the Contractor's Proposal)* in CCV as Value Proposition Activities, in the form of Transactions, involving Research and Development.
 - 2.1.1.5. Achieve X *(to be inserted from the Contractor's Proposal)* in CCV as Value Proposition Activities, in the form of Transactions, involving Supplier Development.
 - 2.1.2. Achieve the following percentages in CCV *[to be inserted from Contractor's Proposal]*, as Transactions in the Designated Regions of Canada:
 - 2.1.2.1. Atlantic: *[to be inserted from Contractor's Proposal]*
 - 2.1.2.2. Quebec: *[to be inserted from Contractor's Proposal]*
 - 2.1.2.3. Northern Ontario: *[to be inserted from Contractor's Proposal]*
 - 2.1.2.4. Southern Ontario: *[to be inserted from Contractor's Proposal]*
 - 2.1.2.5. West: *[to be inserted from Contractor's Proposal]*
 - 2.1.2.6. North: *[to be inserted from Contractor's Proposal]*
 - 2.1.3. Achieve not less than 15% of the Contract Value in CCV for Small and Medium Business Development Transactions, as specified in Annex X;

- 2.1.4. Carry out the Export Strategy as provided in the Contractor's Proposal, as specified in Annex X.
- 2.1.5. Carry out each and every Transaction as per the Transaction Sheet list attached at Annex X;
- 2.1.6. Submit to the ITB Authority, one (1) year after Contract award, eligible Transactions which are detailed, fully described and which bring the cumulative total of identified eligible Transactions to not less than 60 % of the contract value, including any options, measured in CCV;
- 2.1.7. Submit to the ITB Authority, two (2) years after the Contract award, eligible tranche 3 Transactions which are detailed, fully described and which bring the cumulative total of identified eligible Transactions to not less than 100 % of the contract value, including any options, measured in CCV;
- 2.2. The Contractor must submit to the ITB Authority, through the Contracting Authority, annual reports based on the performance achieved during the Reporting Periods defined in this Contract. These reports must be submitted sixty (60) calendar days after the end of the annual Reporting Period. The Contractor is encouraged to use the format and template outlined in Article 3 (Annual Reporting);
 - 2.2.1. As evidence of the Contractor's achievement of ITB Commitments, the Contractor must provide, appended to the annual reports, a Certificate of Compliance, as set forth in Annex B to this Contract, signed by the senior company comptroller in respect to the Transactions for which there was activity in that Reporting Period. This Certificate of Compliance also applies to those achievements of the Contractor's Eligible Parties.

3. ANNUAL REPORTING

- 3.1. Each annual report must consist of five parts, as outlined in the following sub-paragraphs and in the format template attached in Annex B:
 - 3.1.1. Part A must include:
 - 3.1.1.1. An overview and status of the Work on the Naval Remote Weapon Station requirement;
 - 3.1.1.2. A list of all the progress payment requests or invoices (broken down by Reporting Period and including the amount, date submitted and payment status) which have been submitted by the Contractor to the Contracting Authority for Work completed since the Effective Date;
 - 3.1.1.3. A description of any changes to the ITB Management Plan.

3.1.1.4. An update regarding developments impacting the Contractor's execution of the International Export Strategy. This should include any highlights or notable developments over the previous twelve (12) month period. This update should also include information pertaining to Target Markets and Export Capacity criteria that the Contractor identified in its Proposal. If it formed part of the Proposal, the Contractor must also provide details and evidence, on an annual basis, that it or its Eligible Parties continue to possess the capacity to export from Canada.

The Capacity to Export must be demonstrated by providing details and evidence that the Contractor or its Eligible Parties have:

- The decision-making authority to export from Canada, specifically the following:
 - The signing authorities in place to pursue international sales; and
 - Details illustrating the extent of the decision-making authority with regard to pursuing export contracts.
- Access to the Intellectual Property rights needed to export from Canada, specifically the following:
 - Copy of a transfer and/or licensing agreement for the Intellectual Property;
 - Proof of access to the Intellectual Property; and
 - Registration number of the Intellectual Property.
- A World Product Mandate, specifically the following:
 - Contract or certification or other documentation to illustrate that they have a World Product Mandate for a product or service with exclusive authority to export outside of Canada.
- An appropriate management team in place to pursue international sales.
- Set aside sufficient human and financial resources to pursue international market opportunities.

3.1.1.5. An update and on the efforts undertaken to identify eligible Transactions for Unidentified Value Proposition Commitments. This reporting requirement must remain in effect until all Commitments have been identified in the form of eligible Transactions, within two (2) years following Contract award.

3.1.1.6. A list of the Transactions accepted throughout the Reporting Period (include an updated list and tabular chart of Transactions).

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 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 achievement claimed to date in all the Reporting Periods since the beginning of the 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 Transactions which have been cancelled, added or substantially altered during the Reporting Period with the approval of the ITB Authority, and their status vis-à-vis contract amendment;
 - 3.1.5.3. A Certificate of Compliance related to the Contractor's achievements, signed by the senior company comptroller in respect of the Transactions for which there was activity in that Reporting Period. This Certificate of Compliance also covers any achievements of the Contractor's Eligible Parties; and
 - 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 Commitments in Article 2.1 must be correspondingly either increased or decreased to reflect this change.
- 4.2. If the Contract Value increases after the third year following Contract award, the Contractor will submit to the ITB Authority Proposed Transactions valued at 100% of the increase within one year of the date of the increase.

