

## REMOTE MINEHUNTING & DISPOSAL SYSTEM (RMDS)

# REQUEST FOR PROPOSAL (RFP)

### IMPORTANT INFORMATION REGARDING THIS RFP:

This RFP is in 3 volumes and to be considered compliant, bidder must bid on the 2 requirements.

## VOLUME 3

### RMDS In-Service Support Resulting Contract Clauses

W8482-206387

**This document contains Security Requirement**

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The following clauses and conditions apply to and form part of any contract resulting from the bid solicitation.

## **7.1 Requirements**

### **THIS CONTRACT CONTAINS A SECURITY REQUIREMENT**

#### **7.1.1 Statement of Work**

The Contractor must perform the Work in accordance with Annex A, Repair and Overhaul Technical Statement of Work and Annex B, Logistical Statement of Work which includes, but is not limited to, repair, overhaul, modification, conversion, upgrade and/or reduction to spares and other support services for the equipment and associated components such as Technical Investigation and Engineering Services (TIES), Field Service Representative (FSR), Submission of reports, meetings, as appropriate, storage and parts provisioning and training.

This requirement is broken down into five (5) categories of work:

- a. Category 1 work will consist of (Free Flow) Repair (maintenance of an item in order to return it to a serviceable condition involving only the correction of specific defects) and Disposal.
- b. Category 2 work will consist of engineering tasks such as Mobile Repair Party (MRP), Field Service Representative (FSR), Technical Investigation and Engineering Studies (TIES) and Special Investigation and Engineering Studies (SITS). All work associated with Category 2 shall be authorised by the Procurement Authority, on a task by task basis, utilising a DND 626.
- c. Category 3 work will consist of Overhauls (complete restoration of an item entailing replacement of both worn and damaged parts or parts whose service life has expired) All work associated with Category 3 shall be authorised by the Procurement Authority, on a task by task basis, utilising a DND 626.
- d. Category 4 work will consist to procure parts to support the repair & overhauls line, acquiring Engineering Change Proposal (ECP) and Mandatory Material Replacement Kit (MMRK) items and other associated spares, and the performance of the associated services including Government Supplied Material (GSM), Advance Accountable Spares (AAS), Contractor Issued Spares (CIS), Government Furnished Overhaul Spares (GFOS). All work associated with Category 4 shall be authorised by the Procurement Authority, on a task by task basis, utilising a DND 626.
- e. Category 5 work will consist of Project Management and Support Services, equipment maintenance activities, sustainment of test capabilities, Logistics Management, Support Services and Subcontracting for Technical Assistance. All work associated with Category 5 shall be authorised by the Procurement Authority, on a task by task basis, utilising a DND 626.

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## **7.1.2 Industrial and Technological Benefits (ITB) Obligations**

The Contractor must achieve all the ITB Obligations in accordance with the schedule and commitments set out in Annex "D" ITB Terms and Conditions.

### **7.1.3 Task Authorization (TA)**

The Work or a portion of the Work to be performed under the Contract will be on an "as and when requested basis" using a Task Authorization (TA). The Work described in the TA must be in accordance with the scope of the Contract

#### **7.1.4 Task Authorization Process**

1. The Procurement Authority will provide the Contractor with a description of the task using the "DND 626, Task Authorization Form" specified in Annex "E".
2. The Task Authorization (TA) will contain the details of the activities to be performed, a description of the deliverables, and a schedule indicating completion dates for the major activities or submission dates for the deliverables. The TA will also include the applicable basis (bases) and methods of payment as specified in the Contract.
3. The Contractor must provide the Procurement Authority, within 10 calendar days of its receipt, the proposed total estimated cost for performing the task and a breakdown of that cost, established in accordance with the Basis of Payment specified in the Contract.
4. The Contractor must not commence work until a TA authorized by the Procurement Authority has been received by the Contractor. The Contractor acknowledges that any work performed before a TA has been received will be done at the Contractor's own risk.

#### **7.1.5 Task Authorization Limit**

The Procurement Authority may authorize individual task authorizations up to a limit of \$\_\_\_\_\_, Applicable Taxes included, inclusive of any revisions.

Any task authorization to be issued in excess of that limit must be authorized by the Contracting Authority before issuance.

#### **7.1.6 Canada's Obligation - Portion of the Work - Task Authorizations**

Canada's obligation with respect to the portion of the Work under the Contract that is performed through task authorizations is limited to the total amount of the actual tasks performed by the Contractor.

#### **7.1.7 Periodic Usage Reports - Contracts with Task Authorizations**

The Contractor must compile and maintain records on its provision of services to the federal government under authorized Task Authorizations issued under the Contract.

The Contractor must provide this data in accordance with the reporting requirements detailed in Annex "G". If some data is not available, the reason must be indicated. If services are not provided during a given period, the Contractor must still provide a "nil" report.

The data must be submitted on a quarterly basis to the Contracting Authority.

The quarterly periods are defined as follows:

1st quarter: April 1 to June 30;

2nd quarter: July 1 to September 30;

3rd quarter: October 1 to December 31; and

4th quarter: January 1 to March 31.

The data must be submitted to the Contracting Authority no later than 15 calendar days after the end of the reporting period.

### Reporting Requirement - Details

A detailed and current record of all authorized tasks must be kept for each contract with a task authorization process. This record must contain:

#### For each authorized task:

- i. the authorized task number or task revision number(s);
- ii. a title or a brief description of each authorized task;
- iii. the total estimated cost specified in the authorized Task Authorization (TA) of each task, exclusive of Applicable Taxes;
- iv. the total amount, exclusive of Applicable Taxes, expended to date against each authorized task;
- v. the start and completion date for each authorized task; and
- vi. the active status of each authorized task, as applicable.

#### For all authorized tasks:

- i. the amount (exclusive of Applicable Taxes) specified in the contract (as last amended, as applicable) as Canada's total liability to the contractor for all authorized TAs; and
- ii. the total amount, exclusive of Applicable Taxes, expended to date against all authorized TAs.

### 7.1.6 Task Authorization - Department of National Defence

The administration of the Task Authorization process will be carried out by the Procurement Authority. This process includes monitoring, controlling and reporting on expenditures of the contract with task authorizations to the Contracting Authority.

## 7.2 Standard Clauses and Conditions

All clauses and conditions identified in the Contract by number, date and title are set out in the [Standard Acquisition Clauses and Conditions Manual](https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual) (<https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual>) issued by Public Works and Government Services Canada.

### 7.2.1 General Conditions

[2035](#) (2018-06-21), General Conditions - Higher Complexity - Services, apply to and form part of the Contract.

### 7.2.2 Supplemental General Conditions

4006 (2010-08-16), Contractor to Own Intellectual Property Rights in Foreground Information  
4012 (2012-07-16), Goods - Higher Complexity

## **7.3 Security Requirements**

**7.3.1** The following security requirements (SRCL and related clauses provided by the Contract Security Program) apply and form part of the Contract.

### **7.3.2 Security Requirements for Canadian Supplier**

1. The Contractor/Offeror must, at all times during the performance of the Contract/Standing Offer, hold a valid Designated Organization Screening (DOS), issued by the Contract Security Program (CSP) of the Industrial Security Sector (ISS), Public Works and Government Services (PWGSC).
2. The Contractor/Offeror personnel requiring access to sensitive work site(s) must EACH hold a valid RELIABILITY STATUS, granted or approved by the CSP/ISS/PWGSC.
3. Subcontracts which contain security requirements are NOT to be awarded without the prior written permission of the CSP/ISS/PWGSC.
4. The Contractor/Offeror personnel requiring access to NATO UNCLASSIFIED information or assets do not require to hold a personnel security clearance; however, the Contractor must ensure that the NATO Unclassified information is not releasable to third parties and that the "need to know" principle is applied to personnel accessing this information.
5. The Contractor/Offeror must comply with the provisions of the:
  - a) Security Requirements Check List and security guide (if applicable), attached at Annex C;
  - b) *Industrial Security Manual* (Latest Edition).

## **7.4 Term of Contract**

### **7.4.1 Period of the Contract**

The initial period of the Contract is for five (5) years from the date of Contract award.  
The award date is set at first article delivery and acceptance of the first RMDS(s) that occurs under the acquisition contract W8472-105270.

Canada reserves the right not to award this contract if contractual issues related to the acquisition contract W8472-105270 arise.

### **7.4.2 Option to Extend the Contract**

The Contractor grants to Canada the irrevocable option to extend the term of the Contract by up to Five (5) additional two (2) year period(s) under the same conditions. The Contractor agrees that, during the extended period of the Contract, it will be paid in accordance with the applicable provisions as set out in Annex E, Basis of Payment.

The exercise of this option(s) is completely at Canada's discretion and without in anyway limiting that discretion, Canada in making its decision to extend the period of the Contract, amongst other factors, may consider the performance of the Contractor in meeting its Value Proposition (VP) & Industrial and Technological Benefit (ITB) Obligations, as determined by the annual reports. Canada may also take into consideration whether or not the Contractor has maintained the level of activities/commitments required to meet the mandatory requirement at Annex "D" ITB Terms and Conditions.

Canada may exercise this option at any time by sending a written notice to the Contractor at least ninety (90) calendar days before the expiry date of the Contract. The option may only be exercised by the

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W8486-105270/B/001/QF  
Client Ref. No. - N° de réf. du client  
XXXXX-XXXXXX

Amd. No. - N° de la modif.  
XX  
File No. - N° du dossier  
W8486-105270/B/001/QF

Buyer ID - Id de l'acheteur  
109QF  
CCC No./N° CCC - FMS No./N° VME

Contracting Authority, and will be evidenced for administrative purposes only, through a contract amendment.

### 7.4.3 Delivery Points

RMDS, less MDV-C, to be delivered to:

Canadian Forces Base Halifax, Nova Scotia and, and/or Canadian Forces Base Esquimalt, British Columbia

MDV-C to be delivered to:

Canadian Forces Ammunition Depot CFAD Bedford (East), Nova Scotia and/or CFAD Rocky Point (West), British Columbia

### 7.5.0 Authorities

#### 7.5.1 Contracting Authority

The Contracting Authority for the Contract is:

Paul Lacoursiere  
Supply Team Leader  
Public Works and Government Services Canada  
Acquisitions Branch  
Electronics, Munitions and Tactical Systems Directorate  
11 Laurier Street, Phase III, Place du Portage  
Gatineau, Quebec  
K1A 0S5

Tel: [Cell 343-551-1529](tel:343-551-1529)

E-mail: [Paul.Lacoursiere@tpsgc-pwgsc.gc.ca](mailto:Paul.Lacoursiere@tpsgc-pwgsc.gc.ca) ,

The Contracting Authority is responsible for the management of the Contract and any changes to the Contract must be authorized in writing by the Contracting Authority. The Contractor must not perform work in excess of or outside the scope of the Contract based on verbal or written requests or instructions from anybody other than the Contracting Authority.

#### 7.5.2 Project Authority

The Project Authority for the Contract is: *(To be identified at contract award, if required)*

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Organization: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_-\_\_\_\_-\_\_\_\_

Facsimile: \_\_\_\_-\_\_\_\_-\_\_\_\_

E-mail address: \_\_\_\_\_

The Project Authority is the representative of the department or agency for whom the Work is being carried out under the Contract and is responsible for all matters concerning the technical content of the Work under the Contract. Technical matters may be discussed with the Project Authority; however, the

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Project Authority has no authority to authorize changes to the scope of the Work. Changes to the scope of the Work can only be made through a contract amendment issued by the Contracting Authority.

### 7.5.3 Procurement Authority

The Procurement Authority for the Contract is: *(To be identified at contract award, if required)*

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Organization: \_\_\_\_\_  
Address: \_\_\_\_\_  
  
Telephone: \_\_\_\_ - \_\_\_\_ - \_\_\_\_  
Facsimile: \_\_\_\_ - \_\_\_\_ - \_\_\_\_  
E-mail address: \_\_\_\_\_

The Procurement Authority is the representative of the department or agency for whom the Work is being carried out under the Contract. The Procurement Authority is responsible for the implementation of tools and processes required for the administration of the Contract. The Contractor may discuss administrative matters identified in the Contract with the Procurement Authority however the Procurement Authority has no authority to authorize changes to the scope of the Work. Changes to the scope of Work can only be made through a contract amendment issued by the Contracting Authority.

### 7.5.4 Industrial and Technological Benefits Authority

*(To be identified at contract award, if required)*

The Industrial Technological Benefits Authority means the Minister of Innovation, Science and Economic Development or any other person designated by that Minister to act on the Minister's behalf under the Contract and is responsible for evaluating, accepting, monitoring, verifying and crediting ITB, and for assessing the Contractor's ITB performance under this Contract. Industrial and Technological Benefits matters may be discussed with the Industrial and Technological Benefits Authority; however, the Industrial and Technological Benefits Authority has no authority to authorize changes to the scope of the Work. Changes to the scope of the Work can only be made through a contract amendment issued by the Contracting Authority.

### 7.5.5 Contractor's Representative

*(To be identified with Bid proposal)*

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
E-mail: \_\_\_\_\_

### 7.6 Proactive Disclosure of Contracts with Former Public Servants

By providing information on its status, with respect to being a former public servant in receipt of a [Public Service Superannuation Act](#) (PSSA) pension, the Contractor has agreed that this information will be reported on departmental websites as part of the published proactive disclosure reports, in accordance with [Contracting Policy Notice: 2012-2](#) of the Treasury Board Secretariat of Canada.



## 7.7 Payment

### 7.7.1 Industrial and Technological Benefits Commitments

#### 7.7.1.1 Holdback

If the Contractor fails to meet any of its ITB Obligations under this Contract, the performance guarantees, in the form of holdbacks and/or stop payment detailed in Annex D Industrial and Technological Benefits Terms and Conditions, section 18.3 will apply.

#### 7.7.1.2 Liquidated Damages

In respect of the failure to achieve any of the Obligations under Annex D Industrial and Technological Benefits Terms & Conditions Articles 3.1.1 to 3.1.5 and 3.1.6 by the end of the ITB Achievement Period, the Contractor shall pay to Canada as liquidated damages 10% of the Shortfall as detailed in under Annex D Industrial and Technological Benefits Terms and Conditions, section 18.3.

### 7.7.2 Basis of Payment

The contractor will be paid using firm labour rates indicated in table 2 below in the year in which the work will be performed.

**Table 1**

Resource Category	Firm Hourly Rate for Year 1	Firm Hourly Rate for Year 2	Firm Hourly Rate for Year 3.	Firm Hourly Rate for Year 4	Firm Hourly Rate for Year 5
	\$ _	\$ _	\$ _	\$ _	\$ _
	\$ _	\$ _	\$ _	\$ _	\$ _
	\$ _	\$ _	\$ _	\$ _	\$ _
	\$ _	\$ _	\$ _	\$ _	\$ _
	\$ _	\$ _	\$ _	\$ _	\$ _
	\$ _	\$ _	\$ _	\$ _	\$ _
	\$ _	\$ _	\$ _	\$ _	\$ _
	\$ _	\$ _	\$ _	\$ _	\$ _
	\$ _	\$ _	\$ _	\$ _	\$ _
	\$ _	\$ _	\$ _	\$ _	\$ _
	\$ _	\$ _	\$ _	\$ _	\$ _

The contractor will be paid material and subcontracting mark-up rates as per table 2 below.

**Table 2**

Mark-Up Categories	Mark up %
Material Rate	%
On Sub-Contracting	%

The Contractor will be paid for the Work specified in the authorized task authorization (categories 2 to 5 inclusively). Canada's liability to the Contractor under the authorized task authorization must not exceed the limitation of expenditure specified in the authorized task authorization. Custom duties are included and Applicable Taxes are extra.

No increase in the liability of Canada or in the price of the Work specified in the authorized task authorization resulting from any design changes, modifications or interpretations of the Work will be authorized or paid to the Contractor unless these design changes, modifications or interpretations have been authorized, in writing, by the Contracting Authority before their incorporation into the Work.

#### **7.7.2.1 Travel and Living Expenses - National Joint Council Travel Directive**

The Contractor will be reimbursed its authorized travel and living expenses reasonably and properly incurred in the performance of the Work, at cost, without any allowance for profit and/or administrative overhead, in accordance with the meal, and private vehicle allowances specified in Appendices B, C and D of the National Joint Council Travel Directive, and with the other provisions of the directive referring to "travellers", rather than those referring to "employees". Canada will not pay the Contractor any incidental expense allowance for authorized travel.

All travel must have the prior authorization of the \_\_\_\_\_ (insert "Technical" or "Project" or "Contracting") Authority.

All payments are subject to government audit.

Estimated Cost: \$ \_\_\_\_\_

#### **7.7.2.2 Overtime**

The Contractor must not perform any overtime under the Contract unless authorized in advance and in writing by the Contracting Authority. Any request for payment must be accompanied by a copy of the overtime authorization and a report containing the details of the overtime performed pursuant to the written authorization.

For known work and unscheduled work, the Contractor will be paid in accordance with the Basis of Payment table 1, plus authorized overtime hours paid on normal days and weekends at time and one half per hour, or on statutory holidays at double time per hour, to a maximum of 8 hours per day of overtime.

Overtime is defined as:

Regular time is defined as an 8 hour work day or in accordance with current employment contract. Overtime Time and One-Half Rate (1.5x the hourly rate) found in table 1 above is defined as time in excess of the regular time; and Overtime Double Time Rate (2.0 x the hourly rate) found in table 1 above if applicable under current employment contract.

#### **7.7.2.3 Downtime while on Sea (Sea Time) and while on Dockyard (Stand-by Time)**

a) Downtime while on Sea (Sea Time) is defined as time spent at sea on board a DND marine vessel **without** any tasking.

b) Downtime while on Dockyard (Stand-by Time) is referred to time spent at the dockyard prior to boarding DND marine vessel without any tasking.

c) Each Contractor resource is entitled to a maximum of 15 (fifteen) hours within a 24-hour period of Sea Time, Sunday to Saturday inclusive and totalling 105 (one hundred and five) hours per seven-day week.

d) Sea Time arrangement must be coordinated with and pre-authorized by the Technical Authority or its designated Representative(s).

e) The Contractor will be paid the following for the actual hours while on Sea Time or Stand-by Time:

i) for the initial 15 hours, Monday-Friday, the rate shall be the current year firm hourly rate specified in the Basis of Payment Table 1;

ii) for the initial 8 hours on Saturdays, the rate shall be 1.5 times the current year firm hourly rate specified in in the Basis of Payment Table 1;

iii) for the following 7 hours on Saturdays, the rate shall be the current year firm hourly rate specified in in the Basis of Payment Table 1;

iv) for the initial 8 hours on Sundays and Statutory Holidays, the rate shall be 2 times the current year firm hourly rate specified in in the Basis of Payment Table 1; and

v) for the following 7 hours on Sundays and Statutory Holidays, the rate shall be the current year firm hourly rate specified in in the Basis of Payment Table 1.

f) Once a tasking has been **authorized** by the Technical Authority or its designated Representative(s) while on Sea Time, the normal rates as specified in in the Basis of Payment Table 1 shall apply and for overtime, including work on Saturdays, Sundays and Statutory Holidays, the rates specified in 7.3 above shall apply.

