

approved KPI's to determine whether the Contractor has met the requirements and is eligible for a performance incentive payment.

4.10.5. In the event the Contractor has met the KPI's and achieved a satisfactory performance rating, Canada will authorize a prorated incentive payment commensurate with the Contractor's measured achievement which will be in addition to the profit owing in accordance with the agreed Cost Reimbursable Incentive Fee Model authorized in the DND626 for Core work.

4.10.6. To be clear, no additional profit will be payable to the Contractor under this performance incentive program if the reconciled actual costs of performing the work as authorized in the DND626 for Core work based on the approved Program Annual Operating Plan exceeds the approved Target Cost.

4.10.7. The Method of Payment for Performance Incentive payments will be a lump sum payment.

5. **Emergent Work Services**

5.1. Emergent Work Services is work that may be required within the scope of the contract. It may include, but may not be limited to, work that is neither anticipated nor planned or emergency maintenance or repair activities, or the conduct of studies and analyses.

5.2. The scope and cost of emergent work will be negotiated between Canada and the Contractor and will be authorized and issued in accordance with the requirements specified in Annex I – Task Authorization Process. Payment will be made in accordance with the Bases and Method of Payment specified in the each Task Authorization (DND 626) issued for this category of Work.

5.3. Payment may be either fixed price or cost reimbursable with or without a ceiling and with or without incentives. Hourly rates for personnel and labour in accordance with Annex B 2.9, if applicable to the work to be carried out, Contract Cost Principles 1031-2 and Chapter 10 Cost and Profit will be considered in the negotiation of emergent work tasks. Travel and Living Expenses will be reimbursed in accordance with Annex B Article 5.

5.4. Emergent work that is procured on a non-competitive basis will require price certification that labour rates and costs are computed respecting the principles of Contract Cost Principles 1031-2 and Chapter 10 of the Supply Manual – Cost and Profit.

5.5. Material cost for Emergent Work – The Contractor must furnish all material goods necessary to complete the emergent work task. The Contractor will be reimbursed for its reasonable costs incurred of such goods, plus the applicable mark-up as stated in **Annex B 5.7**

5.6. Subcontractor Cost for Emergent Work - For the performance of the work in the Task Authorization by authorized Subcontractors, other than corporate affiliates of the Contractor, the Contractor will be reimbursed its actual costs plus a firm mark-up and profit as identified in **Annex B 5.7 Payment for corporate affiliates will be at direct cost with no mark up by the Contractor.**

5.7. Mark up on materials and subcontractors for emergent work:

Work valued at less than \$1M	= _____%
Work valued between \$1M and \$5M	= _____%
Work valued more than \$5M	= _____%