5. OVERACHIEVEMENT

- 5.1. The Contractor may achieve a CCV for any Commitment in excess of the value stated in the Transactions without prior approval. When an Overachievement occurs in a Transaction Commitment, subject to the prior written approval of the ITB Authority, the Overachievement may be applied against the Shortfall or unidentified portion of the Transactions, as long as the overall Contractor's Value Proposition Commitment is maintained and Regional and Small and Medium Business Commitments are achieved. An Overachievement 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 must 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 Goods and Services Taxes (GST), Harmonized Sales Taxes (HST) and all provincial sales taxes; and
 - 6.1.1.3. Subtract any costs incurred as set out in Article 6.2.
 - 6.1.2. Cost Aggregate Method: Any product or service that cannot be assigned a substantiated selling price may have its CCV calculated as the aggregate of the following:
 - 6.1.2.1. The cost of parts produced in Canada, and the cost of materials to the extent that they are of Canadian origin, that are incorporated in the equipment in the factory of the manufacturer in Canada;
 - 6.1.2.2. The cost of parts or materials which the ITB Authority can verify as being

of Canadian origin, in that they have been exported from Canada and subsequently imported into Canada as parts or finished goods;

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

- 6.1.2.4.11. Engineering and professional services, experimental work and product or process development work executed and completed in Canada;
- 6.1.2.4.12. Pertinent miscellaneous factory and office expenses, such as: administrative and general expenses; depreciation with respect to production machinery and permanent plant equipment and the installation costs of such machinery and equipment; and, a capital allowance not exceeding five (5) percent 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 Transactions in this Naval Remote Weapon Station 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 Credit:
 - 6.2.1. The value of materials, labour and services imported into Canada;
 - 6.2.2. In the case of an Indirect Transaction, 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, GST, HST and other Canadian duties;
 - 6.2.5. The value of goods and services with respect to which Credits has been received or is being claimed by the Contractor or its Eligible Parties as a Transaction to Canada under any other 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 Recipient and any on-going royalty payments;
 - 6.2.10. 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 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 Credit against this Contract. This includes, but is not limited to, providing advice on the ITB Policy, preparation of Transactions and/or reports, representing the interests of the Contractor to the ITB Authority, and/or searching for potential recipient Companies.

7. ELIGIBILITY CRITERIA FOR TRANSACTIONS

- 7.1. Causality - each Transaction must be one which was brought about by either the Contractor or one of its Eligible Parties, due in part to a current or anticipated Obligation to Canada. It must not be one which probably would have been entered into if an Obligation had not existed or been anticipated. Causality may be demonstrated to a specific project or more broadly to a company's Obligation in general.
 - 7.1.1. The Contractor or its Eligible Party must demonstrate Causality by providing a detailed statement on Causality, which outlines the steps and timelines involved in its decision about a procurement or investment activity and which clearly shows the link between the steps and decision on a business activity and Canada's ITB or IRB Policy.
 - 7.1.2. The Contractor or its Eligible Parties must 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 Transaction to the ITB Authority. Failure to provide sufficient evidence of Causality may result in the Transaction being rejected.
 - 7.1.4. Further guidance on Causality is available on the ITB website at www.ic.gc.ca/ITB.
- 7.2. Timing - Transactions must be implemented within the Achievement Period, as defined in Article 1.1.3.
 - 7.2.1. Transactions, or substitute Transactions, that are identified after the date of Contract award must meet the Eligibility Criteria and they must only involve work occurring after the date of identification of the Transaction to the ITB Authority.

7.3. Incrementality –Transactions must involve new work in Canada.

7.3.1. Should a 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 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 Transaction to the ITB Authority;

7.3.1.2. 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 Article 7.3.1 does **not** apply in cases where the product or service being purchased in the 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 - Transactions must 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 of 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 of 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 Obligations with respect to this Contract. Capacity includes factors such as: company size, product offerings, market conditions, corporate ownership, management processes, level of Canadian content, etc.

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

7.4.4. A list of approved Eligible Parties for the Naval Remote Weapon Station requirement is found in Article 25.

7.5. Validation of Eligibility

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

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

7.6 Eligibility for Unidentified Value Proposition Commitments

7.6.1 Unidentified Value Proposition Commitments provided in the Contractor's Value Proposition must meet the Eligibility Criteria.

7.6.2 For an Unidentified Value Proposition Commitment to be deemed as eligible it must meet the following:

7.6.2.1 Submitted at the time of bid by the Contractor;

7.6.2.2 Identification of the relevant Value Proposition Criteria;

7.6.3 The Contractor should note that for any Unidentified Value Proposition Commitments provided in its Value Proposition, a subsequent eligible Transaction must also be submitted in accordance with the Commitment toward identification of eligible ITB transactions as set out in Article 2 as well as subject to the Eligibility Criteria for Transactions as set out in Article 7.

7.6.4 Credit for Unidentified Value Proposition Commitments will not be awarded until the activity has been submitted by the Contractor and accepted by the ITB Authority as an eligible Transaction.

8. TRANSACTIONS

8.1. Direct Transactions

8.1.1. Direct Transactions are those achieved through the provision of the goods and services required to deliver the Naval Remote Weapon Station requirement.

8.1.2. Canadian resources should be utilized to the maximum extent possible to develop, produce, integrate and deliver the Naval Remote Weapon Station requirement.

8.2. **Indirect Transactions**

- 8.2.1. Indirect Transactions are those achieved through business activities not related to the Naval Remote Weapon Station requirement.
- 8.2.2. Indirect Transactions must involve a level of technology that is generally the same or higher than that of the Naval Remote Weapon Station requirement, with applications in Canadian advanced technology industries.
- 8.2.3. Indirect Transactions must have a Canadian Content Value (CCV) of no less than 30% of the total value of the Transaction.
- 8.2.4. It is the responsibility of the Contractor to clearly describe for each Indirect Transactions submitted in Value Proposition how it aligns with the Value Proposition Criteria as identified Article 1.1.51. The Contractor or its Eligible Party should provide details and documentation in support of the alignment with the Value Proposition Criteria.
- 8.2.5. Even though a Transaction may be counted towards meeting a Value Proposition Commitment, this does not negate the need for the Transaction to meet all of the Eligibility Criteria, including those related to Causality and Incrementality.

8.3. **Small and Medium Business (SMB) Transactions**

- 8.3.1. A Transaction where an SMB is the Recipient, and the SMB's product or service has a CCV of at least seventy (70) percent, will have its Credit awarded as follows:
 - 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 one-hundred (100) percent CCV for reporting and verification purposes;
 - 8.3.1.2. Any portion of the Transaction's CCV value that is over \$1,000,000 will use the actual CCV as calculated using Article 6 (Canadian Content Value).

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

- 8.4.1. A multiplier of five (5) is permitted on Transactions involving: cash contribution input to Canadian universities for university research or the establishment of university chairs; investments in advanced technology skill development through publicly operated Post-Secondary Institutions; and, collaborative research undertaken with Public Research Institutions.