#### 7.7.3 Limitation of Expenditure - Cumulative Total of all Task Authorizations

1. Canada's total liability to the Contractor under the Contract for all authorized Task Authorizations (TAs), inclusive of any revisions, must not exceed the sum of \$0.00 (**insert the amount at contract award or at a later date**). Customs duties are included and Applicable Taxes are extra.
2. No increase in the total liability of Canada will be authorized or paid to the Contractor unless an increase has been approved, in writing, by the Contracting Authority.
3. The Contractor must notify the Contracting Authority in writing as to the adequacy of this sum:
  - a. when it is 75 percent committed, or
  - b. four (4) months before the contract expiry date, or
  - c. as soon as the Contractor considers that the sum is inadequate for the completion of the Work required in all authorized TAs, inclusive of any revisions, whichever comes first

If the notification is for inadequate contract funds, the Contractor must provide to the Contracting Authority, a written estimate for the additional funds required. Provision of such information by the Contractor does not increase Canada's liability.

#### 7.7.4 Progress Payments

1. Canada will make progress payments in accordance with the payment provisions of the Contract, no more than once a month, for cost incurred in the performance of the Work, up to 100 percent of the amount claimed and approved by Canada if:
  - a. an accurate and complete claim for payment using form PWGSC-TPSGC 1111, Claim for Progress Payment, and any other document required by the Contract have been submitted in accordance with the invoicing instructions provided in the Contract;
  - b. the amount claimed is in accordance with the basis of payment;
  - c. the total amount for all progress payments paid by Canada does not exceed the total amount to be paid under the Contract;
  - d. all certificates appearing on form PWGSC-TPSGC 1111 have been signed by the respective authorized representatives.
2. Progress payments are interim payments only. Canada may conduct a government audit and interim time and cost verifications and reserves the rights to make adjustments to the Contract from time to time during the performance of the Work. Any overpayment resulting from progress payments or otherwise must be refunded promptly to Canada.

#### **7.7.5 Exchange Rate Fluctuation Adjustment**

*SACC Manual* clause C3015C (2017-08-17), Exchange Rate Fluctuation Adjustment

#### **7.7.6 Lien – section 427 of the Bank Act**

*SACC Manual* clause H4500C (H4500C), Lien – section 427 of the Bank Act

#### **7.7.7 Taxes – Foreign-based Contractor**

*SACC Manual* clause C2000C (2007-11-30), Taxes - Foreign-based Contractor

#### **7.7.8 Canadian Customs Documentation**

*SACC Manual* clause C2608C (2019-05-30), Canadian Customs Documentation

#### **7.7.9 Customs Duties – department of national Defence – Importer**

*SACC Manual* clause C2610C (2007-11-30), Customs Duties – department of national Defence – Importer

#### **7.7.10 Custom Duties – Contractor Importer**

*SACC Manual* clause C2611C (2007-11-30), Custom Duties – Contractor Importer

#### **7.7.11 Priority Rating**

*SACC Manual* clause C2800C (2013-01-28), Priority Rating

#### **7.7.12 Priority Rating - Canadian-based Contractors**

*SACC Manual* clause C2801C (2017-08-17), Priority Rating - Canadian-based Contractors

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### 7.7.13 Electronic Payment of Invoices – Contract

The Contractor accepts to be paid using any of the following Electronic Payment Instrument(s):

**Notice to the Bidder:** To be determined with selected bidder.

- a. Visa Acquisition Card;
- b. MasterCard Acquisition Card;
- c. Direct Deposit (Domestic and International);
- d. Electronic Data Interchange (EDI);
- e. Wire Transfer (International Only);
- f. Large Value Transfer System (LVTS) (Over \$25M)

### 7.8 Invoicing Instructions

1. The Contractor must submit a claim for payment using form [PWGSC-TPSGC 1111](#), Claim for Progress Payment

Each claim must show:

- a. all information required on form PWGSC-TPSGC 1111;
- b. all applicable information detailed under the section entitled "Invoice Submission" of the general conditions;
- c. a list of all expenses;
- d. expenditures plus pro-rated profit or fee;
- e. the description and value of items claimed as detailed in the Contract.

Each claim must be supported by:

- a. a copy of time sheets to support the time claimed;
- b. a copy of the invoices, receipts, vouchers for all direct expenses, travel and living expenses;
- c. a copy of the monthly progress report.

2. Applicable Taxes must be calculated on the total amount of the claim before the holdback is applied. At the time the holdback is claimed, there will be no Applicable Taxes payable as it was claimed and payable under the previous claims for progress payments.
3. The Contractor must prepare and certify one original and two (2) copies of the claim on form PWGSC-TPSGC 1111, and forward it to the Contracting Authority identified under the section entitled "Authorities" of the Contract for appropriate certification after inspection and acceptance of the Work takes place. The Contracting Authority will then forward the original and two (2) copies of the claim to the Procurement Authority for certification and onward submission to the Payment Office for the remaining certification and payment action.
4. The Contractor must not submit claims until all work identified in the claim is completed.

## **7.9 Certifications and Additional Information**

### **7.9.1 Compliance**

Unless specified otherwise, the continuous compliance with the certifications provided by the Contractor in its bid or precedent to contract award, and the ongoing cooperation in providing additional information are conditions of the Contract and failure to comply will constitute the Contractor in default. Certifications are subject to verification by Canada during the entire period of the Contract.

### **7.9.2 Federal Contractors Program for Employment Equity - Default by the Contractor**

The Contractor understands and agrees that, when an Agreement to Implement Employment Equity (AIEE) exists between the Contractor and Employment and Social Development Canada (ESDC)-Labour, the AIEE must remain valid during the entire period of the Contract. If the AIEE becomes invalid, the name of the Contractor will be added to the "[FCP Limited Eligibility to Bid](#)" list. The imposition of such a sanction by ESDC will constitute the Contractor in default as per the terms of the Contract.

### **7.10 Applicable Laws**

The Contract must be interpreted and governed, and the relations between the parties determined, by the laws in force in \_\_\_\_\_

### **7.11 Priority of Documents**

If there is a discrepancy between the wording of any documents that appear on the list, the wording of the document that first appears on the list has priority over the wording of any document that subsequently appears on the list.

- (a) the Articles of Agreement;
- (b) the supplemental general conditions 4001 (2015-04-01), Hardware Purchase, Lease and Maintenance;
- (c) the supplemental general conditions 4006
- (d) the supplemental general conditions 4012 (2012-07-16), Goods - Higher Complexity;
- (e) the general conditions [2035 \(2018-06-21\)](#), General Conditions - Higher Complexity – Services;
- (f) Annex A, Technical Statement of Work – In-Service Support;
- (g) Annex B, Logistical Statement of Work;
- (h) Annex C, Security Requirements Check List;
- (i) Annex D, ISS Industrial and Technological Benefits Terms and Conditions;
- (j) Annex E, DND 626 Task Authorization Form
- (k) Annex F, Sample MS Office Excel Spreadsheet for periodic Usage Reports – Contracts with Task Authorization;
- (l) Annex G, PWGSC-TPSGC 1111 Form Claim for Progress Payment
- (m) the Contractor's bid dated \_\_\_\_\_

### **7.12 Defence Contract**

SACC Manual clause [A9006C](#) (2012-07-16) Defence Contract

### **7.13 Canadian Forces Site Regulations**

SACC Manual clause A9062C (2011-05-16) Canadian Forces Site Regulations

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## 7.14 Foreign Nationals (Canadian Contractor **OR** Foreign Contractor)

SACC Manual clause [A2000C](#) (2006-06-16) Foreign Nationals (Canadian Contractor)

**OR**

SACC Manual clause [A2001C](#) \_\_\_\_\_ (*insert date*) Foreign Nationals (Foreign Contractor)

## 7.15 Insurance

SACC Manual clause [G1005C](#) (2016-01-28), Insurance – No Specific Requirement

## 7.16 Controlled Goods Program

7.16.1 SACC Manual clause [A9131C](#) (2014-11-27), Controlled Goods Program – Contract

7.16.2 SACC Manual clause [B4060C](#) (2011-05-16) Controlled Goods

7.17 Limitation of Liability intended left blank

## 7.18 Financial Security TBD

## 7.19 Security Deposit TBD

## 7.20 Quality Plan Solicitation

The Bidder must submit a Quality Plan with the bid. The Quality Plan must be in the same format that will be used after award of contract. Refer to PMP DID/CDRL RMDS-PM-001 for the Quality Management Plan.

The Quality Plan may reference other documents. Where referenced documents do not already exist, but are required by the Quality Plan, the plan must identify them and also identify when, how and by whom they will be prepared and approved. The documents referenced in the Quality Plan must be made available when requested by Public Works and Government Services Canada or the Department of National Defence.

## 7.21 Delivery, Inspection and Acceptance

### 7.21.1 Quality Assurance

**Notice to the Bidder:** As applicable, clauses below will be deleted from the resulting Contract if not applicable as a result of the location of the selected Bidder. For example, SACC Manual clause D5515C will be deleted in the event the selected Bidder is Canadian-based.

SACC Manual clause D5510C (2014-06-26), Quality Assurance Authority (DND) - Canadian-based Contractor;

SACC Manual clause D5515C (2010-01-11), Quality Assurance Authority (DND) - Foreign-based and United States Contractor;

SACC *Manual* clause D5545C (2010-08-16), ISO 9001:2008 - Quality Management Systems - Requirements (Quality Assurance Code C);

SACC *Manual* clause D5540C (2010-08-16), ISO 9001:2008 Quality Management Systems - Requirements (Quality Assurance Code Q)

; SACC *Manual* clause D5604C (2008-12-12), Release Documents (Department of National Defence) - Foreign-based Contractor;

SACC *Manual* clause D5605C (2010-01-11), Release Documents (Department of National Defence) - United States-based Contractor;

SACC *Manual* clause D5606C (2012-07-16), Release Documents (Department of National Defence) - Canadian-based Contractor;

### 7.21.1.2 Release Documents – Distribution

The Contractor must prepare the release documents in a current electronic format and distribute them as follows:

- (a) One (1) copy mailed to consignee marked: "Attention: Receipts Officer";
- (b) Two (2) copies with shipment (in a waterproof envelope) to the consignee;
- (c) One (1) copy to the Contracting Authority;
- (d) One (1) copy to:

National Defence Headquarters  
MGen George R. Pearkes Building  
101 Colonel By Drive  
Ottawa, ON K1A 0K2  
Attention: *(Technical Authority name to be provided at Contract award)*

- (e) One (1) copy to the Quality Assurance Representative;
- (f) One (1) copy to the Contractor; and
- (g) For all non-Canadian contractors, one (1) copy to:

DQA/Contract Administration  
National Defence Headquarters  
MGen George R. Pearkes Building  
101 Colonel By Drive  
Ottawa, ON K1A 0K2  
E-mail: ContractAdmin.DQA@forces.gc.ca.

### 7.21.3 SACC Manual Clauses

SACC *Manual* clause B4059C (2008-06-12), Government Supplied Technical Documents

SACC *Manual* clause B4042C (2008-05-12), Identification Markings

SACC *Manual* clause D2025C (2013-11-06), Wood Packaging Materials



SACC *Manual* clause D6010C (2007-11-30), Palletization

SACC *Manual* clause D3015C (2014-09-25), Dangerous Goods / Hazardous Products – Labelling and Packaging Compliance

SACC *Manual* clause D3010C (2016-01-28), Delivery of Dangerous Goods/Hazardous Products

SACC *Manual* clause A9119C (2011-05-16), Hazardous Waste Disposal

#### **7.21.4 Shipping Instructions**

**Notice to the Bidder:** As applicable, clauses below will be deleted from the resulting Contract if not applicable as a result of the location of the selected Bidder.

##### **7.21.4.1 Shipping Instructions (Department of National Defence) - Canadian-based Contractor**

1. Delivery will be FCA Free Carrier at \_\_\_\_\_ (Insert the named place, e.g. Contractor's facility) Incoterms 2000. The Contractor must load the goods onto the carrier designated by the Department of National Defence (DND). Onward shipment from the delivery point to the consignee will be Canada's responsibility.
2. Before shipping the goods, the Contractor must contact the following DND Inbound Logistics Coordination Center by facsimile or e-mail, to arrange for shipment, and provide the information detailed at paragraph 3.

*Instruction to contracting officers: Before contract award, choose either shipping option (a), (b), (c), (d) or (e), and delete the unused options and this instruction.*

- a. Insert the following for all sole source contracts, except repair and overhaul, where the Contractor is located in Canada:  
Inbound Logistics Co-ordination Center (ILCC)  
Telephone: 1-877-877-7423 (toll free)  
Facsimile: 1-877-877-7409 (toll free)  
E-mail: ILHQOttawa@forces.gc.ca
- b. Insert the following for all repair and overhaul contracts where the Contractor is located between Kingston inclusive and westward to the Ontario/Manitoba border:  
Inbound Logistics Central Area (ILCA)  
Telephone: 1-866-371-5420 (toll free)  
Facsimile: 1-866-419-1627 (toll free)  
E-mail: ILCA@forces.gc.ca
- c. Insert the following for all repair and overhaul contracts where the Contractor is located in Manitoba, Saskatchewan, Alberta, British Columbia, and the National Capital Region inclusive to east of Kingston:  
Inbound Logistics Coordination Center (ILCC)  
Telephone: 1-877-877-7423 (toll free)

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Facsimile: 1-877-877-7409 (toll free)

E-mail: ILHQOttawa@forces.gc.ca

- d. Insert the following for all repair and overhaul contracts where the Contractor is located in Quebec:

Inbound Logistics Quebec Area (ILQA)

Telephone: 1-866-935-8673 (toll free), or

1-514-252-2777, ext. 4673, 2852

Facsimile: 1-866-939-8673 (toll free), or

1-514-252-2911

E-mail: 25DAFCTrafficQM@forces.gc.ca

- e. Insert the following for all repair and overhaul contracts where the Contractor is located in Atlantic (New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador):

Inbound Logistics Atlantic Area (ILAA)

Telephone: 1-902-427-1438

Facsimile: 1-902-427-6237

E-mail: BlogILAA@forces.gc.ca

3. The Contractor must provide the following information to the DND Inbound Logistics Coordination Center when arranging for shipment:

- a. the Contract number;
- b. consignee address (for multiple addresses, items must be packaged and labelled separately with each consignee address);
- c. description of each item;
- d. the number of pieces and type of packaging (i.e., carton, crate, drum, skid);
- e. actual weight and dimensions of each piece type, including gross weight;
- f. full details of dangerous goods/hazardous products, as required for the applicable mode of transportation, signed certificates for dangerous goods/hazardous products as required for shipment by the International Maritime Dangerous Goods Code, the International Air Transport Association regulations or the applicable Canadian Transportation of Dangerous Goods Regulations, and a copy of the safety data sheet in English and French.

4. Following receipt of this information by Canada, Canada will provide the appropriate shipping instructions, which may include the requirement for specific consignee address labelling, and the marking of each piece with a Transportation Control Number.

5. The Contractor must not ship the goods before receiving shipping instructions from the DND Inbound Logistics contact.

- 6 If the Contractor delivers the goods at a place and time which are not in accordance with the given delivery instructions or fail to fulfill reasonable delivery instructions given by Canada, the Contractor must reimburse Canada any additional expenses and costs incurred.
- 7 If Canada is responsible for delays in delivering the goods, ownership and risk will be transferred to Canada upon expiry of either 30 days following the date on which a duly completed shipping application is received by Canada or by its appointed forwarding agent, or 30 days following the delivery date specified in the Contract, whichever is later.

#### 7.21.4.2 Shipping instructions (Department of National Defence): Foreign-based contractors

1. Delivery will be FCA Free Carrier at \_\_\_\_\_ (**insert the named place, e.g. Contractor's facility**) Incoterms 2000. The Contractor must load the goods onto the carrier designated by the Department of National Defence (DND). Onward shipment from the delivery point to the consignee will be Canada's responsibility
2. Before shipping the goods, the Contractor must contact the following DND Inbound Logistics Coordination Center by facsimile or e-mail, to arrange for shipment, and provide the information detailed at paragraph 3.

**Instruction to contracting officers:** Before contract award, choose either shipping option (a), (b), (c), or (d), and delete the unused options and this instruction.

- a. Insert the following when the Contractor is located in the United States (U.S.):  
Inbound Logistics Coordination Center (ILCC):  
Telephone: 1-877-447-7701 (toll free)  
Facsimile: 1-877-877-7409 (toll free)  
E-mail: [ILHQOttawa@forces.gc.ca](mailto:ILHQOttawa@forces.gc.ca)  
OR
- b. Insert the following when the Contractor is located in United Kingdom (UK) and Ireland:  
Inbound Logistics United Kingdom (ILUK):  
Telephone: 011-44-1895-613023, or 011-44-1895-613024, or  
Facsimile: 011-44-1895-613046  
E-mail: [CFSUEDetUKMovements@forces.gc.ca](mailto:CFSUEDetUKMovements@forces.gc.ca)  
In addition, the Contractor must send to ILUK the completed form "Shipping Advice and Export Certificate" by e-mail to: [CFSUEDetUKMovements@forces.gc.ca](mailto:CFSUEDetUKMovements@forces.gc.ca).  
The shipment of any items above the value of 600 GBP (pound sterling) being exported from the United Kingdom and Ireland will be cleared by DND using Her Majesty's Customs & Excise (HMCE) New Export Systems (NES). The Contractor must comply with HMCE requirements by registering with HMCE or by having a freight forwarder complete the entry. A printed copy of the NES entry Export Declaration clearly displaying the Declaration Unique Consignment Reference Number must be provided by the Contractor and attached to the consignment. The Contractor must ensure that this procedure is carried out for all stores whether they be initial purchase or repair and overhaul export items. HMCE will authorize Canadian Forces Support Unit (Europe) to ship the goods only if the procedure has been adhered to completely and properly by the Contractor. **Note:** To ensure you receive a reply on any contracting information such as Incoterms etc, always include the e-mail address: [ILHQcontract-ILHQcontrat@forces.gc.ca](mailto:ILHQcontract-ILHQcontrat@forces.gc.ca) in

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carbon copy (cc).  
OR

- c. Insert the following when the Contractor is located in a country other than Canada, the U.S., the UK and Ireland:  
Inbound Logistics Europe Area (ILEA):  
Telephone: +49-(0)-2203-908-1807 or 2748 or 5304  
Facsimile: +49-(0)-2203-908-2746  
Email: [ILEA@forces.gc.ca](mailto:ILEA@forces.gc.ca)

**Note:** To ensure you receive a reply on any contracting information such as Incoterms etc, always include the e-mail address: [ILHQcontract-ILHQcontrat@forces.gc.ca](mailto:ILHQcontract-ILHQcontrat@forces.gc.ca) in carbon copy (cc).  
OR

- d. Insert the following for U.S. Foreign Military Sales (FMS):  
Inbound Logistics Coordination Center (ILCC):  
Telephone: 1-877-447-7701 (toll free)  
Facsimile: 1-877-877-7409 (toll free)  
Email: [ILHQOttawa@forces.gc.ca](mailto:ILHQOttawa@forces.gc.ca)  
Canada is responsible for the carrier selection for shipments of the goods supplied under this FMS contract. Instructions on how to obtain carrier selection from Canada are contained in U.S. Department of Defense 4000.25-8-M, Military Assistance Program Address Directory, and Canadian Special Instructions Indicator (SII). The Contractor must not ship the goods until the SII has been complied with.