8.5. Consortium Transactions

- 8.5.1. In any instance where the Contractor or its Eligible Party invests in research and development through a Consortium, the method of crediting such investments will be as detailed in this Article.
- 8.5.2. Scope: A Consortium must consist of:
- 8.5.2.1. The Contractor or its Eligible Party;
 - 8.5.2.2. A minimum of one (1) Canadian Company, and;
 - 8.5.2.3. A minimum of one (1) Canadian Post-Secondary Institution or Public Research Institution.
 - 8.5.2.4. Involvement of non-Canadian companies in the Consortium must be permitted. The combined total investment from non-Canadian companies must not exceed fifty (50) percent of the Consortium value.
 - 8.5.2.5. The Contractor must not be able to claim its Consortium members as Eligible Parties to this Contract.
 - 8.5.2.6. In cases where an existing Eligible Party to the Contract participates in the same Consortium as the Contractor, separate Transaction sheets must 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 Credits associated with the contributions that each has leveraged into the Consortium. At no time must the Contractor and Eligible Party be able to claim for the same contribution(s).
 - 8.5.2.7. Contributions to the Consortium may take the form of cash or in-kind contributions. In the case of in-kind contributions, the value of these must be determined by an assessment to be undertaken by a Third Party to this Contract solely at the cost of the Contractor.
 - 8.5.2.8. The future sales that may arise from the Consortium will not be counted for Credit within the Consortium Transaction. Should the Contractor procure goods and services from the Consortium, the purchase will be considered as a separate Transaction and no multiplier will be applied.
 - 8.5.2.9. When a Consortium Transaction is submitted, the Contractor must identify the manner that it proposes to calculate the regional distribution. The Contractor may opt to make regional commitments based on where funding for the Consortia originates as a proportion of the total Canadian funding. Alternatively, the Contractor may opt to make regional commitments based on where the work associated with the Consortium is taking place. In either

situation, once a Contractor selects a regional calculation, the Contractor will be held to this selection.

8.5.2.10. In addition to demonstrating that its investment in the Consortium meets all of the Eligibility Criteria, the Contractor must also be responsible for demonstrating how its involvement in the Consortium leveraged the investments from the other parties involved. In order to receive 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 Credit for contributions already existing in the Consortium prior to their participation.

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

8.5.3. Valuation for Credit Purposes:

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

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

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

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

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

8.5.4. Timing:

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

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

- 8.5.5. The following will not be eligible for Credit:
- 8.5.5.1. Contributions made to the Consortium by Post-Secondary Institutions or Public Research Institutions; and,
 - 8.5.5.2. Direct contributions into the Consortium made by any level of government.
- 8.5.6. Performance Guarantees:
- 8.5.6.1. Transaction sheets related to a Consortium should be stated in the multiplied value of the proposed contributions. This multiplied value is part of the Contractor's total ITB Commitment and, as such, is subject to the performance guarantees stipulated in this Contract.
 - 8.5.6.2. If the Contractor fails to achieve an Accepted Transaction involving a Consortium, the full multiplied value of its ITB Commitment must be made up with other Transactions that meet the Eligibility Criteria. Substitute Transactions will not automatically be subject to a multiplier.
- 8.6. **Investment Framework (IF) Transactions**
- 8.6.1. Transactions may involve R&D or Commercialization investments made directly by the Contractor with a Canadian SMB. The methods of assessing, valuing and crediting these investments are detailed in this Article.
 - 8.6.2. Proposed *IF* activities will be reviewed, approved and awarded by the ITB Authority using the following gate process:
 - 8.6.2.1. Gate 1 - Term Sheet Eligibility
 - 8.6.2.2. Gate 2 - Investment Valuation
 - 8.6.2.3. Gate 3 - Determination of Credits and Transaction Sheet Approval
- Gate 4 - Monitoring and Award of Credit
- 8.6.3. Gate 1, Term Sheet Eligibility - Proposed *IF* activities must meet all six of the following eligibility criteria:
 - 8.6.3.1. Investment must be linked to Research and Development (R&D) and/or Commercialization activities, as defined in this Contract;
 - 8.6.3.2. Investment must be with a Canadian SMB, as defined in this Contract;
 - 8.6.3.3. Investment must meet the Eligibility Criteria, as defined in this Contract;

- 8.6.3.4. Investment must be an Allowable *IF* Investment, as defined in this Contract;
- 8.6.3.5. *IF* activity must have a duration of at least five (5) continuous years, beginning at the date the investment is made; and,
- 8.6.3.6. A complete *IF* Business Plan, as defined in this Contract, must be submitted to the ITB Authority.
- 8.6.4. Gate 2, Investment Valuation – Eligible *IF* activities will be valued, using the following methods:
- 8.6.4.1. Eligible cash investments will be taken at face value.
- 8.6.4.2. Eligible in-kind investments will be valued by an independent third party, as outlined in Article 1.1.22.
- 8.6.5. Gate 3, Determination of Credits – The following multipliers will be applied to the value of the eligible *IF* investment:
- 8.6.5.1. Cash for R&D Activities; or, License for IP – nine (9)
- 8.6.5.2. Cash to purchase, or in-kind transfer of, Equipment – seven (7)
- 8.6.5.3. In-kind transfer of Knowledge and/or Marketing/Sales Support – four (4)
- 8.6.6. Gate 4, Monitoring and Award of Credits –
- 8.6.6.1. The multiplied Credits resulting from an *IF* activity will be awarded along the following timeline:
- Fifty (50) percent up front, once the investment activity is made according to the *IF* Business Plan, reported to the ITB Authority, and verified by the ITB Authority;
 - Fifty (50) percent apportioned over the remaining years of the *IF* project, as annual *IF* reporting requirements are met.
- 8.6.6.2. The Contractor will be deemed as having met each year’s annual *IF* reporting requirements once the Contractor:
- Reports on its *IF* activities through the established annual reporting requirements outlined in Article 3, “Annual Reporting”; and,
 - Includes in its Annual Report each year a specific and complete *IF* activity report, using the template provided in Annex X of this Contract, “Annual *IF* Activity Report.”

- 8.6.7. The total issued Credits associated with *IF* activities cannot exceed five (5) percent of the total Obligation value in this Contract.
- 8.6.8. The investment must be made within 12 months from the date of either: the final Transaction approval from the ITB Authority (cash investment); or, the third party valuation report (in-kind investment).
- 8.6.9. The investment must remain with the SMB for at least five (5) continuous years and be used for the purposes outlined in the *IF* Business Plan.
- 8.6.10. Credits may be disallowed or revoked by the ITB Authority in any of the following circumstances:
 - 8.6.10.1. Failure to provide a detailed, complete and accurate “Annual *IF* Activity Report” in each year of the *IF* project;
 - 8.6.10.2. Removal, in whole or in part, of the *IF* investment from the SMB prior to the end of five continuous years; or
 - 8.6.10.3. Use of the *IF* investment for purposes other than those outlined in the *IF* Business Plan.
- 8.6.11. A “Guide for Applicants” is available on the ITB Website (www.ic.gc.ca/itb), which provides additional details on the *IF* processes, timelines and deliverables. The Guide also provides the templates to be used by the Contractor or its Eligible Party during the *IF* submission process.

8.7. Technology and Skills Cooperation Transactions

- 8.7.1. Transactions may take the form of direct Technology and Skills Cooperation and must meet the following criteria:
 - 8.7.1.1. Technology must be in a form that is sufficiently complete to allow the Recipient to apply the knowledge to existing or new products or processes;
 - 8.7.1.2. Technology must be proprietary, current and at a level of technology equivalent to or higher than that used on the Naval Remote Weapon Station requirement;
 - 8.7.1.3. All required licenses or permits to facilitate the sale of products/services domestically or for export must be included;
 - 8.7.1.4. The transferor must make available all engineering and technical advice and assistance required to exploit and keep current the transferred technology and all related information (drawings, methods of application, etc.);

- 8.7.1.5. The Canadian Company must have access to domestic and foreign markets and have the resources to exploit the technology in these markets;
- 8.7.1.6. The technology must be exploitable in terms of the capability (financial and technical) of the Canadian Company to use and keep it current; and
- 8.7.1.7. The Contractor must make available, upon request by the ITB Authority, the licensing agreement with the Recipient. Failure to do so may result in the Technology and Skills Cooperation Transaction being rejected.
- 8.7.2. The Technology and Skills Cooperation must be measured in Canadian Content Value of the future sales, export sales or Import Replacement, of goods or services by the Canadian Company as a result of the Technology and Skills Cooperation. In addition, the Contractor may be credited for reasonable costs incurred as a result of the Technology and Skills Cooperation once the achievement in future sales surpasses the cost of the Technology and Skills Cooperation. Reasonable costs incurred include:
 - 8.7.2.1. Training costs;
 - 8.7.2.2. Set-up of infrastructure needed to exploit the technology; and
 - 8.7.2.3. Any others as deemed reasonable by the ITB Authority.
- 8.7.3. Transactions in the form of Technology and Skills Cooperation with Canadian Companies may include, but not be limited to, activities such as:
 - 8.7.3.1. Participation in the design, development and manufacture of new or improved systems;
 - 8.7.3.2. The provision of new process technologies that will enhance Canadian industry by improving their capabilities in present product lines and enhance their export potential; and
 - 8.7.3.3. The provision of licenses which will allow Canadian Companies to manufacture new or existing components of major systems for export sale and Import Replacement.

8.8. General Investment Transactions

- 8.8.1. Transactions can involve activities such as investment in Canada. These investments must meet the Eligibility Criteria and must be made by the Contractor or its Eligible Party and placed directly with a Recipient.
- 8.8.2. The Contractor will be credited the CCV of future sales achieved by the 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 Credits surpasses the amount of the total investment.

8.8.3. Credited Future Sales =

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

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

8.8.5. The investment made by the Contractor or its Eligible Parties must remain placed with the 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 approved Credits for the Transaction by the ITB Authority. No further Credits will be approved for that particular Transaction.

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

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

8.8.8. Investment Transactions may also include:

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

8.8.8.2. The development of joint ventures with Canadian Companies, which will

contribute to their long-term viability and increase sales in both domestic and international markets.

8.9. Venture Capital Fund Transactions

8.9.1. In any instance where the Contractor or its Eligible Party is not placing an investment directly with a Recipient, and is utilizing a third party to manage such investments, the method of crediting such investments will be as detailed in this Article. 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 Credit related to these investments must not exceed five (5) percent of the ITB Commitment value. Contributions in support of Canadian small business are permitted within the following parameters:

8.9.2. Timing:

8.9.2.1. Credit can be claimed when:

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

8.9.2.1.2. The VCF manager invests funds with a Canadian small business and the funds remain placed with the 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 Credits claimed or approved for the Transaction by the ITB Authority.

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

8.9.3. Scope:

8.9.3.1. (Privately held) small business Recipients of the VCF investment must have 50 employees or less (service based industries) or 100 employees or less (manufacturing based industries) at the commencement of the investment.

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

8.9.3.3. Small business Recipients will generally be involved in the development, manufacture or commercialization of a technologically advanced product or

service in one of the following sectors:

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

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

8.9.4. Multiplier for Credit purposes:

8.9.4.1. The multiplier for Credit purposes is 5:1. The Credit will be given for the initial contribution at the time of the deposit to the VCF by the Contractor. The 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 Recipient for a minimum of three (3) years, starting from the date the funds are placed. The maximum multiplied Credit for the Project is five (5) percent of the ITB Commitment value.

8.9.5. Limitation to Venture Capital Funds

8.9.5.1. Once a small business reaches the initial public offering stage, no further Credit will be granted by the ITB Authority for further VCF investment to the Canadian small business.

8.9.6. Performance Guarantees

8.9.6.1. Transaction sheets related to qualifying VCF Transactions are stated in the multiplied value of the proposed contributions to the VCF. This multiplied value is part of the Contractor's total ITB Commitment, and as such is subject to the performance guarantees stipulated in this Contract.

8.9.6.2. If the Contractor fails to achieve an Accepted Transaction involving a VCF, the full "multiplied" value of its ITB Commitment must be made up with other Transactions that meet the Eligibility Criteria. Substitute Transactions will not be subject to the multiplier.