***Instruction to contracting officers:** Insert the following paragraphs 3 through 7 with all options above, except (d) - U.S. FMS, and delete this instruction.*

3. The Contractor must provide the following information to the DND Inbound Logistics contact when arranging for shipment:
- the Contract number;
  - consignee address (if multiple addresses, items must be packaged and labeled separately with each consignee address);
  - description of each item;
  - the number of pieces and type of packaging (e.g. carton, crate, drum, skid);
  - actual weight and dimensions of each piece type, including gross weight;
  - copy of the commercial invoice (in accordance with clause [C2608C](#), section 4, of the [Standard Acquisition Clauses and Conditions Manual](#)) or a copy of the Canada Border Services Agency form CI1 [Canada Customs Invoice](#) (PDF 429KB) - ([Help on File Formats](#));
  - [Schedule B](#) codes (for exports) and the Harmonized Tariff Schedule codes (for imports);

Solicitation No. - N° de l'invitation  
W8486-105270/B/001/QF  
Client Ref. No. - N° de réf. du client  
XXXXX-XXXXXX

Amd. No. - N° de la modif.  
XX  
File No. - N° du dossier  
W8486-105270/B/001/QF

Buyer ID - Id de l'acheteur  
109QF  
CCC No./N° CCC - FMS No./N° VME

- 
- h. North American Free Trade Agreement Certificate of Origin (in accordance with clause C2608C, section 2) for the U.S. and Mexico only;
    - i. full details of dangerous material, as required for the applicable mode of transportation, signed certificates for dangerous material as required for shipment by the International Maritime Dangerous Goods Code, or International Air Transport Association regulations or the applicable Canadian [Dangerous Goods Shipping Regulations](#) and a copy of the safety data sheet.
  4. Following receipt of this information by Canada, Canada will provide the appropriate shipping instructions, which may include the requirement for specific consignee address labelling, the marking of each piece with a Transportation Control Number and customs documentation.
  5. The Contractor must not ship goods before receiving shipping instructions from the DND Inbound Logistics contact.
  6. If the Contractor delivers the goods at a place and time that are not in accordance with the given delivery instructions or fail to fulfill reasonable delivery instructions given by Canada, the Contractor must reimburse Canada any additional expenses and costs incurred.
  7. If Canada is responsible for delays in delivering the goods, ownership and risk will be transferred to Canada upon expiry of either 30 days following the date on which a duly completed shipping application is received by Canada or by its appointed forwarding agent, or 30 days following the delivery date specified in the Contract, whichever is later.



## **ANNEX A**

### **Repair and Overhaul**

### **Technical Statement of Work (SOW)**

### **Remote Minehunting and Disposal System (RMDS)**

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## **1. SCOPE**

### **1.1 Purpose**

- 1.1.1 The Department of National Defence (DND) has a requirement for Repair & Overhaul (R&O), as well as professional services, in support of the Remote Minehunting and Disposal System (RMDS).

### **1.2 Background**

- 1.2.1 The objective of the RMDS project is to invest in the Unmanned Underwater Vehicle (UUV) systems and technology necessary to develop a modular, stand-off Naval Mine Countermeasures (NMCM) capability. The RMDS will provide the Royal Canada Navy (RCN) with a capability to conduct the full spectrum of naval Minehunting operations and contribute to underwater domain awareness.
- 1.2.2 The RMDS will have the capability to detect, classify, localize, reacquire, identify and dispose of sea mines and/or maritime Improvised Explosive Devices (IED) that pose a threat to Canadian interests or impede the conduct of maritime operations by RCN ships.
- 1.2.3 The RMDS capability will provide mission data in existing commercial formats that supports exchange of data with the existing Route Survey Data Analysis Facilities (RSDAF) commercial software. RMDS Autonomous Underwater Vehicle (AUV) must be capable of mission planning and post mission analysis functions using equipment and software provided with the system, as well as third party equipment. These formats must include eXtended Triton Format (XTF).

### **1.3 Maintenance Philosophy**

- 1.3.1 First and second line maintenance will be carried out by the DND technicians and Fleet Maintenance Facilities respectively. Third line material repair and specialized test equipment will be the responsibility of the Contractor. Selected third line repairable items as identified in the Selection Notice and Priority Summary (SNAPS) will be returned to the Contractor for repair. All mechanical / electrical assemblies will be restored to serviceable condition or replaced as required.
- 1.3.2 The Contractor may replenish 2<sup>nd</sup> line of spares (depots in Halifax and Esquimalt). The Contractor will be required to hold 3<sup>rd</sup> line spares (depot level) at his location in Canada. DND will hold 2<sup>nd</sup> line spares, and set levels for all three level of spares. The contractor will monitor spares consumption.
- 1.3.3 DND may use the Contractor's Field Service Representative (FSR) to help train, and support DND personnel carrying out second line maintenance activities.



## **1.4 Scope of Work**

- 1.4.1 Services are required in order to maintain the RCN RMDS operational availability requirements. The work detailed in this TSOW includes, but is not limited to:
- a. Repair and maintenance of RMDS, its sub-systems and its components, both at the Contractor's facility and at sites designated by DND;
  - b. Engineering Services, including Field Service Representative (FSR) support;
  - c. Maintenance services of Publications (manuals) and; RMDS technical documentation
  - d. Sparing support,
  - e. Integrated Logistics Support (ILS).
  - f. Project Management including, but not limited to, scope management, quality management, cost management, requirement management, performance management, and risk management.
- 1.4.2 The work to be performed in this TSOW are classified as Free flow R&O and/or emergent tasking.

## **1.5 Acronyms**

A&E	Ammunition and Explosives
AUV	Autonomous Underwater Vehicle
DND	Department of National Defence
FDU	Fleet Diving Unit
FSR	Field Service Representative
HAZMAT	Hazardous Material
ILS	Integrated Logistic Support
LCMM	Life Cycle Material Manager
MDS	Mine Disposal Sub-system
MRP	Mobile Repair Party
OEM	Original Equipment Manufacturer
RMDS	Remote Minehunting and Disposal System

PRM	Progress Review Meeting
RCN	Royal Canadian Navy
R&O	Repair and Overhaul
SDE	Shared Data Environment
SES	System Engineering Support
SOW	Statement of Work
SITS	Special Investigation & Technical Services
TA	Technical Authority
TIES	Technical Investigations & Engineering Studies
TRM	Technical Review Meetings
UUV	Unmanned Underwater Vehicle
VOO	Vessel of Opportunity

## **2. APPLICABLE DOCUMENTS**

### **2.1 Applicability**

- 2.1.1 The following documents support this TSOW and must be considered as supplemental information if not specifically identified in the text. In the event of conflicts between the documents referenced below and the content of the TSOW, the content of the TSOW must take precedence.

### **2.2 Referenced Documents**

- 2.2.1 The following documents listed are applicable to and form part of this TSOW:
- a. A-LM-184-001/JS-001, - Special Instructions, Repair and Overhaul contractors.
  - b. A-SJ-100-001/AS-000, Security Orders for the Department of National defence and the Canadian Forces
  - c. C-02-005-011/AM-000, Procedures and Guidelines for Mobile Repair Parties Manned by Contractor Personnel.
  - d. RMDS Mission profile and operational mode summary, Attachment AA1 of this TSOW.

### **3. REQUIREMENTS FOR FREE FLOW REPAIR AND OVERHAUL**

#### **3.1 Repair and Overhaul**

- 3.1.1 The Contractor must conduct R&O activity in accordance with the Logistics Statement of Work for RMDS Free Flow Repair, at Annex B
- 3.1.2 The Contractor must provide the following, but not limited to:
  - a. R&O of RMDS, its sub-systems and its components; and
  - b. All Common tools, special tools, test equipment, support equipment, and other resources required to conduct all R&O, calibration, software troubleshooting and maintenance of RMDS and its sub-systems; and
  - c. Original Equipment Manufacturer (OEM) specifications and engineering drawings for RMDS sub-systems and its components in order to perform the work required in this TSOW.
  - d. All the authorizations necessary including licencing by the OEM to perform work required in this TSOW.
- 3.1.3 The R&O must consist of all levels of Corrective Maintenance for RMDS, its sub-systems and its components. Corrective Maintenance is defined as a reactive maintenance task carried out after the occurrence of a functional failure or detection of a fault, in order to restore the equipment or system to a state in which it can perform its required functions.
- 3.1.4 The Contractor must have trained in-house technical personnel capable of successfully completing RMDS R&O including, but not limited to manufacturing, modifications, and testing.
- 3.1.5 The Contractor must plan and manage the required maintenance on RMDS sub-systems and its components which is to include at a minimum:
  - a. Calibration of RMDS sub-systems and its components in accordance with required test and calibration schedules/cycles; and ,
  - b. RMDS Overhauls, to include;
    - i. Disassembly to the lowest testable component;
    - ii. RMDS, its sub-systems and its components overhaul if required;
    - iii. RMDS, its sub-systems and its components repair if required;

- iv. RMDS, its sub-systems and its components verification testing;
- v. RMDS, its sub-systems and its components re-assembly; and
- vi. RMDS, its sub-systems and its components acceptance testing.

3.1.6 The Contractor must establish a spare parts provision to support the RMDS equipment R&O throughout the equipment service life.

3.1.7 The Contractor must create and deliver a monthly report detailing the items held requiring R&O; and a list of the repaired items which were completed during the previous month.

#### **4. REQUIRMENT FOR EMERGENT WORK**

##### **4.1 Reprovisioning – Spare parts - DND**

- 4.1.1 The Contractor must establish a spare parts provision list to support the RMDS equipment throughout its service life.
- 4.1.2 The Contractor must supply spares to the DND Supply System on an as-and-when required basis.
- 4.1.3 In the event that Canada requests the Contractor hold Canada owned spare parts, the Contractor must be able to provide a warehousing facility in Canada.
- 4.1.4 In the event Canada requests replacement of an end item, the contractor must have the capability to provide such item. (AUV etc.)
- 4.1.5 The contractor must provide special tools and test equipment as and when requested by Canada.

## **4.2 Engineering Services**

- 4.2.1 Engineering Services includes: System Engineering Support (SES), Special Investigations & Technical Services (SITS) and Technical Investigation and Engineering Studies (TIES). Details of each type of engineering services support are stated below.
- 4.2.2 System Engineering Support (SES) services to include, but are not limited to:
- 4.2.3 The Contractor must provide System Engineering Support (SES) services on the RMDS, sub-systems, training aids, operations and concepts, on an as-and-when required basis.
- 4.2.4 The Contractor must provide engineering services including systems engineering, drawing creation and modifications (draftmanship), obsolescence monitoring and technical manual creation and revisions.
- 4.2.5 SES tasks must consist of one or more, but not be limited to the following:
- a. Engineering investigations into equipment deficiencies and recommendations for improvement;
  - b. Support to software;
  - c. Engineering design, fabrication, and modifications;
  - d. Testing of modifications;
  - e. Fabrication and implementation of modifications;
  - f. Engineering Change Proposal preparation;
  - g. Updating of technical data packages;
  - h. Updating of the technical publications and manuals;
  - i. Steady state training and continuous improvement, and;
  - j. Updating the Integrated Logistic Support (ILS) Supply forecast and price list.
  - k. Updating the RMDS Mission profile and operational mode summary, if necessary.
- 4.2.6 The Contractor must create and deliver an SES report at the conclusion of each task which is to include as a minimum:
- a. Description of the Work conducted under the SES task;

Annex A – Repair and Overhaul Technical Statement of Work

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DATED: 25 May 2020

- b. Details of how each requirement in the SES proposal was met during the tasking;
- c. Duration of task against the approved task schedule;
- d. Materiel consumed during the task;
- e. Comments or recommendations including material issues.

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### **4.3 Field Service Representative**

- 4.3.1 The Contractor must provide Field Service Representative (FSR), also known as Mobile repair Party (MRP) services to respond to DND requirements on an as-and-when required basis.
- 4.3.2 The Contractor FSR visits normally will be to CFB Esquimalt located in Esquimalt, British Columbia, Canada or to CFB Halifax located in Halifax, Nova Scotia, Canada.
- 4.3.3 The Contractor FSR must be able to work at designated DND sites to perform specific Work on RMDS and associated equipment.
- 4.3.4 The Contractor FSR must travel to, live on and work aboard RCN vessels, or Vessels of Opportunities (VOO) alongside or at sea. This must include Ship to ship transfer at sea, as required.
- 4.3.5 The Contractor FSR must be capable of travelling internationally in order to support RCN operations in foreign territory and to support RCN ships docked in foreign countries' ports of harbour.
- 4.3.6 The FSR work may consist of, but not be limited to the following:
  - a. All levels of maintenance activities;
  - b. Training of DND personnel on modifications/revisions to the RMDS; and
  - c. Testing of implemented modifications/revisions to the RMDS.
- 4.3.7 The Contractor FSR must be present on site within, two (2) calendar days in Canada and, three (3) calendar days outside Canada of receiving an urgent tasking request from DND.
- 4.3.8 The Contractor must create and deliver an FSR report within 10 business days of the conclusion of each task which is to include as a minimum:
  - a. Work conducted during the FSR tasking;
  - b. Details of the damage or fault repaired;
  - c. Materiel consumed to repair damage or correct fault;
  - d. Duration of task, including a breakdown of work hours and non-work hours if applicable under the task;
  - e. Contractor recommendations including logistical issues and suggestions for work flow improvement.



## **4.4 Integrated Logistic Support**

- 4.4.1 The Contractor must provide a resource assigned to support the RMDS ILS ongoing emergent work. The duties and responsibilities of that resource will include but not be limited to the following:
- a. Maintenance program management support: Monitor the DND maintenance program. . Identify inefficiencies and recommend improvement to the program. Recommendations are to be reported at least annually.
  - b. In-Service Support contract documentation: Support the DND in keeping the various ongoing support documents, including documents identified in 4.4.5, accurate, current, and compliant. Access to the living documents are maintained through various platforms including the Shared Data Environment (SDE).
  - c. Inventory Management: Validate that inventory held in DND supply system and ensure that inventory held at the Contractor's Canadian facilities are accurate. Analyse the supply system's demand, note discrepancies based on current operational tempo, ILS sparing model and propose parts procurement if/when necessary.
  - d. Technical Data Management: Ensure data integrity on the SDE. Ensure that data in the Contractor's data base mirrors the data DND have in DRMIS. Ensure that all technical documents delivered to DND are available and can be accessed on the SDE when required.
  - e. Obsolescence Management: Monitor Obsolescence of the RMDS system on a continuous basis, assess risk due to upcoming obsolescence. On approval by Canada, implement potential, agreed upon solutions when obsolescence risk increases..
  - f. Disposal and De-Militarization support: Support the DND with de-militarization instructions, identify HAZMAT, and coordinate the work to be performed.

## **4.5 Project Management**

### **4.5.1 General:**

4.5.2 The Contractor must assign a Project Manager to manage the work outlined in this TSOW. The Project Manager will be the point of contact for Canada.

4.5.3 The Contractor may be required to travel to support Project Management tasks required under this TSOW. Travel will normally be to locations in support of meetings, reviews and evaluations.

4.5.4 The following documents developed under the RMDS Acquisition SOW, (contract number W8472-206387) Annex A of Volume 1, must be maintained in accordance with the CDRL/DID as part of this TSOW:

- a. CDRL/DID RMDS-PM-001 Project Management Plan (PMP);
- b. CDRL/DID RMDS-PM-002 Integrated Master Schedule (IMS);
- c. CDRL/DID RMDS-SE-001 System Engineering Management Plan (SEMP);
- d. CDRL/DID RMDS-CM-001 Configuration Management (CM) Plan;
- e. CDRL/DID RMDS-ILS-001 Integrated Logistics Support (ILS) Plan; and
- f. CDRL/DID RMDS-ILS-004 Maintenance and Support Program (MSP) Plan.
- g. CDRL/DID-RMDS-AE-013 (A&E) In-Service Surveillance Plan.

## **4.6 Meetings**

- 4.6.1 A contract kick-off meeting must be conducted between the Contractor and Canada within 30 business days of contract award. The contract kick-off meeting must be held at the Contractor's facility.
- 4.6.2 The Contractor must schedule all other meetings in conjunction with Canada. Meetings must include Progress Review Meetings (PRM) and Technical Review Meetings (TRM) PRMs and TRMs must be held annually or as required.
- 4.6.3 The Contractor must provide the facilities, material and services reasonably required for the conduct of all meetings. All meetings must be held at the Contractor's facilities unless otherwise specified by Canada.
- 4.6.4 The Contractor must convene PRM to review, cost, schedule, and performance issues. And any other topics that affect the conduct of the work outlined in this TSOW.
- 4.6.5 The Contractor must develop and deliver a meeting agenda at least 10 business days prior to all meetings specified in this TSOW.
- 4.6.6 The Contractor must prepare and submit the minutes of each meeting. The Contractor must distribute the minutes within five (5) business days of the meeting, for approval by Canada. As a minimum, the minutes must include:
  - a. List of attendees;
  - b. Original proposed agenda;
  - c. Summary of discussions and decisions;
  - d. Action items with actionees and due dates; and
  - e. Annexes of presentation materials.

## **4.7 Reports**

- 4.7.1 The Contractor must prepare and submit monthly Progress Reports. All issues and concerns must be reported through the Progress Report. The Progress Report must provide Canada with the status of the RMDS support and any ongoing issues and concerns. Issues raised in the progress reports must be addressed during the scheduled meetings (PRM and TRM). All action items will be recorded in accordance with Paragraph 4.6.6 and pursued to their conclusion. The Progress Report must contain:
- a. Brief summary of the major accomplishments; key data items delivered and issues affecting the conduct of the program in each of the major service areas over the period of the month;
  - b. Status of all open TIES tasks;
  - c. Summary of expenditures and forecasts for current fiscal year; and
  - d. Total expenditures from start of contract.
- 4.7.2 The Contractor must provide Annual Reports. The Annual Report must summarize at a high level the work that was conducted during the report period. The Annual Report must include the configuration status of the RMDS and their associated documentation, the status of any parts loaned to the Contractor, the status of any spares being held by the Contractor, the out year forecasted expenditures for each basis of payment line item and any other comments or recommendations.
- 4.7.3 Three (3) months before the end of the contract period, the Contractor must submit a contract final report. The contract final report must summarize at a high level the work that was conducted during the contract. The contract final report must include the configuration status of the RMDS and their associated documentation, the status of any parts loaned to the Contractor, the status of any spares being held by the Contractor, and any other comments or recommendations. The contract final report must include a copy of each audit report which was performed on the contract.

## **4.8 Information Management Support**

- 4.8.1 The Contractor must manage the use and maintenance of the Shared Data Environment (SDE) implemented under the Acquisition SOW through the duration of the R&O contract.
- 4.8.2 The Contractor must provide to DND through the SDE, delivery of all technical data produced and collected under this TSOW in a mutually agreed format.

## **MISSION PROFILE AND OPERATIONAL MODE SUMMARY FOR THE ACQUISITION OF THE REMOTE MINEHUNTING AND DISPOSAL SYSTEM**

### **1 INTRODUCTION**

1.1 The Remote Minehunting and Disposal System (RMDS) Mission Profile is a time-phased description of the operational events and environments that the RMDS will be subjected to from the start to the end of a specific mission. Tasks, durations, operating conditions, and environmental conditions are identified for each mission. This is described in terms of the Operational Environment and specific Mission Profiles.

1.2 The Operational Mode Summary provides a compilation of the missions, operating conditions and environments the RMDS will expect to see over its useful life cycle. It is described from the perspective of Annual Usage / Life Expectancy and Environmental Profiles.

### **2 SYSTEM DESCRIPTION**

2.1 Two separate modular RMDS payloads will be acquired, with one payload assigned to each of the coastal formations. Each RMDS payload will consist of the following subsystems, as depicted in the functional configuration shown in Figure 1:

2.1.1 **Autonomous Underwater Vehicle (AUV) Subsystem.** This consists of one Operator Portable AUVs, one Lightweight AUVs, AUV operator workstations, spares, special tools, test equipment, transportation cases and software;

2.1.2 **Mine Disposal Subsystem (MDS).** This includes five (5) Mine Disposal Vehicles (MDV) Combat variant, two of the Training/Inspection variant of the MDV (MDV-T/I), the MDS operator console, Portable Storage Locker (PSL), spares, special tools, test equipment, transportation cases, reusable logistical containers and software;

2.1.3 **Transportable Command Centre (TCC) Subsystem.** The TCC are dedicated shipping containers that provide a habitable shelter that will act as an Operations Room to support the conduct of RMDS operations and enable transportation, deployment, maintenance, stowage and storage of the RMDS equipment. This includes a Launch and Recovery System for deployment of the AUVs and MDVs and

2.1.4 **Computer-Based Training (CBT) Subsystem.** The CBT Subsystem will include a classroom-based trainer and a CBT capability for the AUV and NDV subsystems integrated into the RMDS on the operator workstations and consoles.

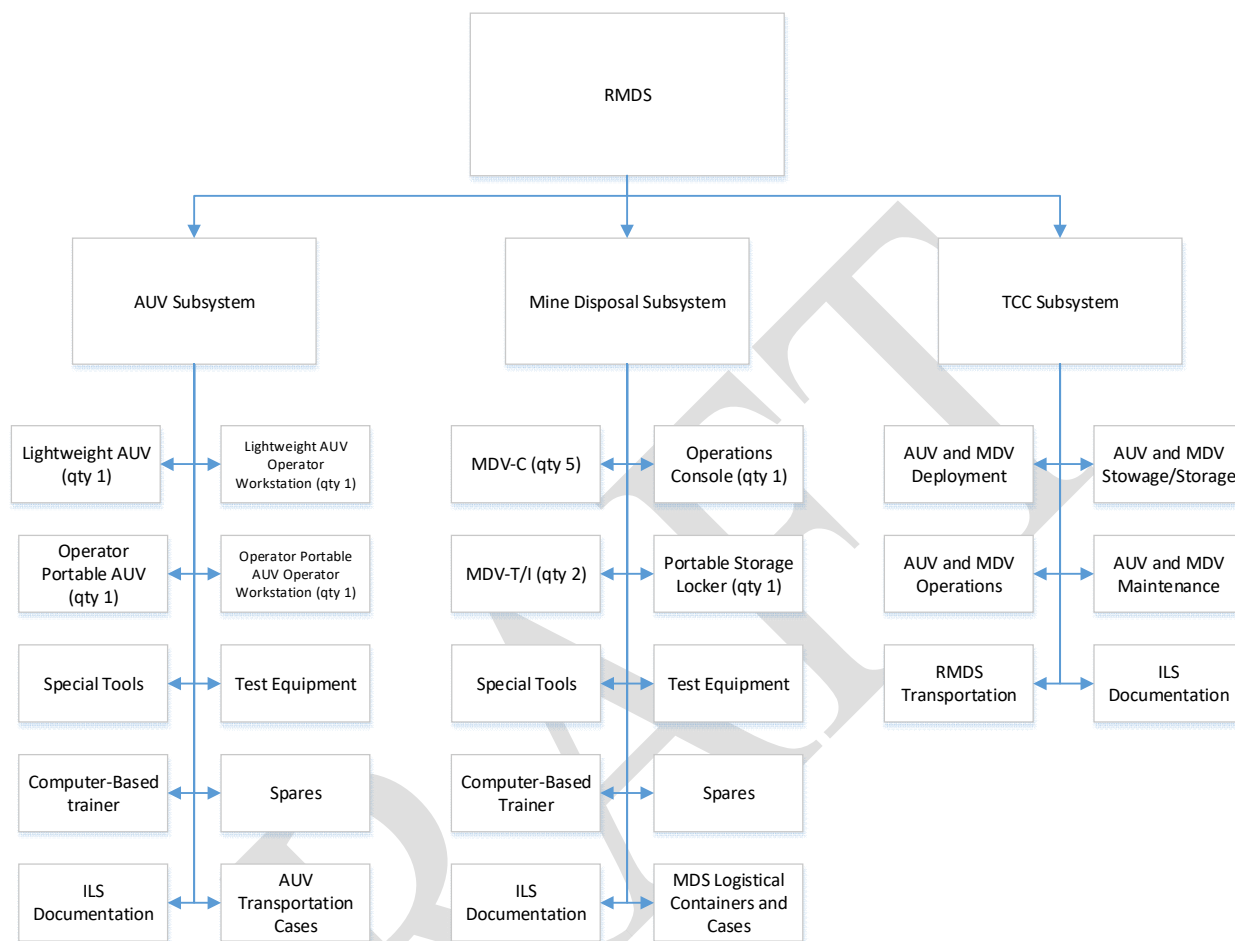


Figure 1 RMDS Payload Functional Configuration

### 3 OPERATIONAL ENVIRONMENT

3.1 The RMDS will be employed for the conduct of full spectrum naval minehunting operations, seabed mapping, and contribute to underwater domain awareness, including the capability to detect, classify, localize, reacquire, identify and dispose of sea mines or maritime IEDs. As such, the RMDS will be deployed world-wide and be capable of operating in littoral waters, with expected air and water temperatures, and salinity ranging from polar through temperate to equatorial latitudes. The RMDS will not be expected to operate in areas that are ice covered or impeded by drifting ice or other natural underwater obstacles such as kelp forests or sea grass.

3.2 The seabed terrain over which remote minehunting will be conducted will vary from smooth flat sand without obstructions or cluttering material, to irregular and undulating bottoms with high levels of natural or man-made debris and bottom clutter, including potential

navigational hazards. This underwater environment is subject to a high-degree of change and variability.

3.3 The RMDS is intended for primary use on the Kingston-class Maritime Coastal Defence Vessels (MCDV) but must be platform-independent and portable between host platforms, or can be operated from shore locations.

3.4 The climates and induced environments expected are detailed in the Environmental Profiles section below.

3.5 The RMDS operators and maintainers will be the same as those who operate and maintain the existing RCN Route Survey systems, these being Kingston-class, Fleet Diving Unit, and Route Survey Office personnel. A small team of trained personnel (up to 6 operators depending on operational intensity and type of vessel) will accompany, operate and support the RMDS.

## 4 MISSION PROFILES

4.1 The RMDS will typically be deployed on Naval Mine Countermeasures (NMCM) missions, whose expected operational mission profile will follow a maximum 18-days at sea. Outside of NMCM use, the RMDS will be employed on certain non-NMCM missions, such as route survey operations, rapid environmental assessment, search and rescue, humanitarian assistance and disaster relief, and hydrographic support to Other Government Departments. The RMDS will also be used in training missions to ensure operator proficiency. Each of these profiles will be described below.

### 4.2 NMCM Mission Profile

4.2.1 Each NMCM mission consists of 18-days at sea, of which 12 days will be on-station, lasting approximately 19 hours elapsed time per on-station day, based on a crew work period. Each day on-station will comprise:

4.2.1.1 **One Search Task.** A search task will include activities to detect, classify and localize objects; and

4.2.1.2 **Two Inspect/Dispose Tasks.** An inspect task will include activities to reacquire and identify objects, while a dispose task will include activities to reacquire, identify, and dispose of the object.

4.2.2 **Search Task.** The Search task is performed by the AUV, TCC with Launch and Recovery systems and consists of the following task phases:

4.2.2.1 **Load Mission / Preparation.** This phase includes all the activities associated with preparing the AUV and TCCS for the task, including any mission planning, software preparation, self-tests, communication protocols, start-up routines, hardware configuration/set-up, or power supply provision;

4.2.2.2 **Launch.** This includes all the activities required for deploying the AUVs into the water;

4.2.2.3 **Loiter Outbound.** This includes any time the AUV is required to be in a holding-pattern after launch prior to traveling to the target area;

4.2.2.4 **Transit Outbound.** This includes the travel time for the AUV to reach the target area;

4.2.2.5 **Survey / Identify.** This phase includes all the time required by the AUV to survey the target area or identify a target;

4.2.2.6 **Transit Inbound.** This includes the travel time for the AUV to return to the recovery point;

4.2.2.7 **Loiter Inbound.** As with the Loiter Outbound, this includes any time the AUV is required to be in a holding-pattern upon return to the recovery location prior to recovery;

4.2.2.8 **Recovery.** Includes all the activities required for recovering the AUVs from the water;

4.2.2.9 **Data Analysis.** This phase includes all the activities associated with extracting, conditioning, storing and analyzing the data collected by the AUV during the task; and

4.2.2.10 **Recharge.** Includes all internal and external power supply recharging after task usage.

4.2.3 **Inspect/Dispose Task.** The Inspect/Dispose task is performed by the MDS and TCC with Launch and Recovery subsystem and consists of the following task phases:

4.2.3.1 **Load Mission / Preparation.** This phase includes all the activities associated with preparing the MDS and TCCS for the task, including any mission planning, software preparation, self-tests, start-up routines, hardware configuration/set-up, or power supply provision;

4.2.3.2 **Launch.** This includes all the activities required for deploying the MDV into the water;

4.2.3.3 **Transit Outbound.** This includes the travel time for the MDV to reach the suspected or confirmed mine object;

4.2.3.4 **Survey / Identify.** This phase includes all the time required by the MDV to survey the target area or identify the suspected mine object;



4.2.3.5 **Dispose.** The Dispose phase consists of the neutralization of the mine object by the MDV-C through explosive detonation. This includes the manoeuvre time for the MDV-C to position correctly and dispose the confirmed mine object;

4.2.3.6 **Transit Inbound.** This includes the travel time for the MDV-T/I to return to the recovery point;

4.2.3.7 **Loiter Inbound.** This includes any time the MDV-T/I is required to be in a holding-pattern after launch prior to traveling to the target area;

4.2.3.8 **Recovery.** Includes all the activities required for recovering the MDV-T/I from the water;

4.2.3.9 **Data Analysis.** This phase includes all the activities associated with confirming the nature of the suspected mine object and confirming the mine object has been disposed as planned; and

4.2.3.10 **Recharge.** Includes all internal and external power supply recharging after task usage.

4.2.4 The expected durations by task phase and RMDS subsystem for the Search task are detailed in Table 1, and those for the Inspect/Dispose tasks are shown in Table 2. For the AUVs and MDVs, the described usages are for each underwater vehicle in the payload. In reading Tables 1 and 2, a cell containing an "X" indicates that the sub-system is used in that phase, but its usage is not time based. The total operating hours for each sub-system by task are shown in the last column of the tables.

4.2.5 There will be nine NMCM missions per year per payload.

### 4.3 Non-NMCM Mission Profile

4.3.1 Each non-NMCM mission consists of five days on-station, lasting approximately 19 hours elapsed time per day, based on a crew work period. Each day on-station will be the same as the NMCM mission profile comprising one Search task and two Inspect/Dispose tasks.

4.3.2 The task phases are the same as for the NMCM Mission and described in Tables 1 and 2.

4.3.3 There will be three non-NMCM missions per year per payload.

### 4.4 Training Mission.

4.4.1 Each training mission will be the same as the non-NMCM mission consisting of five days on-station, lasting approximately 19 hours elapsed time per day, based on a crew work period. Each day on-station will be the same as the NMCM mission profile comprising one Search task and two Inspect/Dispose tasks.

Attachment AA1 – Mission Profile and Operation Mode Summary

To: Annex A Repair and Overhaul Technical Statement of Work

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4.4.2 The Training mission phases are the same as for the NMCM Mission and described in Tables 1 and 2.

4.4.3 There will be five such training periods per year per payload, and at least one of these will involve detonation of the MDV-C.

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Attachment AA1 – Mission Profile and Operation Mode Summary  
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Task Phase RMDS Sub-System	Load Mission / Prep	Launch	Loiter Outbound (op hrs)	Transit Outbound (op hrs)	Survey / Identify (op hrs)	Transit Inbound (op hrs)	Loiter Inbound (op hrs)	Recovery	Data Analysis	Recharge	Total Op Hrs
Operator Portable AUV	X	X	0.5	1	4	1	0.5	X	X	75% of op hrs	7
Lightweight AUV	X	X	0.5	1	16	1	0.5	X	X	75% of op hrs	19
Launch/Recovery Subsystem		X						X			
TCC	X		X	X	X	X	X		X		19

Table 1 Search Task

Task Phase RMDS Sub-System	Load Mission / Prep	Launch	Transit Outbound (op hrs)	Survey / Identify (op hrs)	Dispose (op hrs)	Transit Inbound (op hrs)	Loiter Inbound (op hrs)	Recovery	Data Analysis	Recharge	Total Op Hrs
MDV-T/I (Reacquire / Identify)	X	X	0.18	0.5	N/A	0.18	0.5	X	X		0.86
MDV-T/I Launch/Rec Sub-System		X						X			
MDV-C (Reacquire / Identify / Dispose)	X	X	0.18	0.1	0.1	N/A	N/A	N/A	N/A	N/A	0.38
Launch/Recovery Subsystem		X						N/A			
TCC	X		X			X			X		

Table 2 Inspect/Dispose Task

Attachment AA1 – Mission Profile and Operation Mode Summary  
To: Annex A Repair and Overhaul Technical Statement of Work  
Date: 25 May 2020

	RMDS Sub-System	Operator Portable AUV	Lightweight AUV	MDV-T/I	TCC	Launch/Recovery Subsystem
	Usage Measure	Op Hrs	Op Hrs	Op Hrs	Op Hrs	Cycles Note 2
	Usage per Task	7	19	0.86	19	14 Note 3
	# Search Tasks / Day	1	1	0	Note 1	
	# Inspect/Dispose Tasks / Day	0	0	2	Note 1	
NMCM Mission	# Days On-Station / Mission	12	12	12	12	12
	# Missions / Yr	9	9	9	9	9
	Annual Usage	756	2052	185.8	2052	1,512
Non-NMCM Mission	# Days On-Station / Mission	5	5	5	5	5
	# Missions / Yr	3	3	3	3	3
	Annual Usage	105	285	25.8	285	210
Training Mission	# Days On-Station / Mission	5	5	5	5	5
	# Missions / Yr	5	5	5	5	5
	Annual Usage	175	475	43.0	475	350
	Total Annual Usage	1,036	2812	255	2812	2,072
	Total Lifetime Usage (15 years)	15,540	40,725	3,825	40,750	31,080

Table 3 Annual and Lifetime Usages

**Notes:**

1. The TCC operates for the full day on-station regardless of the mission task.
2. Launch/Recovery Sub-System usage is measured in cycles, where a cycle is either a launch or a recovery.
3. The Launch/Recovery Sub-System incurs 14 cycles per day on-station, as follows:
  - a. AUVs -  $2 \text{ cycles/AUV/day} \times 1 \text{ Task/AUV/day} \times 2 \text{ AUVs} = 4 \text{ cycles}$ ;
  - b. MDV-T/I -  $2 \text{ cycles/MDV} \times 2 \text{ Tasks/day} \times 2 \text{ MDVs} = 8 \text{ cycles}$ ; and
  - c. MDV-C -  $1 \text{ cycle/MDV} \times 2 \text{ Tasks/day} = 2 \text{ cycles}$ .

#### **4.5 Annual Usage / Life Expectancy.**

4.5.1 The three mission profiles are summarized and consolidated over an annual period in Table 3 by subsystem. Any usage associated with corrective or preventive maintenance will be in addition to the usages shown. Usages specific to the subsystems are as follows:

4.5.1.1 the described AUV and MDV-T/I usages in Table 3 are for each underwater vehicle in the payload;

4.5.1.2 the MDV-C is not included in Table 3 as it is a one-shot system whose total lifetime operating hours are as shown in Table 2;

4.5.1.3 the Operations Room will be operating as per the TCC;

4.5.1.4 the AUV Control System and MDS Controller will follow the AUV or MDV usage respectively; and

4.5.1.5 the Portable Storage Locker will be operating 24 hours, 7 days per week while MDV-Cs are stored in it.

4.5.2 The expected service life of the RMDS will be 15 years, accumulating the subsystem operating hours shown in Table 3.

## 5 ENVIRONMENTAL PROFILES

### 5.1 Levels of Exposure

5.1.1 The RMDS will be employed world-wide within the maritime, or near-maritime, environments, and as such, will be exposed to a variety of natural and induced environments.

5.1.2 **Natural Environment.** The natural environments will include extreme temperatures, thermal changes, solar radiation, and humidity, blowing rain, freezing rain, salt laden atmospheres and repeated exposures to the cold-wet environment. The RMDS will be exposed to the following climatic extremes:

5.1.2.1 sea temperatures from Arctic (ice free -2°C) to tropical (40°C);

5.1.2.2 ambient air temperature from -20°C to 45°C; and

5.1.2.3 relative humidity up to 100%.

5.1.3 **Induced Environment.** The non-naturally occurring or induced environments include mechanical vibration and shocks, changes in load orientation, and intentional or unintentional Electromagnetic Radiation (EMR). Changes in load orientation pertain to the loading and unloading of the shipping containers from a Palletized Loading System. A tilt of up to 45 degrees is to be expected. The mechanical vibration and shocks include those that are associated with:

5.1.3.1 transport of the loaded shipping containers by ground transport (truck and rail), cargo aircraft, and commercial sea container ship;

5.1.3.2 handling of both the shipping containers and the individual sub-systems during operation;

5.1.3.3 up to Sea State 4 when operating (Lightweight AUV);

5.1.3.4 up to Sea State 7 while stowed; and

5.1.3.5 for the AUVs, surviving an impact with a stationary solid object while operating at a forward ground speed of 4 knots (kts).

5.2 **Isolated Use.** The RMDS may be operated from shore locations without access to commercial electrical power, requiring it to use its portable electric power generators. Up to 10% of its usage can be expected in this operating mode.

5.3 **Storage.** Based on the Mission Profiles above, the RMDS will be at sea annually for 202 days, or 55% of its life. The remaining time (163 days per year or 45% of its life) will be in storage either on the deck of a ship (at sea or alongside), on a pier, or in an exterior or interior

coastal storage facility. As such, it will be exposed to the full range of climatic conditions expressed in the Levels of Exposure section.

## 6 ASSUMPTIONS FOR USAGE DETERMINATION

### 6.1 AUV/MDV Transit Time

6.1.1 The Transit Outbound and Inbound times were calculated based on the minimum ground speed of the underwater vehicle and distance required to travel. The minimum ground speed is an estimate based on the SRD relative to current speed requirement of 5 kts for the AUVs and 4 kts for the MDVs and an average head-on current of 1 kt. The travel distance is based on the SRD minimum transit distances for the AUVs and the MDV minimum range requirements. These are summarized below by underwater vehicle type:

Underwater Vehicle	Minimum Speed	Travel Distance
Man Portable AUV	4 kts	5 Nm
Lightweight AUV	4 kts	5 Nm
MDV-T/I	3 kts	1 km
MDV-C	3 kts	1 km

Annex B - Repair & Overhaul Logistic Statement of Work

To: W8482-206387

Date: 25 May 2020



## **ANNEX B**

### **Repair & Overhaul**

### **Logistic Statement of Work**

### **Remote Minehunting and Disposal System**



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ANNEX A&B – CONTRACTOR-HELD INVENTORY REPORTING REQUIREMENTS & TEMPLATES

## 5. GENERAL

### 5.1 AIM

- 5.1.1 The Contractor must repair and/or overhaul only those items for which they have received authorization in accordance with the Selection Notice and Priority Summary (SNAPS) for Repairable Materiel Account (RMA) code(s) \_\_\_\_\_ and/or an approved Repairable Materiel Request (RMR). The Contractor must conform to such supply procedures as are advised in this Statement of Work (SOW), related to the management of DND equipment and stores in their possession. The DND reserves the right to exercise surveillance over all aspects of the Contractor's supply operation. Repair and/or Overhaul priorities will be maintained as advised in the SNAPS. Repair priority for RMRs must be "Routine" unless otherwise stipulated.