9. STRATEGIC PLANS

- 9.1. Major Obligors to Canada are required to submit a Strategic Plan to the ITB Authority;
- 9.2. The Contractor and the ITB Authority will meet regularly to update, review and discuss the Contractor's Strategic Plan. Representatives at senior levels of both the Contractor's corporation and ITB Authority will be available for these meetings.
- 9.3. The Contractor's Strategic Plan should include:
 - 9.3.1. A description of the Contractor's broad corporate plans and overarching strategic vision for Canada over the medium-term (3-5 years) and long-term (5+ years);
 - 9.3.2. How these corporate plans and vision may translate into Transactions;
 - 9.3.3. An overview of the Contractor's current and anticipated Obligations to Canada;
 - 9.3.4. ITB partnerships with Tier-one Suppliers or other Eligible Parties; and,
 - 9.3.5. Notice of potential Transactions that will request Pooling.
- 9.4. Contractors with multiple Obligations totaling less than \$1 billion may also submit a Strategic Plan to the ITB Authority. However, neither the ITB Authority, nor the Contractor will be required to meet to discuss the Strategic Plan.
- 9.5. Contractors with a Strategic Plan may be permitted to pool high value, strategic Transactions.
- 9.6. Pooled Transactions must meet the following criteria:
 - 9.6.1. Meet all of the Eligibility Criteria as described in Article 7 (Eligibility Criteria for 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 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 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 Transaction will qualify will be based on and limited to valid orders and/or contracts delivered by the end of the Achievement Period.

11. BANKING

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

12. IMPORT REPLACEMENT

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

13. WORLD PRODUCT MANDATE

- 13.1. If a product designed, developed and manufactured by a Canadian Company is the subject of a World Product Mandate, where it is a long term relationship between the Contractor or an Eligible Party and a Canadian Company, whereby the Canadian Company has been contractually authorized to carry out the aforementioned specific activities, and is identified as such in an Indirect 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 Recipients are encouraged to be as transparent as possible regarding its Plans, Commitments and specific Transactions, making them publicly available whenever possible.
- 14.2. In the above efforts at transparency, the Contractor and the ITB Authority will jointly coordinate public communications related to the Transactions associated with the Naval Remote Weapon Station requirement. The two parties will also collaborate to identify impact and success stories associated with specific Transactions.
- 14.3. The Contractor consents to public announcements regarding the Naval Remote Weapon Station requirement, made by or on behalf of the Minister of Industry that are related to ITB Commitments. These announcements would include company names, general

descriptions of the work being proposed and approximations of CCV. In these cases, the ITB Authority will make all reasonable efforts to ensure that the Contractor has the opportunity to participate in the announcement and/or the preparation of any related materials. The Contractor also consents to allow Industry Canada to publish and openly disclose the Contractor's track record in fulfilling its Obligations, in a manner that respects commercial confidentiality.

- 14.4 For all other public communications regarding the Transactions on the Naval Remote Weapon Station requirement, 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 must be interpreted as preventing the fulfillment by any company involved in an obligation or activity of its reporting obligations under applicable securities laws.

15. TRANSACTION ALTERATIONS

- 15.1. The Contractor must not alter the Transactions listed in Annex X unless:
 - 15.1.1. The Contractor has submitted a proposal to the ITB Authority through the Contracting Authority, with respect to the alteration; and,
 - 15.1.2. The ITB Authority through the Contracting Authority has given written approval to the Contractor and requested the Contracting Authority to amend the Contract accordingly.
- 15.2. The Contractor may propose alterations to or substitutions for any of the Transaction(s) listed in Annex X, and the ITB Authority may accept these requests provided that in the judgment of the ITB Authority:
 - 15.2.1. The circumstances requiring the change are exceptional and likely to result in undue hardship upon the Contractor if a change is not made;
 - 15.2.2. The ITB Obligations of this Contract are maintained (i.e. the overall ITB, VP, Regional and Small Business Commitments);
 - 15.2.3. The proposed alterations or substitutions meet the Eligibility Criteria stated in this Contract;
 - 15.2.4. The proposed substitute Transaction is not less than the Transaction to be replaced both as to the level of technological sophistication of the work to be performed and the CCV;

- 15.2.5. Proposed substitutions for Transactions submitted under the Value Proposition must fall within the same Value Proposition Criteria and be of equal CCV in dollar value.
- 15.2.6. Canadian industry will receive the maximum high-quality, Direct Transactions associated with the delivery of the Work; and
- 15.2.7. Canadian industry will receive high-quality, Indirect Transactions of the same level of technology as the Direct Transactions.
- 15.3. Mutual Abatement and Trading
 - 15.3.1. Mutual Abatement means a reduction of the Contractor's 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 Obligations, or of Credits, is not permitted.

16. VERIFICATION AND ACCESS TO RECORDS

- 16.1. The Contractor must implement the procedures and practices as described in the ITB Management Plan. Any changes to the ITB Management Plan are subject to approval by the ITB Authority.
- 16.2. The Contractor must keep proper records and all documentation relating to the Transactions attached to this Contract, including invoices, proof of payments, etc. The Contractor must not, without the prior written consent of the ITB Authority, dispose of any such records or documentation until the expiration of two (2) years after final payment of this Contract, until settlement of all outstanding claims and disputes, or the end of the Achievement Period, whichever is later. All such records and documentation must at all times during the aforementioned retention period be open to verification, inspection and examination by the ITB Authority or his/her delegate, who may make copies thereof and take extracts there from.
- 16.3. In addition, the ITB Authority may request the Contractor provide copies of all such information be sent to him/her via mail or courier for a random sample of Transactions, as he/she may from time to time request.
- 16.4. If the ITB Authority determines that the information contained in the annual report and certified by the Certificate of Compliance will be verified, the Contractor will undertake to provide the ITB Authority with access, at all reasonable times, and within sixty (60) calendar days of being notified, to its accounts and records relating thereto and will, by obtaining similar undertakings in the subcontracts of all Eligible Parties, arrange for the same in respect of any subcontracts and suppliers carrying out the work.

- 16.5. Where, subsequent to the verification action taken pursuant to this Article, the ITB Authority determines that the records are insufficient to verify the Contractor's achievements in respect of any ITB Commitment, the Contractor must provide such additional information as may be required by the ITB Authority.
- 16.6. Where it cannot be verified that a Transaction has provided the benefits claimed, that portion of the Transaction which cannot be verified will be considered as not having been achieved and the ITB Authority will give notice to the Contractor of the Shortfall through the Contracting Authority.
- 16.7. If the ITB Authority determines that a significant Shortfall in the Contractor's total ITB Commitment exists and if the ITB Authority believes that the Contractor will not meet its total ITB Commitment, the ITB Authority may give, through the Contracting Authority, notice to the Contractor and request the Contractor to submit a proposal showing how the Contractor plans to correct such deficiencies. The Contractor will submit its proposal within sixty (60) calendar days of receipt of such notice. If the proposal is not acceptable to the ITB Authority, the ITB Authority may request the Contracting Authority to terminate the Contract.

17. INFORMATION MANAGEMENT

- 17.1. The Contractor's overall, aggregate information related to Obligations, Transactions and achievements is considered by the ITB Authority to be information available to Parliament and the public.
- 17.2. The receipt, storage and protection of the Contractor's specific corporate and transactional business information, which is provided to the ITB Authority in the context of this Contract and/or through a Strategic Plan, is governed by applicable federal laws and processes, such as the *Access to Information Act*, the *Privacy Act* and the *Library and Archives of Canada Act*.
- 17.2.1. This data may be used by the ITB Authority for internal policy analysis purposes. Certain relevant information may also be shared, subject to applicable laws and processes, with other government organizations with whom the ITB Authority collaborates in the administration of the ITB Policy, such as the Regional Development Agencies.

18. CONFLICT RESOLUTION

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

- 18.3. In the event that a disagreement arises between the ITB Authority and the Contractor regarding an ITB matter, each party will bring their concerns forward to the other for discussion and resolution. Parties are encouraged to raise concerns first at the project level. Should discussions at the project level fail to resolve the issue, the parties are then encouraged to engage at the management level while also notifying the Contracting Authority.

19. PERFORMANCE GUARANTEES

- 19.1. The long-term relationship between the Contractor and ITB Authority is supported by several processes aimed at promoting regular, ongoing engagement between the two parties. These processes include the Transaction identification schedule outlined in Article 2 and the annual reporting process outlined in Article 3. Taken together, these and other monitoring measures are aimed at encouraging positive engagement, use of best practices and the successful completion of the Contractor's ITB Obligations in this Contract.
- 19.2. In the event that the Contractor fails to meet its Obligations under this Contract, the following performance guarantees are in place:
- 19.2.1. Holdback/Stop Payment
- 19.2.1.1. If the Contractor has failed to meet the requirement in Article 2.1.6, by twelve (12) months after Contract award, the ITB Authority must notify the Contractor of such deficiency and Canada may apply a holdback of milestone payment X.
- 19.2.1.2. With respect to the holdback outlined in Article 19.2.1.1, a grace period of sixty (60) calendar days, beginning on the date of failure notification by the ITB Authority, must pass before the holdback takes effect. Within this period, the Contractor may take corrective action by providing to the ITB Authority a plan to remedy.
- 19.2.1.3. If the Contractor has failed to meet the requirement in Article 2.1.7, by twenty-four (24) months after Contract award, the ITB Authority must notify the Contractor of such deficiency and Canada may apply a holdback of milestone payment X.
- 19.2.1.4. With respect to the holdback outlined in Article 19.2.1.3, a grace period of sixty (60) calendar days, beginning on the date of failure notification by the ITB Authority, must pass before the holdback takes effect. Within this

period, the Contractor may take corrective action by providing to the ITB Authority a plan to remedy.

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 2.1.5 (Commitments and Responsibilities) by the end of the Achievement Period, the Contractor must 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 Commitments, the Contractor will be liable only under the Commitment which results in the highest liquidated damages.

19.2.2.3. Included in the total Commitment values are the Unidentified Commitments.

19.3. In the event that the Contract is terminated for default pursuant to Articles X and X of the NRWS Acquisition and Repair and Overhaul Contracts (Default by the Contractor), the Contractor will immediately pay to Canada an amount equal to the liquidated damages that would be payable under Article 19.2.2.1 based on the Shortfall in regard to those Commitments that, according to Annex X (Plans and Transactions), were to be achieved by the date of termination. In the event of such payment, the Contractor will have no further liabilities in regard to the ITB requirements of the Contract.

19.4. In the event that this Contract is terminated for convenience pursuant to Articles X and X of the NRWS Acquisition and Repair and Overhaul Contracts (Termination for Convenience), the Contractor will have no further liabilities. In the event of partial termination of the Contract, the Contractor will be released from the terminated portions of its Commitments and from the provisions of Article 2 (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 within Article 2 may not be met, the Contractor must immediately notify the ITB Authority through the Contracting Authority. The Contractor must 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. In the event the withholding of a milestone payment described in Article 19.2.1 has not been released at the end of the Achievement Period, and the Contractor has also failed to achieve its Commitment (i.e. there is a Shortfall), then the parties agree that the holdback must be deemed to be liquidated damages and retained by Canada, and no additional liquidated damages must be payable for the Shortfall.

- 19.7. The obligation of the Contractor to pay liquidated damages pursuant to articles 19.2.2.1 will be triggered by notice executed by the Contracting Authority to the Contractor, stating that the Contractor is in default under the Contract for failure to achieve the ITB Commitments within the Achievement Period and that Canada is demanding payment of Liquidated Damages in accordance with the liquidated damages Article.
- 19.8. Letter of Credit: The Contractor must, 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 Article should the Contractor not achieve any further Credits after the date of the final milestone payment. The letter of credit must be:
- 19.8.1. Issued by a financial institution which is a member of the Canadian Payment Association;
 - 19.8.2. In form and substance satisfactory to the Minister;
 - 19.8.3. Solely at the cost of the Contractor;
 - 19.8.4. Abated as set forth below;
 - 19.8.5. Unconditional and irrevocable; and
 - 19.8.6. Subject to the Uniform Customs and Practice for Documentary Credits, as set out in Publication No. 600, July 2007.
 - 19.8.7. The letter of credit must remain in force until the earliest of:
 - 19.8.7.1. The achievement of the Commitments; and
 - 19.8.7.2. Six months following the submission of the final annual report at which time the letter of credit will be abated in full and will be returned by Canada to the Contractor.
 - 19.8.8. 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 Article and that the Contractor has failed to pay Canada liquidated damages in accordance with the liquidated damages Article. No other event will trigger payment under the letter of credit.

- 19.9. 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.
- 19.10. 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.
- 19.11. 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. CHANGES TO THE PLANS

- 20.1. Any Contractor proposed revisions to the Plans must be agreed to by the ITB Authority in writing. Revisions will be incorporated into this Contract by administrative amendment, issued by the Contracting Authority.