### 5.2 EXTENT OF WORK

- 5.2.1 The complete overhaul of all arising (except life items that are time expired) is not permitted under the terms of this SOW. The intent is that repair work will be done and overhaul resorted to only where such is economically and technically justifiable; or where required by technical specifications. The following definitions will apply:
- a. **Repair:** The identification and correction of those specific defects which degrade the performance of an item causing it to function below the specifications;
  - b. **Overhaul:** The restoration of an item to its original condition/near life expectancy. It includes the replacement of worn, damaged or life expired parts; the incorporation of approved modifications; and the rework of components as necessary;
  - c. **Inter-changeability:** Following repair, the item must remain fully interchangeable (form, fit and function) with articles catalogued under the same reference number, part number and of the same modification status. This concept of inter-changeability must be extended to include internal characteristics such as wave forms and components layout in order to ensure full compatibility with automatic test equipment software and automatic probing;
  - d. **Serviceable Condition:** The condition of an equipment which allows it to be used, shipped or held in stores without being subjected to any limitations not applicable to new equipment;
  - e. **Reliability:** The duration or probability of failure-free performance under stated conditions; and

- f. **Maintainability:** The measure of the ability of an item to be retained in or restored to specified condition when maintenance is performed by personnel having specified skill levels, using prescribed procedures and resources, at each prescribed level of maintenance and repair.

## 6. APPLICABLE DOCUMENTS

6.1.1 The following documents listed are applicable to and must form part of this SOW:

- a. A-LM-184-001/JS-001, Special Instructions, Repair and Overhaul contractors
- b. A-SJ-100-001/AS-000, Security Orders for the Department of National Defence and the Canadian Forces
- c. C-02-005-011/AM-000, Procedures and Guidelines for Mobile Repair Parties Manned by Contractor Personnel
- d. DND Procurement Administration Manual (PAM)

## 7. ADMINISTRATION

### 7.1 RECEIPT

7.1.1 Upon receipt of DND equipment, the Contractor must:

- a. Identify the equipment and ensure authority to repair (SNAPS, RMRs);
- b. Open a work order;
- c. Carry out a physical check to ensure that the item is complete and is in accordance with the accompanying vouchers;
- d. Complete receipt documentation, including any adjustment transactions, work order number; and
- e. Action warranty materiel.

**NOTE:** Work order must be raised within 48 hours of delivery to plant.

7.1.2 If the Contractor is missing any information or documentation, he must request it through the National Defence Quality Assurance Representative (NDQAR).

7.1.3 For those items where the basis of payment is other than firm fixed price, and based upon available information and/or inspection of the item, the Contractor must determine the extent of work required, prepare a cost estimate, and if cost to repair is below the maximum repair cost (MRC), proceed with the repair. Whenever cost to repair threatens to exceed the MRC, the Contractor must request authority in writing to proceed with the repair in accordance with PART 2 of A-LM-184-001/JS-001.

- 7.1.4 Where it is impossible to determine the cost to repair, the Contractor may be granted authority by the Procurement Authority (PA) to strip the equipment so as to assess its repair and/or overhaul potential and to estimate the costs. Unless otherwise specified, and regardless of the value of the equipment, the cost of the work involved in estimating repair is chargeable to the item whether or not it is subsequently repaired.

## **7.2 DISCREPANCIES IN SHIPMENTS**

- 7.2.1 If upon initial inspection, the Contractor identifies equipment as having the same form, fit and function as other equipment, but as being misidentified, the Contractor must forward a detailed message to the Consignor and to their NDQAR with a recommendation for corrective action. A discrepancy in shipment can consist of any of the following:
- a. In-condition
  - b. Surplus
  - c. Shortage
- 7.2.2 The Contractor must action discrepancies in shipments in accordance with PART 3 of A-LM-184-001/JS-001.

## **7.3 COMPLETION OF WORK**

- 2.3.1 On completion of Repair and/or Overhaul, the Contractor must prepare and transmit a stock holding code (SC) change notification in accordance with PART 2 of A-LM-184-001/JS-001.
- 2.3.2 The following "Contractor Certification" must be stamped on the Canadian Forces Supply System (CFSS) Supply Document and signed prior to the Contractor transmitting the SC Change Notification.

---

### **Contractor Certification**

**I certify that the item(s) listed above have been inspected, tested and conform to all specifications and requirements detailed in the contract or purchase order.**

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

**(Contractor QC)**

---

## **8. WORK CONTROL**

- 8.1.1 The Contractor must ensure that the repair of all DND equipment is controlled by a serial numbered work order in accordance with PART 2 of A-LM-184-001/JS-001. Upon completion of work, the work order must include as a minimum the following:
- a. A contract serial number against which all costs incurred are chargeable;
  - b. The NATO Stock Number (NSN) and/or Part Number (PN), description, quantity and serial number, if any, of item repaired;
  - c. A cross reference to all Supply Documents. This includes receipt, issues and returns, including scrap activity, finalization of repair, inspection, and final acceptance;
  - d. Reference to the applicable technical data;
  - e. Details of the work performed;
  - f. A list of all the parts, by part number and description, found unserviceable and requiring repair and/or overhaul, ensuring that the repair scheme is referenced
  - g. A list of parts required, identifying the stores from which issued (eg, Contract Issue Spares (CIS), Government Furnished Overhaul Spares (GFOS), Accountable Advanced Spares (AAS) or Contractor Furnished Material (CFM);
  - h. Repair cost estimate; and
  - i. The identity of the person opening the work order.
- 8.1.2 The Contractor must provide to the NDQAR, and as necessary amend, a list of Contractor personnel authorized to open work orders.

## **9. ANNUAL REPAIR FORECAST - SNAPS**

- 9.1.1 The Contractor must notify the PA when the receipt for a selected repairable line item exceeds the current (fiscal) year forecast (CYF) in the SNAPS report. The Contractor must not induct the item until written approval is received from the PA or the SNAPS forecast is amended.

## **10. COST CONTROL**

- 10.1.1 The Contractor must monitor the cost of each repair to ensure that total repair costs remain within approved limits. Appropriate management control procedures must be in place and records maintained. These control procedures and records must be available for review and/or audit on request.

## **11. COSTING RECORDS**

11.1.1 The Contractor must prepare forms and maintain records which will provide:

- a. A cost listing, by serial number if applicable, of each item or job lot going through the repair line;
- b. A detail of the extent of work carried out, in-process inspections completed and materiel embodied at any stage of the repair process;
- c. The average cost of repair and/or overhaul, by NSN; and
- d. The total repair cost for an item (NSN), by work order.

**NOTE:** This data must be provided as requested by the PA and/or NDQAR.

## **12. MAINTENANCE SUPPORT**

### **12.1 MINOR REPAIRS**

12.1.1 If DND supplied parts are urgently required to effect delivery of Free Flow (components) and are not immediately available from DND, then minor repair may be carried out to the unserviceable part by the prime Contractor, as approved by the PA who will advise NDQAR accordingly.

### **12.2 MOBILE REPAIR PARTIES (MRPs)**

12.2.1 The Contractor must provide a Mobile Repair Party (MRP), when authorized by the PA.

12.2.2 There are two types of MRP:

- a. A scheduled MRP where the PA must follow the DND 626 Task Authorization process outlined in Procurement Administration Manual 3.3.2.2.
- b. An unscheduled, Immediate Operational Requirement (IOR), extraordinary and exceptional Mobile Repair Party (MRP). The unscheduled IOR MRP happens under exceptional and extraordinary circumstances (for example: pre-deployment preparations for an unexpected extended operational mission) and requires an immediate response from DND.

12.2.3 The Contractor must provide competent engineers and/or technicians to field sites to perform engineering projects and/or to effect repairs or modifications to the installations. All matters pertaining to the performance of the work on the site must be referred to the cognizant Base Technical Services Officer, and/or Ship's Staff, or their appointed delegate who will be responsible for the conduct of the work and must signify satisfactory completion and acceptance of the work by signing Annex C of NDID/CFTO C-02-005-011/AM-000. This service must be accomplished to the satisfaction of the site Commanding Officer, his authorized representative, or NDHQ as directed.

12.2.4 On completion of work the Contractor will provide the PA with a cost breakdown indicating labour hours by trade, travel expenses, living expenses, etc. Costs are to be all inclusive and will be an indication of the actual amount being claimed. Travel costs must not exceed approved TB Guidelines available at [http://www.tbs-sct.gc.ca/pubs\\_pol/hrpubs/TBM\\_113/td-dv-eng.asp](http://www.tbs-sct.gc.ca/pubs_pol/hrpubs/TBM_113/td-dv-eng.asp).

### **12.3 EQUIPMENT TURN AROUND TIME (TAT)**

12.3.1 Unless specifically identified within the contract, equipment Turn-Around-Time (TAT) to a serviceable state must be achieved in 90 Calendar days. TAT is defined as that period of time from "date of receipt to date item is reported serviceable". Repair priority is governed by the SNAPS. The principle of "first-in / first-out" (FIFO), must be observed whenever possible.

### **12.4 PRIORITY REPAIR REQUEST (PRR)**

12.4.1 The Contractor must be prepared to satisfy Priority Repair Requests (PRR) in an expeditious manner. If the Required Delivery Date (RDD) cannot be met, the Contractor must advise the originator and the consignee for a more realistic Estimated Delivery Date (EDD). This EDD must be amended as required until the PRR is satisfied.

### **12.5 SPECIAL INVESTIGATIONS & TECHNICAL STUDIES (SITs)**

12.5.1 This section has been intentionally left blank.

### **12.6 TECHNICAL INVESTIGATIONS & ENGINEERING STUDIES (TIES)**

12.6.1 This section has been intentionally left blank.



### **13. SUPPLY SUPPORT**

#### **13.1 TRANSACTION DOCUMENTATION**

13.1.1 The Contractor's Document Control Group (DCG) facilities will file and retain the following auditable transaction documentations by applicable account (RMA or Repair Ship Account (RSA)) warehouse either by Stock Code or by Requisition Number, in accordance with Part 3 of A-LM-184-001/JS-001:

- a. Stock Code sequence followed by requisition number; or
- b. Requisition number.

#### **13.2 CONTRACTOR SUPPLY ACCOUNTING**

13.2.1 Materiel held on Contractor Repair Parts Account (CRPA), Repair Shop Account (RSA) and RMA must be accounted for as per the CFSS automated procedures in accordance with A-LM-184-001/JS-001. GFOS and AAS will be accounted for in either a manual or an automated system. Regardless of the system used, the Contractor must maintain an audit trail acceptable to DND. Further, any automated or manual materiel accounting system must first be approved by the PA. Supply accounting records for DND materiel must be maintained separate from other company records.

#### **13.3 MANAGEMENT OF DND-OWNED SPARES**

13.3.1 The Contractor is responsible for determining the requirement for spares, obtaining the spares, maintaining custody of the spares, accounting for the spares in an approved manner for use on the R&O repair line and for the disposal (when so directed) of the spares in accordance with A-LM-184-001/JS-001.

13.3.2 Spares must be used in the following order:

- a. GFOS;
- b. CIS;
- c. AAS; and
- d. CFM.

#### **13.4 SPARES REVIEW**

13.4.1 In conjunction with the stocktaking schedule, the Contractor must carry out a review of CIS to determine if holdings of any particular item:

- a. Exceed the economic stock retention level. The level is normally equal to an estimated four (4) months stock;

- b. Have become surplus to requirements as a result of a modification, disposal, obsolescent or transfer of the major equipment; and/or
  - c. Are no longer fit for use in the R&O of DND equipment.
- 13.4.2 In conjunction with the stocktaking schedule, the Contractor must carry out a review of GFOS to determine if stock holdings include any item which:
  - a. Has become surplus to requirement as a result of removal of the end item from the SNAPS;
  - b. Has become redundant because of a modification change notice, product improvement, etc...;
  - c. Is a catalogued item which should have been transferred to CIS.
- 13.4.3 The Contractor must dispose of and/or transfer spares which meet the criteria above and must prepare and handle the necessary documentation associated with the disposal function in accordance with PART 7 of A-LM-184-001/JS-001.

## **13.5 STOCKTAKING**

- 13.5.1 The Contractor must initiate and complete a one hundred per cent (100%) manual stocktaking of RMA, RSA, CRPA(CIS), GFOS and AAS as a minimum once every two years in accordance with PART 6 of A-LM-184-001/JS-001.

## **13.6 SELECTION NOTICE OBSERVATION MESSAGE (SNOM)**

- 13.6.1 Contractors wishing to make observations on information contained in the SNAPS, including MRC, must do so by submitting their observations using the Selection Notice Observation Message (SNOM) in accordance with PART 2 of A-LM-184-001/JS-001.

## **13.7 EMBODIMENT FEES**

- 13.7.1 On normal transfer or issue of items (spares) between AAS, CIS or GFOS accounts, any embodiment fees must only be paid once and only upon actual embodiment. Supply accounting records for DND materiel must be maintained separate from other company records.
- 13.7.2 On bulk transfer/disposal of items in CIS, GFOS or AAS accounts, embodiment fees, if applicable, are subject to a separate PSPC negotiated rate.

### **13.8 LOSS OR DAMAGE TO DND MATERIEL**

- 13.8.1 The Contractor must report to the NDQAR all instances of loss or damage to DND owned materiel in their custody within two (2) working days of confirmation of its discovery.
- 13.8.2 The Contractor may be authorized to make repairs to DND-owned equipment on loan. All requests must be forwarded to the PA for approval. If the Contractor is authorized to repair damaged DND materiel, they must notify the NDQAR before any repair commences to enable adequate quality assurance of the repair.
- 13.8.3 Loss or damage of materiel in transit must be actioned in accordance with Part 8 of A-LM-184-001/JS-001.

### **13.9 SCRAP - CUSTODY & DISPOSAL**

- 13.9.1 The Contractor must safeguard, control, and dispose of the scrap materiel in accordance with Part 7 of A-LM-184-001/JS-001.

### **13.10 PRESERVATION AND PACKAGING FAILURE**

- 13.10.1 Equipment damaged due to preservation and packaging failures in shipments must be reported to the NDQAR supported by photographs. NDQAR will use form CF 777, Unsatisfactory Condition Report (UCR), to inform all DND parties.

### **13.11 REUSABLE CONTAINERS**

- 13.11.1 Surplus reusable containers must be brought on charge (BOC) to the CRPA, in accordance with PART 3 of A-LM-184-001/JS-001.
- 13.11.2 The Contractor must inspect, repair and/or repaint reusable metal or wooden containers. If a requirement to repair, replace or provide a reusable container or other packaging materiel has been identified, it will become a charge against the R&O contract at a negotiated rate shown in the "basis of payment" and on the repair work order.

### **13.12 TRANSPORTATION**

- 13.12.1 The Contractor must be responsible to action all transportation requirements in accordance with PART 8 of A-LM-184-001/JS-001.

### **13.13 CUSTOMS & EXCISE**

- 13.13.1 DND is responsible for clearing Customs of all DND materiel consigned to R&O Contractors. If a Contractor sub-contracts to an out of country location, the Contractor is responsible for the preparation of all the necessary customs documentations. Customs Brokers must not be utilized unless specifically authorized by the PA.

**14. WARRANTY CONSIDERATION**

- 14.1.1 Materiel which has been returned for warranty consideration must be actioned in accordance with PART 10 of A-LM-184-001/JS-001.

**15. CONTRACTOR USE OF DND EQUIPMENT/PUBLICATIONS**

- 15.1.1 The Contractor must not use DND publications, tools, test-equipment, or jigs and fixtures for commercial work without the written consent of DND. In instances where DND has provided such consent, PSPC will negotiate suitable compensation for DND. All requests must be directed to the PA through PSPC.

**16. STOP REPAIR ACTION**

- 16.1.1 The Contractor must comply immediately with all stop repair instructions. Detailed procedures are contained in PART 2 of A-LM-184-001/JS-001.

**17. PUBLICATIONS**

- 17.1.1 General procedures with respect to management of publications are contained in PART 11 of A-LM-184-001/JS-001. The Contractor must document requirements for publications and submit to the NDQAR. The Contractor must develop procedures to control all DND publications in its possession and be responsible for amending all DND publications in its custody. The record of amendments must be maintained as indicated in the applicable area of each publication.
- 17.1.2 Unless otherwise specified, publications may be copied and/or extracts taken from them. As these copies/extracts are not subject to follow-up amendment action, they are not valid for use as a reference document and must be stamped "FOR INFORMATION ONLY". Contractors must ensure that any classified documents are provided with the appropriate security, consistent with the provisions of A-SJ-100-001/AS-000.
- 17.1.3 The Contractor must respond to any request for "verification of publication holdings" which may be requested periodically by DND.

**18. OFFICE SERVICES**

- 18.1.1 The Contractor must perform the secretarial and clerical work necessary to carry out the terms of this contract with respect to the preparation, filing and transmission of all forms, reports and correspondence, relating to the movement, accounting, storage, repair, overhaul, quality control and investigation of materiel covered by this contract. The provision of these office services must be deemed to be work as defined in PSPC clause (1) of 2035 General Conditions – Higher Complexity – Services.

## **19. MINUTES OF MEETINGS**

19.1.1 This section has been intentionally left blank.

## **20. PLANT SHUTDOWN/VACATION PERIOD**

20.1.1 During plant shutdown and/or vacation periods, the Contractor must ensure that adequate facilities/personnel are available to ensure the satisfaction of High Priority Requirements (HPRs). If contractor personnel are not on site during shutdown, a list of names and home phone numbers of those Contractor personnel to be contacted during plant closure must be provided to the NDQAR. It is the Contractor's responsibility to ensure that personnel are available to satisfy PRR requirements once identified.

## **21. REPORTS**

### **21.1 MRP PROGRESS REPORTS**

21.1.1 The Contractor must submit one (1) copy of the monthly progress report covering Mobile Repair Party (MRP) activities in accordance with PSPC Form (7139) to the PA, and one (1) copy to the supporting NDQAR.

### **21.2 TECHNICAL INVESTIGATION AND ENGINEERING STUDIES (TIES) REPORTS**

21.2.1 This section has been intentionally left blank.

### **21.3 ACCIDENT/INCIDENT REPORTS**

21.3.1 This section has been intentionally left blank.

### **21.4 R&O CONTRACTOR EFFECTIVENESS REPORT**

21.4.1 The PA will monitor the Contractor's TAT using the R&O Effectiveness Report as described in PART 2 of A-LM-184-001/JS-001.

### **21.5 ANNUAL CONTRACTOR HELD INVENTORY REPORT**

21.5.1 The Contractor must report annually to the PA on the value of all AAS and GFOS inventory held on March 31. Annex A provides details on how to report this inventory, and Annex B is a sample copy of the report.