21. RESPONSIBILITIES OF THE PARTIES

- 21.1. The Parties to this Contract acknowledge and agree that:
- 21.1.1. Canada has responsibility to set in place programs and policies which foster a growing, competitive, knowledge-based Canadian economy and to establish ITB Objectives which include:
- 21.1.1.1. The long-term creation and exploitation of capabilities, knowledge, advanced technologies and markets of lasting impact on Canadian industry;
- 21.1.1.2. 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 Recipient and the Canadian defence sector.
- 21.1.1.3. Value Proposition Activities with Canadian Companies that involve Direct work or are in the identified Value Proposition Criteria outlined in Article 1.1.51. Value Proposition Criteria should strengthen the Canadian defense sector, involve Research and Development, exploit export market potential and/or involve high-value activities that will have a long-term positive economic impact.

- 21.1.1.4 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.
- 21.1.1.5 Encouraging the participation of SMB as suppliers on major federal procurements and to increase their competitiveness and export market access.
- 21.1.2. The award of this Contract to the Contractor resulted from a procurement process in which the Contractor committed to fulfill its ITB Commitment as an Obligation set out in Article 2, Commitments and Responsibilities; and
- 21.1.3. It is the responsibility of the Contractor to ensure that it can complete the Transactions and that these are not limited by applicable laws, regulations, policies or standards.

22. GOVERNMENT ORGANIZATIONS

- 22.1. 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).

23. COMPLIANCE WITH THE *LOBBYING ACT*

- 23.1. The Contractor and its Eligible Parties each represents, warrants and undertakes:
 - 23.1.1. 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;
 - 23.1.2. 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 Credit under this Contract;
 - 23.1.3. 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 Credit under this Contract;

- 23.1.4. 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*;
- 23.1.5. It must 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*.
- 23.2. When submitting each annual report, the Contractor and its Eligible Parties must provide the ITB Authority with a Certificate of Compliance related to Lobbying, signed by the senior officer of the corporation who is authorized to bind the company. The Certificate of Compliance template is contained in Annex X.

24. CONTINGENCY AND/OR SUCCESS FEES

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

25. LIST OF APPROVED ELIGIBLE PARTIES

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

- 25.1.1. *[List to be included at Contract award]*

ANNEX A
PLANS, TRANSACTIONS AND INTERNATIONAL EXPORT STRATEGY

Plans – to be referenced from Contractor’s Value Proposition

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

Unidentified Commitments - An update and progress report on the efforts undertaken to identify eligible Transactions for Unidentified Commitments provided in the Value Proposition.

ANNEX B
TEMPLATE – ANNUAL REPORT

Protected B (when completed)

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

PART A

Overview and Status of Work on the Project:

Progress Payments:

(list all invoices to date, the amount, the date submitted and the status of payment)

Changes to the ITB Management Plan:

Status Update on the International Export Strategy:

| |
|--|
| |
| Status update and progress report on the efforts undertaken to identify eligible Transactions for Unidentified Commitments provided in the Value Proposition. |
| List of Transactions accepted throughout the Reporting Period <i>(include an updated list and tabular chart of Transactions)</i> |

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

PART C – For each Transaction being reported, include:

The achievement claims for the **CURRENT** Reporting Period, with appropriate totals and subtotals for Direct, Indirect, SMB, Value Proposition, and each of the Designated Regions. The Contractor may use the chart format of their choice.

PART D – For each Transaction reported, include:

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

PART E

Description of activities undertaken related to SMB and regional development

List of Transactions that have been cancelled or substantially altered (with previous ITB Authority approval)

Certificate of Compliance for Achievements (template attached)

Certificate of Compliance for the Lobbying Act (template attached)

Protected B (when completed)

CERTIFICATE OF COMPLIANCE - ACHIEVEMENTS
For Annual 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 Transactions and Commitments, the Contractor must submit a Certificate of Compliance to that effect to the ITB Authority;

NOW THEREFORE, The Contractor declares and certifies as follows:

- i) The information contained in the documents appended herewith, which applies to the reporting of the 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: _____

Protected B (when completed)

CERTIFICATE OF COMPLIANCE – *LOBBYING ACT*
For Annual 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 must submit a Certificate of Compliance to that effect to the ITB Authority;

NOW THEREFORE, The Contractor declares and certifies as follows:

- i) that it has filed all *Lobbying Act* returns to be filed in respect of persons employed by it who communicate and/or arrange meetings with public office holders as part of their employment duties, and that it will continue to do so;
- ii) that it has not contracted with any person to communicate and/or arrange meetings with public office holders for remuneration that is or would be contingent in any way upon success of such person arranging meetings with public office holders, or upon the approval and granting of 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 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 must 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 must not make or agree to make any payment to an individual, company or entity that is contingent on the approval of Credit by the ITB Authority under 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 TRANSACTION SHEET TEMPLATE

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

Protected B (when completed)

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

| 2. TRANSACTION DETAILS |
|---|
| Title: |
| Number: |
| Date of Submission: |
| Tranche: <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 |
| Transaction Type: <input type="checkbox"/> Direct <input type="checkbox"/> Indirect |
| VP Criteria: (yes or no) – (Note: For the Value Proposition, only activities within the specified Value Proposition Criteria for the NRWS requirement will be subject to evaluation) <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Defence Sector: <input type="checkbox"/> Yes (Please indicate whether activity is Direct, Indirect RWS or Indirect Defence) <input type="checkbox"/> No |
| R&D Activity: <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Supplier Development Activity: <input type="checkbox"/> Yes <input type="checkbox"/> No |
| SMB Activity: |

- ☐ Yes
☐ No

Describe how the proposed activity aligns with the Value Proposition Criteria for the Naval Remote Weapon Station requirement. Attach any supporting documentation.