**Annex A <> Contractor-Held Inventory Reporting Requirements**

The instructions to complete the Contractor-Held Inventory Reporting templates are as follows:

**Part A**

**"DND Owned Inventory Holdings held by Contractors as at 31 Mar 20XX".**

*Notes:*

1. A separate Inventory Holdings report is required for Consumable Inventory and Repairable Inventory. If your inventory cannot be reported or separated on the basis of consumable versus repairable, please state what the majority of the inventory would be classified as repairable or consumable based on the definitions below.
2. Loaned equipment from DND must be authorized through a DND-authorized loan agreement. Reporting must be as per the conditions of the loan agreement.
3. Whole Capital assets are not to be reported to DND. Whole Capital Assets are equipment that has been purchased by DND for the contractor that are not inventory, such as vehicles, test equipment, etc.
4. The reports provided by the company inventory system are acceptable for reporting purposes to DND, as long as they contain the essential information requested in the template provided.
5. Provide any alternate part number or manufacture part number in addition to the part number listed above. Provide the class also, if available, as well as any additional field information you have that may help to classify the data.
6. Provide the inventory report in **electronic format, MS Excel** being the preferred software, advise PA if not available.

**Definitions:**

**Government Furnished Overhaul Spares (GFOS)** – Non-catalogued inventory spares which are not purchased by the contractor but arise from: Accountable Advance Spares transferred from another contractor; DND procurement with the US government; spares salvaged from DND equipment; or de-catalogued Contract Issue Spares (CIS) which are for 3<sup>rd</sup> line use only. GFOS spares are not recorded in the CFSS.

**Accountable Advance Spares (AAS)** – Non-catalogued inventory spares which the contractor has been authorized by DND to purchase using DND funds, on an exceptional basis. The CFSS does not track AAS.

**Bonded Stock** – Inventory spares which the Out of Country contractor has been authorized by DND to purchase using DND funds, on an exceptional basis. The CFSS does not track bonded stock.

**Repairable Inventory** – An item of supply designated as capable of being repaired.

**Consumable Inventory** – An item of supply that is not repairable.

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## **Part B**

”Repairable Template Input/Output Repairable Inventory Report for the Year Ending 31 March 20XX” and “Consumable Template Input/Output Consumable Inventory Report for the Year Ending 31 March 20XX”

### *Notes:*

1. The closing inventory as at 31 Mar 20XX must be equal to the itemized listings provided in the consumable and repairable reports of ‘DND Owned Inventory Holdings as at 31 Mar 20XX.’
2. A separate Input/Output Inventory Report is required for Consumable Inventory and Repairable Inventory.
3. It is preferable to provide the data in a part number level format detailing the equipment platform supported, but the summary level report as outlined in the template is acceptable.
4. Report in one currency only and specify the currency if it is not Canadian.

---

## **Part C**

### **"Additional Information Requested for Year-End Reporting"**

The following information is requested:

1. Description of the activities performed under the Repair and Overhaul (R&O) contract(s) supported by the inventory holdings if not supplied on the Part A spreadsheet;
2. How often stocktaking is performed on the contractor holdings of DND owned inventory;
3. Date of last stocktaking;
4. The accounting method used by the contractor to value the inventory reported first-in-first-out (FIFO), last-in-first-out (LIFO), historical cost or moving weighted average;
5. Is this a sub-contractor to another company? If so, who?

Annex B - Repair & Overhaul Logistic Statement of Work

To: W8482-206387

Date: 25 May 2020

6. DND and contractor point of contact for the inventory report as at 31 Mar 20XX

DRAFT



Annex B - Repair & Overhaul Logistic Statement of Work

To: W8482-206387

Date: 25 May 2020

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Annex B (GSSC REPORT TEMPLATE)

PART A

DND OWNED INVENTORY HOLDINGS HELD BY CONTRACTORS  
AS AT 31 MARCH 20XX

COMPANY	CONTRACT NUMBER	ITEM / PART NUMBER  (NOTE 1)	EQUIPMENT PLATFORM THE ITEM SUPPORTS  (NOTE 2)	NATO STOCK NUMBER (NSN)  (NOTE 3)	STOCK CODE (SC)  (NOTE 3)	ITEM DESCRIPTION	QUANTITY	UNIT OF MEASURE	UNIT COST	EXTENDED VALUE	CURRENCY  (NOTE 4)	PROGRAM UNDER WHICH THE INVENTORY IS HELD  (NOTE 5)	REPAIR FLAG "Y" CONSUMABLE FLAG "N" (NOTE 6)

NOTES

- General Note:** Inventory reported here should include all items that a contractor holds that belong to DND and that are not already accounted for in the CFSS or CAMMS.
- Note 1:** If you have an alternate part number or manufacture part number in addition to the part number listed, please provide that detail if possible. Also provide the Group Class if available. We would like any additional field information you have that may help to classify the data.
- Note 2:** Please specify if possible the equipment platform the inventory item supports. For example, if your inventory pertains to three aircraft types, put the specific aircraft type beside each inventory item part number.
- Note 3:** If the inventory item has a NSN or SC, please provide the number, if you have it readily available in your inventory system.
- Note 4:** Report in one currency only and specify the currency if it is not Canadian.
- Note 5:** If known, enter the program under which the inventory is held (e.g., GFOS, AAS, Bonded Stock, etc.).

**Note 6:** Please identify repair flag Y for a repairable item and N for a consumable item.

DRAFT

**PART B**

**REPAIRABLE TEMPLATE  
INPUT / OUTPUT REPAIRABLE INVENTORY REPORT  
FOR THE YEAR ENDING 31 MARCH 20XX**

Opening Inventory as at 1 April 20XX:	
Plus: Cost of Goods Purchased or Acquired:	
Minus: Consumption / Removals:	
Closing Inventory as at 31 March 20XX:	\$ -

**NOTES**

- Note 1:** The closing inventory as at 31 March 20XX must be equal to the itemized listing of repairable items provided through Part A, DND Owned Inventory Holdings Held by Contractors as at 31 March 20XX.
- Note 2:** A separate Input / Output Inventory Report is required for Consumable Inventory and Repairable Inventory.
- Note 3:** Report in one currency only and specify the currency if it is not Canadian.

**PART B**

**CONSUMABLE TEMPLATE  
INPUT / OUTPUT CONSUMABLE INVENTORY REPORT  
FOR THE YEAR ENDING 31 MARCH 20XX**

Opening Inventory as at 1 April 20XX:	
Plus: Cost of Goods Purchased or Acquired:	
Minus: Consumption / Removals:	
Closing Inventory as at 31 March 20XX:	\$ -

**NOTES**

- Note 1:** The closing inventory as at 31 March 20XX must be equal to the itemized listing of consumable items provided through Part A, DND Owned Inventory Holdings Held by Contractors as at 31 March 20XX.
- Note 2:** A separate Input / Output Inventory Report is required for Consumable Inventory and Repairable Inventory.
- Note 3:** Report in one currency only and specify the currency if it is not Canadian.

**PART C****ADDITIONAL INFORMATION REQUESTED FOR YEAR END REPORTING**

Description of the activities performed under the Repair & Overhaul (R&O) contract(s) supported by the inventory holdings if not supplied on the Part A spreadsheet.	
How often is a stocktaking performed on the contractor holdings of DND owned inventory?	
What is the date of last stocktaking?	
What accounting method is used by the contractor to value the inventory reported (FIFO, LIFO, historical cost or moving weighted average)?	
Is this a sub-contractor to another company? If so, who?	
DND and Contractor points of contact for the inventory report as at 31 March 20XX.	

**NOTES**

**Note 1:** Inventory reports may be subject to audit by the Office of the Auditor General (OAG).

Annex C – Security Requirements Check List

TO: W8482-206387

DATED: 25 May 2020



## **ANNEX C**

### **Security Requirements Check List**

### **Remote Minehunting and Disposal System (RMDS)**

## Annex C – Security Requirements Check List

TO: W8482-206387

DATED: 25 May 2020

ANNEX C

Government  
of CanadaGouvernement  
du Canada

Contract Number / Numéro du contrat

W8482-206387

Security Classification / Classification de sécurité  
UNCLASSIFIED / SANS CLASSIFICATIONSECURITY REQUIREMENTS CHECK LIST (SRCL)  
LISTE DE VÉRIFICATION DES EXIGENCES RELATIVES À LA SÉCURITÉ (LVERS)

PART A - CONTRACT INFORMATION / PARTIE A - INFORMATION CONTRACTUELLE		
1. Originating Government Department or Organization / Ministère ou organisme gouvernemental d'origine		2. Branch or Directorate / Direction générale ou Direction
DND		ADM (MAT) DMARP
3. a) Subcontract Number / Numéro du contrat de sous-traitance		3. b) Name and Address of Subcontractor / Nom et adresse du sous-traitant
4. Brief Description of Work / Brève description du travail		
To engage industry on an open RFI under requisition W8482-206387 for support contract and W8472-105270/B for acquisition for the Remote Minehunting and Disposal System (RMDS). Commencer les pourparlers et discussions informelles avec l'industrie sur une DI ouverte, no de réquisition W8482-206387 pour la DI pour le support en service, et W8472-105270/B pour l'acquisition d'un système de détection et d'élimination des mines sous-marines (SDEMS)		
5. a) Will the supplier require access to Controlled Goods? Le fournisseur aura-t-il accès à des marchandises contrôlées?		<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
5. b) Will the supplier require access to unclassified military technical data subject to the provisions of the Technical Data Control Regulations? Le fournisseur aura-t-il accès à des données techniques militaires non classifiées qui sont assujetties aux dispositions du Règlement sur le contrôle des données techniques?		<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
6. Indicate the type of access required / Indiquer le type d'accès requis		
6. a) Will the supplier and its employees require access to PROTECTED and/or CLASSIFIED information or assets? Le fournisseur ainsi que les employés auront-ils accès à des renseignements ou à des biens PROTÉGÉS et/ou CLASSIFIÉS? (Specify the level of access using the chart in Question 7. c.) (Préciser le niveau d'accès en utilisant le tableau qui se trouve à la question 7. c.)		<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
6. b) Will the supplier and its employees (e.g. cleaners, maintenance personnel) require access to restricted access areas? No access to PROTECTED and/or CLASSIFIED information or assets is permitted. Le fournisseur et ses employés (p. ex. nettoyeurs, personnel d'entretien) auront-ils accès à des zones d'accès restreintes? L'accès à des renseignements ou à des biens PROTÉGÉS et/ou CLASSIFIÉS n'est pas autorisé.		<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes
6. c) Is this a commercial courier or delivery requirement with no overnight storage? S'agit-il d'un contrat de messagerie ou de livraison commerciale sans entreposage de nuit?		<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
7. a) Indicate the type of information that the supplier will be required to access / Indiquer le type d'information auquel le fournisseur devra avoir accès		
Canada <input checked="" type="checkbox"/>	NATO / OTAN <input checked="" type="checkbox"/>	Foreign / Étranger <input type="checkbox"/>
7. b) Release restrictions / Restrictions relatives à la diffusion		
No release restrictions Aucune restriction relative à la diffusion <input checked="" type="checkbox"/>	All NATO countries Tous les pays de l'OTAN <input checked="" type="checkbox"/>	No release restrictions Aucune restriction relative à la diffusion <input type="checkbox"/>
Not releasable À ne pas diffuser <input type="checkbox"/>	Restricted to: / Limité à: <input type="checkbox"/>	Restricted to: / Limité à: <input type="checkbox"/>
Specify country(ies): / Préciser le(s) pays:	Specify country(ies): / Préciser le(s) pays:	Specify country(ies): / Préciser le(s) pays:
7. c) Level of Information / Niveau d'information		
PROTECTED A PROTÉGÉ A <input type="checkbox"/>	NATO UNCLASSIFIED NATO NON CLASSIFIÉ <input checked="" type="checkbox"/>	PROTECTED A PROTÉGÉ A <input type="checkbox"/>
PROTECTED B PROTÉGÉ B <input type="checkbox"/>	NATO RESTRICTED NATO DIFFUSION RESTREINTE <input type="checkbox"/>	PROTECTED B PROTÉGÉ B <input type="checkbox"/>
PROTECTED C PROTÉGÉ C <input type="checkbox"/>	NATO CONFIDENTIAL NATO CONFIDENTIEL <input type="checkbox"/>	PROTECTED C PROTÉGÉ C <input type="checkbox"/>
CONFIDENTIAL CONFIDENTIEL <input type="checkbox"/>	NATO SECRET NATO SECRET <input type="checkbox"/>	CONFIDENTIAL CONFIDENTIEL <input type="checkbox"/>
SECRET SECRET <input type="checkbox"/>	COSMIC TOP SECRET COSMIC TRÈS SECRET <input type="checkbox"/>	SECRET SECRET <input type="checkbox"/>
TOP SECRET TRÈS SECRET <input type="checkbox"/>		TOP SECRET TRÈS SECRET <input type="checkbox"/>
TOP SECRET (SIGINT) TRÈS SECRET (SIGINT) <input type="checkbox"/>		TOP SECRET (SIGINT) TRÈS SECRET (SIGINT) <input type="checkbox"/>

TBS/SCT 350-103(2004/12)

Security Classification / Classification de sécurité  
UNCLASSIFIED / SANS CLASSIFICATION

Canada



## Annex C – Security Requirements Check List

TO: W8482-206387

DATED: 25 May 2020



Government of Canada  
Gouvernement du Canada

Contract Number / Numéro du contrat

W8482-206387

Security Classification / Classification de sécurité  
UNCLASSIFIED / SANS CLASSIFICATION

## PART A (continued) / PARTIE A (suite)

8. Will the supplier require access to PROTECTED and/or CLASSIFIED COMSEC information or assets?  
Le fournisseur aura-t-il accès à des renseignements ou à des biens COMSEC désignés PROTÉGÉS et/ou CLASSIFIÉS? ☒ No ☐ Yes  
Non Oui

If Yes, indicate the level of sensitivity:

Dans l'affirmative, indiquer le niveau de sensibilité :

9. Will the supplier require access to extremely sensitive INFOSEC information or assets?  
Le fournisseur aura-t-il accès à des renseignements ou à des biens INFOSEC de nature extrêmement délicate? ☒ No ☐ Yes  
Non Oui

Short Title(s) of material / Titre(s) abrégé(s) du matériel :

Document Number / Numéro du document :

## PART B - PERSONNEL (SUPPLIER) / PARTIE B - PERSONNEL (FOURNISSEUR)

10. a) Personnel security screening level required / Niveau de contrôle de la sécurité du personnel requis

- |   |   |   |  |
|---|---|---|--|
| <input checked="" type="checkbox"/> RELIABILITY STATUS<br>COTE DE FIABILITÉ | <input type="checkbox"/> CONFIDENTIAL<br>CONFIDENTIEL           | <input type="checkbox"/> SECRET<br>SECRET           | <input type="checkbox"/> TOP SECRET<br>TRÈS SECRET               |
| <input type="checkbox"/> TOP SECRET - SIGINT<br>TRÈS SECRET - SIGINT        | <input type="checkbox"/> NATO CONFIDENTIAL<br>NATO CONFIDENTIEL | <input type="checkbox"/> NATO SECRET<br>NATO SECRET | <input type="checkbox"/> COSMIC TOP SECRET<br>COSMIC TRÈS SECRET |
| <input type="checkbox"/> SITE ACCESS<br>ACCÈS AUX EMPLACEMENTS              |   |   |  |

Special comments:

Commentaires spéciaux :

NOTE: If multiple levels of screening are identified, a Security Classification Guide must be provided.

REMARQUE : Si plusieurs niveaux de contrôle de sécurité sont requis, un guide de classification de la sécurité doit être fourni.

10. b) May unscreened personnel be used for portions of the work? **ON DND PREMISES, UNSCREENED PERSONNEL MAY ONLY ACCESS PUBLIC / RECEPTION ZONES** ☐ No ☒ Yes  
Du personnel sans autorisation sécuritaire peut-il se voir confier des parties du travail? **On**  
If Yes, will unscreened personnel be escorted? ☒ No ☐ Yes  
Dans l'affirmative, le personnel en question sera-t-il escorté? **On**

## PART C - SAFEGUARDS (SUPPLIER) / PARTIE C - MESURES DE PROTECTION (FOURNISSEUR)

## INFORMATION / ASSETS / RENSEIGNEMENTS / BIENS

11. a) Will the supplier be required to receive and store PROTECTED and/or CLASSIFIED information or assets on its site or premises?  
Le fournisseur sera-t-il tenu de recevoir et d'entreposer sur place des renseignements ou des biens PROTÉGÉS et/ou CLASSIFIÉS? ☒ No ☐ Yes  
Non Oui

11. b) Will the supplier be required to safeguard COMSEC information or assets?  
Le fournisseur sera-t-il tenu de protéger des renseignements ou des biens COMSEC? ☒ No ☐ Yes  
Non Oui

## PRODUCTION

11. c) Will the production (manufacture, and/or repair and/or modification) of PROTECTED and/or CLASSIFIED material or equipment occur at the supplier's site or premises?  
Les installations du fournisseur serviront-elles à la production (fabrication et/ou réparation et/ou modification) de matériel PROTÉGÉ et/ou CLASSIFIÉ? ☒ No ☐ Yes  
Non Oui

## INFORMATION TECHNOLOGY (IT) MEDIA / SUPPORT RELATIF À LA TECHNOLOGIE DE L'INFORMATION (TI)

11. d) Will the supplier be required to use its IT systems to electronically process, produce or store PROTECTED and/or CLASSIFIED information or data?  
Le fournisseur sera-t-il tenu d'utiliser ses propres systèmes informatiques pour traiter, produire ou stocker électroniquement des renseignements ou des données PROTÉGÉS et/ou CLASSIFIÉS? ☒ No ☐ Yes  
Non Oui

11. e) Will there be an electronic link between the supplier's IT systems and the government department or agency?  
Disposera-t-on d'un lien électronique entre le système informatique du fournisseur et celui du ministère ou de l'agence gouvernementale? ☒ No ☐ Yes  
Non Oui

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## Annex C – Security Requirements Check List

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## PART C - (continued) / PARTIE C - (suite)

For users completing the form **manually** use the summary chart below to indicate the category(ies) and level(s) of safeguarding required at the supplier's site(s) or premises.

Les utilisateurs qui remplissent le formulaire **manuellement** doivent utiliser le tableau récapitulatif ci-dessous pour indiquer, pour chaque catégorie, les niveaux de sauvegarde requis aux installations du fournisseur.

For users completing the form **online** (via the Internet), the summary chart is automatically populated by your responses to previous questions.

Dans le cas des utilisateurs qui remplissent le formulaire **en ligne** (par Internet), les réponses aux questions précédentes sont automatiquement saisies dans le tableau récapitulatif.

## SUMMARY CHART / TABLEAU RÉCAPITULATIF

Category Catégorie	PROTECTED PROTÉGÉ			CLASSIFIED CLASSIFIÉ			NATO				COMSEC					
	A	B	C	CONFIDENTIAL  CONFIDENTIEL	SECRET	TOP SECRET  TRÈS SECRET	NATO RESTRICTED  NATO DIFFUSION RESTREINTE	NATO CONFIDENTIAL  NATO CONFIDENTIEL	NATO SECRET	COSMIC TOP SECRET COSMIC TRÈS SECRET	PROTECTED PROTÉGÉ			CONFIDENTIAL	SECRET	TOP SECRET  TRÈS SECRET
											A	B	C			
Information / Assets Renseignements / Biens Production																
IT Media / Support TI																
IT Link / Lien électronique																

12. a) Is the description of the work contained within this SRCL PROTECTED and/or CLASSIFIED?

La description du travail visé par la présente LVERS est-elle de nature PROTÉGÉE et/ou CLASSIFIÉE?

☒ No  
Non

☐ Yes  
Oui

If Yes, classify this form by annotating the top and bottom in the area entitled "Security Classification".

Dans l'affirmative, classifiez le présent formulaire en indiquant le niveau de sécurité dans la case intitulée « Classification de sécurité » au haut et au bas du formulaire.

12. b) Will the documentation attached to this SRCL be PROTECTED and/or CLASSIFIED?

La documentation associée à la présente LVERS sera-t-elle PROTÉGÉE et/ou CLASSIFIÉE?

☒ No  
Non

☐ Yes  
Oui

If Yes, classify this form by annotating the top and bottom in the area entitled "Security Classification" and indicate with attachments (e.g. SECRET with Attachments).

Dans l'affirmative, classifiez le présent formulaire en indiquant le niveau de sécurité dans la case intitulée « Classification de sécurité » au haut et au bas du formulaire et indiquez qu'il y a des pièces jointes (p. ex. SECRET avec des pièces jointes).

TBS/SCT 350-103(2004/12)

Security Classification / Classification de sécurité  
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Canada

# Annex C – Security Requirements Check List

TO: W8482-206387

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## PART D - AUTHORIZATION / PARTIE D - AUTORISATION

### 13. Organization Project Authority / Chargé de projet de l'organisme

Name (print) - Nom (en lettres moulées)

VAILLANCOURT, FRANCIS

Title - Titre

DMEPM(MSC) 7-6-3

Signature

*Francis Vaillancourt*

Telephone No. - N° de téléphone

819-939-3261

Facsimile No. - N° de télécopieur

819-939-3622

E-mail address - Adresse courriel

FRANCIS.VAILLANCOURT@FORCES.GC.CA

Date

2019-08-24

### 14. Organization Security Authority / Responsable de la sécurité de l'organisme

Name (print) - Nom (en lettres moulées)

Dawn Murray - DDSO - Industrial Security

SRCL Team Lead

Tel: 613-996-0274

E-mail: dawn.murray@forces.gc.ca

Title - Titre

Signature

*Dawn Murray*

Telephone No. - N° de téléphone

Facsimile No. - N° de télécopieur

E-mail address - Adresse courriel

Date

2 OCTOBER 2019

### 15. Are there additional instructions (e.g. Security Guide, Security Classification Guide) attached?

Des instructions supplémentaires (p. ex. Guide de sécurité, Guide de classification de la sécurité) sont-elles jointes?

☒ No  
☐ Yes

### 16. Procurement Officer / Agent d'approvisionnement

Name (print) - Nom (en lettres moulées)

DIONNE, GINO

Title - Titre

D MAR P 2-3-2

Signature

Telephone No. - N° de téléphone

Facsimile No. - N° de télécopieur

E-mail address - Adresse courriel

Date

### 17. Contracting Security Authority / Autorité contractante en matière de sécurité

Name (print) - Nom (en lettres moulées)

Title - Titre

Signature

Telephone No. - N° de téléphone

Facsimile No. - N° de télécopieur

E-mail address - Adresse courriel

Date

TBS/SCT 350-103(2004/12)

Security Classification / Classification de sécurité  
UNCLASSIFIED / SANS CLASSIFICATION

Canada

**Annex D**

**Remote Minehunting and Disposal System**

**Industrial and Technological Benefits**

**Terms and Conditions**

## Industrial and Technological Benefits Terms and Conditions

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5.	<b>CONTRACT PRICE CHANGES</b> .....	ERROR! BOOKMARK NOT DEFINED.
6.	<b>OVERACHIEVEMENT OF COMMITMENTS</b> .....	ERROR! BOOKMARK NOT DEFINED.
7.	<b>TRANSACTION TYPES AND CANADIAN CONTENT VALUE</b> .....	ERROR! BOOKMARK NOT DEFINED.
8.	<b>TRANSACTION ELIGIBILITY CRITERIA</b> .....	ERROR! BOOKMARK NOT DEFINED.
9.	<b>CANADIAN CONTENT VALUE</b> .....	ERROR! BOOKMARK NOT DEFINED.
10.	<b>STRATEGIC PLANS</b> .....	ERROR! BOOKMARK NOT DEFINED.
11.	<b>POOLING</b> .....	ERROR! BOOKMARK NOT DEFINED.
12.	<b>BANKING</b> .....	ERROR! BOOKMARK NOT DEFINED.
13.	<b>PUBLIC COMMUNICATIONS</b> .....	ERROR! BOOKMARK NOT DEFINED.
14.	<b>INFORMATION MANAGEMENT</b> .....	ERROR! BOOKMARK NOT DEFINED.
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<b>APPENDIX B: TEMPLATE – TRANSACTION SHEET</b> .....		ERROR! BOOKMARK NOT DEFINED.
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<b>APPENDIX E: CERTIFICATE OF CAUSALITY</b> .....		ERROR! BOOKMARK NOT DEFINED.
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<b>APPENDIX G: CERTIFICATE OF ELIGIBLE DONOR</b> .....		ERROR! BOOKMARK NOT DEFINED.
<b>APPENDIX H: INCREMENTALITY CHECKLIST</b> .....		ERROR! BOOKMARK NOT DEFINED.
<b>APPENDIX I: DEFENCE SECTOR DEFINITIONS</b> .....		ERROR! BOOKMARK NOT DEFINED.



## 1. DEFINITIONS

1.1. For the purpose of this Industrial and Technological Benefits (ITB) Terms and Conditions Annex to the Contract, the following definitions apply. Terms not otherwise defined in this Annex have the meaning given to them in the Contract.

1.1.1. **“Achievement Period”** means the period commencing on December 11, 2019, and ending one (1) year after the completion of the Work under this Contract;

1.1.2. **“Allowable Investment”** means:

- for cash contributions, a payment to, or purchase of, non-controlling common or preferred shares of a Canadian Company. It does not include either the purchase of debentures or a repayable loan; and
- for in-kind contributions, a licence for Intellectual Property (e.g. authorization to use the licensed material for commercial use); equipment (e.g. equipment, software, or systems to develop new or improved goods or services); knowledge transfer (e.g. lending of an employee to provide technical or managerial know-how); marketing and sales support (e.g. lending of an employee to undertake marketing or sales activities and share market intelligence, or a licence for brand or trademarks;

1.1.3. **“Bid Price”** – The bidder’s acquisition and in-service support bid prices combined and provided in its financial proposal to Canada at bid submission, which includes all options and excludes work arising, task authorization work and applicable taxes;

1.1.4. **“Canadian Company”** means a commercial enterprise that is incorporated pursuant to the laws of Canada and which has ongoing business activities in Canada;

1.1.5. **“Canadian Content Value”** or **“CCV”** has the meaning ascribed thereto in Article 9 of this document;

1.1.6. **“Capitalization”** means the total value of a company's issued shares plus the value associated with instruments that 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;

1.1.7. **“Collaborative Research”** means a Contractor or Eligible Donor working with

one or more Post-Secondary or Public Research Institutions, and in the case of Consortia transactions, with a Canadian company, under a formal written agreement, and sharing Intellectual Property, technical or scientific expertise, or testing equipment or facilities to achieve the common goal of producing scientific knowledge or intellectual knowledge for the benefit of all parties;

- 1.1.8. “Commercialization Activity”** means a process through which economic value is extracted from knowledge through the production and sale of new or significantly improved goods and services. It can also include advertising, sales promotion and other marketing activities. Specific Commercialization Activities consist of business and market planning, project feasibility studies, identifying customer needs, market engagement and testing, profitability analysis and financing, and launch advertising;
- 1.1.9. “Commitment”** means the Contractor’s specific undertakings related to its activities, its Plans, and its Transactions, as referenced in Appendix A (Value Proposition Commitments, Plans and Transactions);
- 1.1.10. “Contract Price”**, for the purposes of ITB Commitments, includes the value of the contract and any exercised options or option periods, but excludes applicable taxes;
- 1.1.11. “Credit”** means the amount attributed to a Transaction, measured in CCV, which has been achieved in whole or in part, as confirmed by written notice from the ITB Authority. All Transactions are subject to annual reporting and verification before Credit is awarded;
- 1.1.12. “Defence Sector”** means businesses engaged in the manufacture and delivery of products and services for use in government defence and security applications including but not limited to the following: ammunition and other munitions; missiles and rockets; firearms and other weapons; military systems deployed in space, space launch vehicles, land-based systems for the operation, command and control of space launch vehicles or systems deployed in space and related components; primarily airborne electro-optical, radar and sonar and other sensor/information collection systems, and fire control, warning and countermeasures systems and related components; primarily land-based or man-portable electro-optical, radar and sonar and other sensor/information collection systems, and fire control, warning and countermeasures systems and related components; primarily airborne communications and navigation systems and other information systems including processing and dissemination, software, electronics and components; primarily land based, man portable or non-platform specific communications and navigation systems and other information systems including processing and dissemination, software, electronics and components; naval ship-borne systems (e.g. mission systems) and components; naval ship



fabrication, structures and components; naval ship maintenance, repair and overhaul; combat vehicles and components; combat vehicles maintenance, repair and overhaul; aircraft fabrication, structures and components; military aircraft maintenance, repair and overhaul services; unmanned aerial systems or vehicles and components; simulation systems for aircraft; simulation systems for naval vessels; simulation systems for land vehicles or other applications; live personnel and combat training services; and troop support, all as more particularly described in Appendix I (Defence Sector Definitions);

- 1.1.13. “Designated Regions of Canada”** means the following regions that 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);
- 1.1.14. “Direct Transaction”** means a Transaction that is entered into for Work under the Contract;
- 1.1.15. “Eligible Donor”** means the parent corporation of the Contractor and all of the parent’s subsidiaries, divisions and subdivisions, and the Contractor’s Tier One suppliers related to the performance of the Work, their respective parent corporations, and all of the parent’s subsidiaries, divisions and subdivisions. See Article 8.1.4;
- 1.1.16. “Export”** means sales of domestic services and goods, produced developed, or manufactured in Canada and leaving the country for a foreign destination;
- 1.1.17. “Grouped Transaction”** means a Direct Transaction that has more than one Recipient. Grouped Transactions will only include activities involving Canadian suppliers with similar characteristics of one or more of product, size, or region; specify regional and Small and Medium Business content; and will have a total Canadian Content Value (CCV) of not more than ten percent (10%) of the Obligation contained in Article 3.1.1;
- 1.1.18. “Indigenous Peoples”** describes a First Nations, Inuit/Inuk, or Métis person, and has the meaning assigned by the definition “Aboriginal Peoples of Canada” in subsection 35(2) of the *Constitution Act, 1982*;

- 1.1.19. **“Indirect Transaction”** means a Transaction that is entered into for a business activity that is not Work under the Contract.
- 1.1.20. **“In-Kind Valuation”** means a valuation report, which is satisfactory to the ITB Authority, provided by a qualified party who possesses a professional designation related to business valuation or similar area of expertise. Valuation reports will contain (a) a statement from the qualified party regarding its expertise and adherence with the standards of its professional designation; and (b) a detailed valuation of the proposed in-kind contribution, including supporting assumptions. The ITB Authority reserves the right to request a valuation report prepared by an independent third party that possesses a professional designation related to business valuation or similar area of expertise. The Contractor or Eligible Donor shall assume all costs associated with obtaining the In-Kind Valuation report(s);
- 1.1.21. **“In-Service Support”** means capabilities needed to operate and sustain a range of military platforms and systems operating in all domains across their lifespans. In this context, the phrase "operate and sustain" includes a wide array of activities, including maintenance, repair and overhaul; diagnostic, prognostic and health management; spares and supply chain management; configuration management; system and software modification and upgrade for both capability enhancement and life extension; and overall product support integration (PSI).
- 1.1.22. **“Intellectual Property”** or **“IP”** means all patents, inventions, trade-marks, copyrights, industrial designs, trade secrets, technical information, and other Intellectual Property belonging to or licensed to a company;
- 1.1.23. **“ITB Annual Report”** has the meaning set out in Article 4 of this Annex;
- 1.1.24. **“ITB Authority”** means the Minister of Industry or any other person designated by that Minister to act on the Minister's behalf. The ITB Authority is responsible for evaluating, accepting, monitoring, verifying, and crediting ITB, and for assessing the Contractor's ITB performance under these Terms and Conditions;
- 1.1.25. **“Obligation”** means each of the contractual Obligations that the Contractor must meet, as set forth in Article 3, which are collectively referred to as the Obligations, including options;
- 1.1.26. **“Overachievement”** means the amount by which the Contractor's Credits, awarded during the Achievement Period, are greater than the Obligation;
- 1.1.27. **“Plans”** means the Plans prepared by the Contractor, that is the company business Plan, the ITB management Plan, the regional development Plan, the Small and Medium Business development Plan, and the gender and diversity

Plan, all dated *xx* and all bearing reference number *xx* [from the contractor's proposal];

- 1.1.28. “Post-Secondary Institution”** means a higher education institution or other organizational entity in Canada that is eligible to receive funding from at least one of the three federal granting councils (the Social Science and Humanities Research Council, the Natural Science and Engineering Research Council, or the Canadian Institutes of Health Research). For informational purposes only: Information on the federal granting councils can be found on the Government of Canada website: [http://science.gc.ca/eic/site/063.nsf/eng/h\\_FEE7261A.html](http://science.gc.ca/eic/site/063.nsf/eng/h_FEE7261A.html);
- 1.1.29. “Proposal”** means the proposal submitted by the Contractor on *day, month, year* bearing reference number *xx*;
- 1.1.30. “Public Research Institution”** means a federal, provincial, or territorial organization in Canada that: is engaged in research, research training and related activities in Canada; has as its primary goals the conduct of research, peer review, and the dissemination of results by way of publication, technology transfer or training; and is funded primarily from public resources and has established processes, systems, procedures and controls to ensure achievement of public objectives;
- 1.1.31. “Recipient”** means the Canadian Company or organization that receives, from the Contractor or an Eligible Donor, the commercial or business activity described in a Transaction;
- 1.1.32. “Remotely-piloted Systems and Autonomous Technologies”** means platforms and systems which make use of autonomous machine operations, including whole unmanned aerial, marine, or ground vehicle systems, and employ AI technologies to enable increasingly autonomous operations in both the military and commercial domains. These technologies rely on various forms of artificial intelligence, including (but not limited to) machine learning, self-learning, and neural networks, in order to increase operational speed or duration, reduce operator exposure to dangerous environments, and enhance overall mission effectiveness.
- 1.1.33. “Reporting Period”** means each twelve (12) month period within the Achievement Period upon which the Contractor's annual reporting will be based. Notwithstanding the foregoing, the first Reporting Period may include more than twelve (12) months in that it commences on the first day of the Achievement Period and ends on the last day of the twelfth month after the Effective Date of Contract Award. Subsequent Reporting Periods (e.g. Period 2) will follow in consecutive twelve (12) month periods until the end of the Achievement Period;

- 1.1.34. “Research and Development” or “R&D”** 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, or analysis; test, measurement, or analysis reports; specific thermo-mechanical analysis methodology development projects; product, process design, or engineering; customized product, process, or technology development project; related evaluation and feasibility studies; applied research projects for new product concepts, new technology platforms and new test, measurement, or 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;
- 1.1.35. “Research Skills Development”** refers to the knowledge and expertise acquired by students through the conduct of research at a Post-Secondary Institution or through Collaborative Research led or supervised by a faculty member in Canada;
- 1.1.36. “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;
- 1.1.37. “Shortfall”** means the amount by which the Contractor’s Credits, awarded during the Achievement Period, are less than the Obligation;
- 1.1.38. “Skills Development and Training”** means a specific activity intended to enhance, or address a gap in, Canadian workforce skills and training capability or capacity through a cash or in-kind contribution (e.g. equipment or a knowledge transfer);
- 1.1.39. “Small and Medium Business” or “SMB”** means a Canadian Company with fewer than two hundred and fifty (250) full-time personnel as of the date of entering into a Transaction. Neither (i) agents nor distributors of foreign goods and services nor (ii) any subsidiaries of the Contractor or any subsidiaries of an Eligible Donor on any contract with IRB/ITB obligations qualify as a Small and Medium Business;
- 1.1.40. “Sonar and Acoustic Systems”** means design, manufacture and integration of sonar and/or acoustic systems used for navigation, surveillance, fire control, survey, scientific and other purposes, both military and civil. This spans both the "dry side" signal processing and system management capabilities, and the "wet side" sensor arrays.

- 1.1.41. “Supplier Development”** means the Contractor or an Eligible Donor undertaking Transactions with Canadian Companies that are neither (i) agents nor distributors of foreign goods and services nor (ii) any subsidiaries of the Contractor or an Eligible Donor;
- 1.1.42. “Tier One Supplier”** means a company that performs a specific portion of the Work directly for the Contractor, producing or servicing a major subassembly or major component that is installed or used in the platform or system being procured under this Contract;
- 1.1.43. “Transaction”** means a commercial or business activity involving the Contractor or an Eligible Donor and a Recipient, that is carried out by means of a contract, sales agreement, licence agreement, letter of agreement or other similar instrument in writing, and which has an identified dollar value;
- 1.1.44. “Value Proposition” or “VP”** means the portion of Commitments and Transactions, along with any other information, which was submitted in the Proposal; and
- 1.1.45. “World Product Mandate”** means a purchase of goods or services from a Canadian Company where there is a long-term supplier relationship between the Contractor or an Eligible Donor and the Canadian Company, pursuant to which the Canadian Company has been legally authorized to carry out and has sole responsibility for specific activities, including the design, development, manufacture, and marketing related to the supply of products, components, modules, or services destined for domestic and world markets.

## **2. CANADA’S INDUSTRIAL AND TECHNOLOGICAL BENEFITS OBJECTIVES**

- 2.1.** Canada has responsibility to set in place programs and policies that ensure that Canada’s significant investments in defence-related goods and services generate long-term and high-value economic benefit to Canadian industry and encourages the growth of industry in emerging technologies, established and globally competitive capabilities, and domestic capacity related to national security issues. Canada’s Industrial and Technological Benefits (ITB) Policy objectives include:
- 2.1.1.** the economic development and long-term sustainment of Canada’s Defence Sector, by maximizing the amount of business activities in Canada involving work directly on the procurement and work in the Defence Sector more broadly;
- 2.1.2.** increased productivity and competitiveness among Canadian Companies, through meaningful opportunities for growth and supply chain integration into major global systems suppliers;

- 2.1.3. strengthened innovation and R&D in Canada, which positions Canadian Companies to move up the value chain, capture market opportunities, and benefit from subsequent commercialization opportunities;
- 2.1.4. Canadian Company success in tapping traditional and non-traditional Export markets that have been leveraged from the Project, sharing in long-term jobs and growth;
- 2.1.5. developing, growing, and sustaining a diverse, talented, and innovative Canadian workforce;
- 2.1.6. encouraging the participation of Canadian Companies in the Designated Regions of Canada, assisting with long-term quality improvements to their capability, capacity, international competitiveness, and growth potential; and
- 2.1.7. encouraging the participation of Canadian SMB as suppliers on major federal procurements and increasing their competitiveness and Export market access.