Activity Type:

- ☐ Purchase
☐ Consortium
☐ Post-Secondary Institution Investment
☐ Investment Framework
☐ General Investment
☐ Technology Transfer
☐ VCF

Business Activity Type:

- | | | | | | |
|-----------------------------------|----------------------------------|---|--|--|--|
| <input type="checkbox"/> Aircraft | <input type="checkbox"/> C4ISR | <input type="checkbox"/> CBRNE | <input type="checkbox"/> Castings/ Machining | <input type="checkbox"/> Cyber Security | <input type="checkbox"/> Electronics |
| <input type="checkbox"/> ISS | <input type="checkbox"/> IT | <input type="checkbox"/> Manufact- uring | <input type="checkbox"/> Munitions | <input type="checkbox"/> Power/ Propulsion/ Transmission | <input type="checkbox"/> Prof. Services |
| <input type="checkbox"/> Ships | <input type="checkbox"/> Space | <input type="checkbox"/> Soldier Systems | <input type="checkbox"/> Steering/ Navigation | <input type="checkbox"/> Systems/ Integration | <input type="checkbox"/> Training/ Simulation |
| <input type="checkbox"/> Vehicles | <input type="checkbox"/> Weapons | Other: | | | |

Federal Supply Class (FSC) Code:

(See FSC Website: <http://www.dlis.dla.mil/H2/search.aspx>)

Description of Transaction:

Government Assistance or Participation in Transaction:

| |
|--|
| 3. TRANSACTION DONOR |
| Company Name: |
| ITB Contact Name: |
| Email: |
| Telephone: |
| Address: |
| City: |
| Province/State: |
| Country: |
| Postal Code: |
| NAISC Code : (See NAICS website - http://www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVDPPage1&TVD=118464) |
| Description of Core Capabilities: |
| Tier Level: |

| |
|---|
| 4. TRANSACTION RECIPIENT |
| Company Name: |
| ITB Contact Name: |
| Email: |
| Telephone: |
| Address: |
| City: |
| Province: |
| Country: |
| Postal Code: |
| NAICS code: |
| Description of company and core capabilities: |
| Description of impact on recipient: |
| Number of Employees: |
| Small and Medium Business (yes/no): |
| Tier Level: |

| |
|---|
| 5. CONSORTIUM MEMBER (if applicable) |
| Company Name: |

| |
|-------------------|
| ITB Contact Name: |
| Email: |
| Telephone: |
| Address: |
| City: |
| Province/State: |
| Country: |
| Postal Code: |

| |
|---|
| 6. 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 (or initial investment) | |
| Canadian Content Value (CCV) % of Recipient | |
| Estimated Future Sales, if applicable | |
| Multiplier, if applicable | |

| | |
|-----------------------------|--|
| Total CCV \$ of Transaction | |
|-----------------------------|--|

(CCV\$)

| Period | SMB | Atl | Que | NOnt | Ont | West | Total CCV |
|--------|-----|-----|-----|------|-----|------|--------------|
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| Totals | | | | | | | |

ANNEX D
UNIDENTIFIED VALUE PROPOSITION COMMITMENT SHEET TEMPLATE

(Please refer to Bidder Instructions for guidance on completing a Sheet for Unidentified Commitments)

| Value Proposition Criteria | Percentage of Bid Price in Value Proposition Transactions Identified (A) | Percentage of Bid Price in Unidentified Value Proposition Commitments (B) | Total Commitment [(A) + (B)] = (C) (C) |
|-------------------------------|---|--|---|
| Defence Sector (1) | _____ | _____ | _____ |
| Defence Sector (2) | _____ | _____ | _____ |
| Defence Sector (3) | _____ | _____ | _____ |
| Canadian Supplier Development | _____ | _____ | _____ |
| R&D (please state in \$) | _____ | _____ | _____ |

ANNEX E
TEMPLATE FOR ANNUAL IF ACTIVITY REPORT

Protected B (when completed)

| |
|--|
| ANNUAL IF ACTIVITY REPORT <i>(Please complete entire form)</i> |
| |
| <i>IF</i> Transaction Number: |
| <i>IF</i> Transaction Title: |
| <i>IF</i> Investor: |
| SMB Recipient: |
| Date of this Report: |
| |
| <p><u>PART A – FIRST IF REPORT</u></p> <p>At a minimum, the Contractor’s first Annual <i>IF</i> Activity Report must contain and address the items listed below:</p> <p>1. Documentation confirming <i>IF</i> investment:</p> <p>For cash investments, attach the following:</p> <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 ITB Obligor and the SMB outlining the terms and conditions of the investment. <p>For in-kind investments, attach the following:</p> <p>For tangible assets</p> <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. <p>For intangible assets (licenses, knowledge, marketing and sales)</p> <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 <i>IF</i> Investor and the SMB, outlining the terms and conditions of the investment, including the final value of the transfer. |
| <p><u>PART B – ENSUING IF REPORTS</u></p> <p>Once <i>IF</i> activities begin, each of the Contractor’s Annual <i>IF</i> Activity Reports must, at a minimum, contain and address the items listed below:</p> |

| |
|--|
| <p>1. Overview of the <i>IF</i> investment and how it is to be used:</p> |
| <p>2. Current, overall status of the <i>IF</i> project:</p> |
| <p>3. Confirmation of the SMB's full-time equivalent employees and ownership structure:</p> <p>Number of Full time equivalent employees _____</p> <p>Ownership structure _____</p> <p>_____</p> <p>_____</p> |
| <p>4. Confirmation that the <i>IF</i> investment remains with the SMB and is being used as intended:</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Details:</p> <p>_____</p> <p>_____</p> |
| <p>5. Description of the specific activities undertaken during the reporting year:</p> <p>Challenges associated with <i>IF</i> activities?</p> |

☐ Yes

☐ No

Details:

Successes associated with *IF* activities?

☐ Yes

☐ No

Details:

Opportunities associated with *IF* activities?

☐ Yes

☐ No

Details:

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

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

Attach the most recent audited financial statements (balance sheet, income statement,

statement of change in equity, statement of cash flows).

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

Overview:

☐ Successes related to relationship/collaboration?

☐ Yes

☐ No

Details

☐ Challenges related to relationship/collaboration?

☐ Yes

☐ No

Details

☐ Future opportunities related to relationship/collaboration?

☐ Yes

☐ No

Details:

☐ Links to other partners or sectors

☐ Yes

☐ No

Details:

☐ Other information

☐ Yes

☐ No

Details:

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

Impact on Innovation

☐ High

☐ Moderate

☐ Low

Details:

Impact on Competitiveness

☐ High

☐ Moderate

☐ Low

Details:

Impact on Delivering Broader Benefits to Canada

☐ Technology

☐ Economy

☐ Environment

- ☐ Social
- ☐ Security
- ☐ Other

Details:

10. Major Changes

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

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

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

11. Signatures

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

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

Contractor

Signature

Date

Name (please print)

Title

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