### 3. STATEMENT OF OBLIGATIONS

#### 3.1. The Contractor shall by the end of the Achievement Period:

- 3.1.1. Achieve not less than one hundred percent (100%) *[or the total value of its Commitment in the Contractor's Proposal, whichever is higher; TBD on each project]* of the Contract Price, including options, in CCV as Transactions, specified in Appendix A (Value Proposition Commitments, Plans and Transactions), as updated from time to time.
- 3.1.2. Achieve the following VP Commitments:
  - 3.1.2.1. achieve not less than *[number]* percent (xx%) of the Contract Price, including options, *[to be inserted from the Contractor's Proposal]* as Direct Transactions, measured in CCV;
  - 3.1.2.2. achieve not less than *[number]* percent (xx%) of the Contract Price, including options, *[to be inserted from the Contractor's Proposal]* as Transactions involving Research and Development in the areas of Remotely-piloted Systems and Autonomous Technologies; Sonar and Acoustic Systems; and, In-Service Support, measured in CCV;
  - 3.1.2.3. achieve not less than *[number]* percent (xx%) of the Contract Price, including options, *[to be inserted from the Contractor's Proposal]* as Transactions involving Supplier Development, measured in CCV;

- 3.1.2.4. achieve not less than *[number]* percent (xx%) of the Contract Price, including options, *[to be inserted from the Contractor's Proposal]* as Transactions involving Skills Development and Training, measured in CCV;
  - 3.1.2.5. achieve not less than *[number]* percent (xx%) of the Contract Price *[to be inserted from the Contractor's Proposal]* as Export Transactions, measured in CCV; and
  - 3.1.2.6. demonstrate through annual reporting that the capacity to Export conditions are maintained throughout the Achievement Period, as set out in the Contractor's international Export strategy in Appendix A (Value Proposition Commitments, Plans and Transactions).
- 3.1.3. Achieve Transactions in the Designated Regions of Canada, as specified in Appendix A (Value Proposition Commitments, Plans and Transactions) and representing no less than the following:
- [Note: Percentages below are calculated based on the CCV of Transactions identified in the Proposal, divided by the Contract Price at the time of signing this Contract. The percentages will not change over the life of this Contract, but their corresponding dollar value may change if there are changes to the Contract Price.]*
- 3.1.3.1. Atlantic region: *[number]* percent (xx%);
  - 3.1.3.2. Quebec region: *[number]* percent (xx%);
  - 3.1.3.3. Northern Ontario region: *[number]* percent (xx%);
  - 3.1.3.4. Southern Ontario region: *[number]* percent (xx%);
  - 3.1.3.5. Western region: *[number]* percent (xx%); and
  - 3.1.3.6. Northern region: *[number]* percent (xx%).
- 3.1.4. Achieve not less than fifteen percent (15%) of the Contract Price *[or the CCV of SMB Transactions identified in Proposal, whichever is higher]* in CCV for transactions involving SMBs, as specified in Appendix A (Value Proposition Commitments, Plans and Transactions).
- 3.1.5. Carry out each and every Transaction as set out in the Transaction list attached at Appendix A (Value Proposition Commitments, Plans and Transactions), as amended from time to time.
- 3.1.6. Achieve Credits valued at no less than 100% of the Contract Price by the end of Reporting Periods.

**3.1.7.** The Contractor shall submit to the ITB Authority, Annual Reports describing the performance achieved during each Reporting Period, as follows:

**3.1.7.1.** these reports shall be submitted sixty (60) calendar days after the end of each Reporting Period;

**3.1.7.2.** the Contractor shall use the format and electronic template provided by the ITB Authority, as outlined in Article 4; and

**3.1.7.3.** as evidence of the achievement of the Obligations and compliance with the Lobbying Act, a certificate of compliance, using the template attached as Appendix F (Certificate of Compliance) to this Annex, signed by a senior company official with the authority to bind the Contractor. In addition, the Contractor is required to provide certificates of compliance signed by each Eligible Donor.

**3.2.** The Contractor shall submit to the ITB Authority proposed new Transactions along the following timeline:

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

**3.2.2.** at three (3) years following the Effective Date of the Contract, such that the cumulative total of Transactions is not less than one hundred percent (100%) of the Contract Price, including any exercised options, measured in CCV.

#### **4. ANNUAL REPORTING**

**4.1.** The Contractor shall submit ITB Annual Reports to the ITB Authority. These reports shall be submitted sixty (60) days after the end of the annual Reporting Period. Each Annual Report must have five parts (Parts A through E), as described below. The ITB Annual Report shall be submitted to the ITB Authority in the format provided to the Contractor by the ITB Authority.

**4.1.1.** Part A must include:

**4.1.1.1.** Overview and status of the Work on the Project:

- A high-level overview of the work performed during the reporting period, including major highlights and schedule changes.

**4.1.1.2.** Progress payments:

- A list of all the progress payment claims that have been submitted to the Contracting Authority for Work completed since the



Effective Date of the Contract, broken down by Reporting Period and including the amount, date submitted and payment status.

**4.1.1.3. Plans:**

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

**4.1.1.4. Value Proposition Overview:**

- A detailed overview of each of the Contractor's VP Commitments, the related activities during the Reporting Period and a cumulative summary of the achievement status of each.
- For the export plan specifically, a detailed overview 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 as well as relevant new information pertaining to Target Markets and Export Capacity criteria that the Contractor identified in its Proposal.

**4.1.2. Part B must include the following, for each Transaction being reported:**

- 4.1.2.1.** an update on any changes to details, such as the CCV percentage or Recipient contact information;
- 4.1.2.2.** a description of significant achievements and activities, particularly those associated with Transactions involving multipliers; and
- 4.1.2.3.** a description of any delays, problems or achievement Shortfalls, along with a plan of action to resolve them.

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

- 4.1.3.1.** the CCV of the achievements claimed for the current Reporting Period.

**4.1.4. Part D must include, for each Transaction reported:**

- 4.1.4.1.** the CCV of the achievements claimed to date in all the Reporting Periods since the beginning of the Achievement Period.

**4.1.5. Part E must include:**

- 4.1.5.1. SMB and regional development activities:**

- Overview and highlights of activities undertaken during the Reporting Period.

**4.1.5.2.** New, changed or cancelled Transactions:

- A list of Transactions which have been cancelled, added or substantially altered during the Reporting Period with the approval of the ITB Authority.

**4.1.5.3.** As evidence of the achievement of the Obligations and compliance with the *Lobbying Act*, a certificate of compliance, using the template attached as Appendix F (Certificate of Compliance) to this Annex, signed by a senior company official with the authority to bind the Contractor. In addition, the Contractor is required to provide certificates of compliance signed by each Eligible Donor.

## **5. CONTRACT PRICE CHANGES**

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

## **6. OVERACHIEVEMENT OF COMMITMENTS**

- 6.1.** The Contractor may achieve Credits for any Transaction in excess of its original value. When this excess Credit occurs, it can be applied to Transactions that have not yet met their original value or used to meet identification milestones in Article 3, as long as the relevant regional, SMB and VP Commitments are achieved.

## **7. TRANSACTION TYPES AND CANADIAN CONTENT VALUE**

- 7.1.** Transactions may be Direct or Indirect and may involve the manufacture of goods by a Canadian Company, the purchase of goods or services from a Canadian Company, grants and donations, or Allowable Investments. The Transaction types listed below are those that have specific requirements or that receive Multipliers; they do not constitute a complete list of possible Transaction types.

**7.1.1.** These Transactions are measured in CCV in accordance with Article 9.

- 7.1.2.** When an Indirect Transaction involves a World Product Mandate and where the CCV of the product is verified to be seventy percent (70%) or greater, the CCV

shall be deemed to be one hundred percent (100%) for reporting and verification purposes.

## **7.2. Small and Medium Business Transactions**

### **7.2.1. Valuation for Credit purposes**

**7.2.1.1.** A Transaction where an SMB is the Recipient, and the SMB's product or service has a CCV of at least seventy percent (70%), will have its Credit awarded as follows:

**7.2.1.1.1.** the portion of the Transaction's CCV that is equal to or less than one million dollars (\$1,000,000) will be deemed to have one hundred percent (100%) CCV for reporting and verification purposes; and

**7.2.1.1.2.** any portion of the Transaction's CCV that is over one million dollars (\$1,000,000) will use the actual CCV as calculated using Article 9.

## **7.3. Cyber Certification Transaction**

**7.3.1.** A cyber certification Transaction will receive Credit for the value of the contribution if it involves:

**7.3.1.1.** a contribution to the cyber certification of a Canadian Company granted by a governmental or non-governmental provider that provides nationally, internationally, provincially, or territorially recognized cyber certification, which allows Canadian Companies to better access opportunities in Canada and abroad.

### **7.3.2. Valuation for Credit purposes**

**7.3.2.1.** The value will be the cash contribution from a Contractor or Eligible Donor to a Recipient.

## **7.4. Skills Development and Training Transactions**

**7.4.1.** A Skills Development and Training Transaction will receive Credit for the value of the cash contribution or in-kind contributions if it involves:

**7.4.1.1.** donations of equipment or resources intended for Skills Development or Training purposes at current market value (e.g. computers or software);

- 7.4.1.2. the hourly rate of pay associated with knowledge or technology transfer (e.g. the hourly rate of pay for an employee loaned for teaching or training);
- 7.4.1.3. salaries of students for work-integrated learning (e.g. co-operative education and work placements);
- 7.4.1.4. sponsorship costs for apprentices enrolled in a nationally, provincially, or territorially recognized apprenticeship program to obtain the necessary training to complete an apprenticeship program;
- 7.4.1.5. a contribution to the personal certification of a Canadian citizen or permanent resident (as defined in the *Immigration and Refugee Protection Act*) granted by a provincially, territorially, nationally, or internationally (if no equivalent Canadian association exists) recognized trade association or representative body of a specific profession;

- [illegible]

## 7.5. Research and Development Transactions

- 7.5.1.** A Research and Development Transaction shall receive a Credit multiplier of five (5) times if it involves:

- 7.5.1.1. a cash contribution to a Post-Secondary Institution for research or the establishment of research chairs or Collaborative Research undertaken with a Post-Secondary or Public Research Institution.
    - 7.5.2. At the discretion of the ITB Authority, Contractors may be asked to submit a copy of the formal Collaborative Research written agreement covering the roles and responsibilities of the parties to the ITB Authority prior to approval of the Transaction.
    - 7.5.3. The following will not be eligible for Credit
      - 7.5.3.1. The value of an in-kind contribution that involves a licence for Intellectual Property.
    - 7.5.4. Valuation for Credit purposes
      - 7.5.4.1. An initial value shall be calculated based on the cash contributions;
      - 7.5.4.2. Once the initial value is established, it will be multiplied by five (5); and
      - 7.5.4.3. The value of any in-kind contributions would then be added, based on an In-Kind Valuation.

## 7.6. Consortium Transactions

- 7.6.1.** An Allowable Investment into a consortium shall receive a Credit multiplier of five (5) times if it involves:
- 7.6.1.1.** the Contractor or an Eligible Donor;
  - 7.6.1.2.** a minimum of one (1) Canadian Company as a Recipient; and
  - 7.6.1.3.** a minimum of one (1) Post-Secondary Institution or Public Research Institution as a Recipient.
- 7.6.2.** The Contractor or Eligible Donor shall demonstrate how its contribution contributed to those of the other consortium members.
- 7.6.3.** At the discretion of the ITB Authority, Contractors may be asked to submit a copy of the formal consortium written agreement covering the roles and responsibilities of the parties to the ITB Authority prior to approval of the Transaction.

**7.6.4.** The following will not be eligible for Credit

**7.6.4.1.** Any contribution made to the consortium by Post-Secondary Institutions or Public Research Institutions; and

**7.6.4.2.** Any contribution made directly into the consortium by any level of government.

**7.6.5.** Valuation for Credit purposes

**7.6.5.1.** An initial value will be calculated and will be the sum of the value of the cash contributions from the Contractor or an Eligible Donor to the consortium and the combined value of contributions from all other consortium members, up to a maximum value equal to that of the contribution of the Contractor or an Eligible Donor, which have been leveraged by the Contractor or Eligible Donor's participation in the consortium;

**7.6.5.2.** Once the initial value is established, it will be multiplied by five (5); and

**7.6.5.3.** The value of any in-kind contributions are then added, based on an In-Kind Valuation.

**7.6.6.** Other consortium criteria

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

**7.6.6.2.** In cases where an Eligible Donor participates in the same consortium as the Contractor, separate transaction sheets will be submitted that describe the Contractor's and the Eligible Donor's respective contributions to the consortium.

**7.6.6.3.** The Contractor and the Eligible Donor may only claim the Credits associated with the contributions that each has made or leveraged into the consortium.

**7.7. Investment Framework Transactions**

**7.7.1.** A Transaction may involve an investment framework Transaction, which is a long-term and innovation-related contribution made directly to a Canadian SMB. Investment framework Transactions will meet the following criteria:

- demonstrated link to either R&D activities, Commercialization Activities, or both, in Canada;
- the Recipient is an SMB;
- the Eligible Donor and Recipient cannot be the same company;
- the Transaction eligibility criteria, as outlined in Article 8;
- be an Allowable Investment;
- have a duration of at least five (5) continuous years, beginning at the date the investment is made; and
- A business plan must be submitted to the ITB Authority, in the form attached in Appendix D (Template – Investment Framework Business Plan).

#### 7.7.2. Valuation for Credit purposes

- 7.7.2.1. Contributions made in cash will be valued based on the actual amount of money that has been invested. In-kind investments will be subject to an In-Kind Valuation.
- 7.7.2.2. The following Credit multipliers will be applied to the value of the contribution:
- cash for R&D activities or licence for IP: nine (9)
  - cash to purchase, or in-kind transfer of, equipment: seven (7)
  - in-kind transfer of knowledge or marketing/sales support: four (4)
- 7.7.2.3. The total issued Credits associated with an investment framework Transaction will not exceed twenty-five percent (25%) of the Obligation, specified in Article 3.1.1.

#### 7.7.3. Timeline for Credit award

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



## **7.8. Venture Capital Fund Transactions**

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

### **7.8.2. VCF criteria**

**7.8.2.1.** A VCF is any organization that manages investments, such as but not limited to banks, trust companies, venture capital funds, and investment companies. A VCF must be both registered to do business as such and managed in Canada.

**7.8.2.2.** A majority of a chosen VCF's investment activity shall be with small businesses involved in the development, manufacture or commercialization of advanced technology products or services in one or more of the following sectors:

- life sciences (biotechnology, medical devices and pharmaceuticals);
- health;
- advanced materials;
- advanced manufacturing;
- environment;
- information and communications technologies; and
- aerospace and defence.

**7.8.2.3.** At the commencement of the investment, small businesses receiving the VCF investment shall be privately held and have fifty (50) employees or fewer in service-based industries or one hundred (100) employees or fewer in manufacturing-based industries.

**7.8.2.4.** In the event that a small business decides to make an initial public offering, no further Credit will be granted by the ITB Authority for that company within the VCF Transaction.

**7.8.2.5.** Initial investments by the VCF manager, including co-investments, in eligible small businesses will not exceed one million dollars (\$1,000,000).

**7.8.3. Valuation for Credit purposes**

- 7.8.3.1.** The Credit multiplier for VCF investments is five (5). Credit may be claimed for the initial contribution once the Contractor or Eligible Donor deposits it to the VCF. Credit for the remaining multiples may be claimed when the VCF manager assigns the funds to a Canadian small business as defined above.
- 7.8.3.2.** The VCF funds must remain with the Recipient for a minimum of three (3) years, starting from the date the funds are placed. Failure to do so will result in the immediate deduction of all Credits for the Transaction.
- 7.8.3.3.** The multiplied Credit related to VCF investments will not exceed five percent (5%) of the Obligation value in Article 3.1.1.

**7.9. ITB Investments for Future Sales**

- 7.9.1.** Transactions may take the form of an Allowable Investment to a Canadian Company for its business purposes, including research, design, development, sales, or support of products or services.
- 7.9.2.** The full CCV of any Allowable Investment, including for future sales Credits and the initial investment are part of the Obligations.
- 7.9.3.** Valuation for Credit purposes
- 7.9.3.1.** Credit is based on the CCV of future sales achieved by the Recipient as a result of the Allowable Investment:
- 7.9.3.1.1** Eligible future sales are limited to work that is not associated with this Contract and to work that is not counted for Credit on any other Industrial and Regional Benefits or ITB contract or agreement. Eligible future sales will be pro-rated by the resulting future sales by the ratio of the Contractor's Allowable Investment in the Recipient, relative to either:
- Recipient's Capitalization at the time the investment was made (in cases of purchase of non-controlling shares); or
  - the combined total contributions made by all parties in the activity (in all other cases).

- 7.9.3.2.** In the case of cash Allowable Investment, the value of the Allowable Investment itself may be credited, once the Recipient’s future sales achievement surpasses the amount of the Allowable Investment.
- 7.9.3.3.** In the case of an in-kind Allowable Investment, the value of reasonable transfer costs, as determined by the ITB Authority, will be credited once the Recipient’s future sales achievement surpasses the amount of the costs. Reasonable transfer costs include infrastructure set-up to exploit technology. The value of the in-kind Allowable Investment itself will not be credited.
- 7.9.3.4.** The Allowable Investment will remain with the Canadian Company for a minimum of three (3) years, starting from the date the investment is placed with the Recipient. Failure to do so will result in the immediate deduction of all Credits for the Transaction.
- 7.9.3.5.** Allowable Investments shall be assessed as to whether they:
- help provide a capability that does not already exist in Canada;
  - develop strategic partnerships with Canadian Companies that contribute to their long-term viability and increase sales; and
  - do not result in overcapacity, shutdowns of existing companies or losses of prospective sales by existing companies in Canada.
- 7.9.3.6.** The capital associated with the purchase of a Canadian Company that is considered a “going concern” is not an Allowable Investment for ITB Credit. If the investment is for a Canadian Company that is insolvent, or has initiated, or had initiated in respect of it, any proceeding seeking relief under any bankruptcy or insolvency law, or similar law affecting creditors’ rights, then the investment can be considered for ITB purposes.

## **8. TRANSACTION ELIGIBILITY CRITERIA**

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

- 8.1.1.** Causality: Each Transaction must be one which was brought about by either the Contractor or an Eligible Donor, due in part to a current or anticipated IRB or ITB obligation to Canada. It will not be one that probably would have been entered into if an Obligation had not existed or been anticipated. Causality may be demonstrated for a specific project or more broadly to a company’s obligations in general.

- 8.1.1.1.** The Contractor or an Eligible Donor must demonstrate causality by providing a detailed statement on causality using the space provided in the transaction sheet template attached at Appendix B (Template – Transaction Sheet). The statement shall outline the steps and timelines involved in its decision about a business activity and clearly show the link between the steps and decision on that business activity and Canada's ITB Policy.
- 8.1.1.2.** The Contractor or an Eligible Donor must also provide evidence that will certify causality, in support of its detailed statement referred to in Article 8.1.1.1. A certification template is found in Appendix E (Certificate of Causality).
- 8.1.2.** Timing: Transactions shall be implemented within the Achievement Period.
- 8.1.2.1.** Transactions that are identified after the Effective Date must only involve work occurring after the date that the Transaction was proposed to the ITB Authority.
- 8.1.3.** Incrementally: Transactions shall involve new work in Canada.
- 8.1.3.1.** Should an Indirect Transaction involve the purchase of goods or services from an existing Canadian supplier to the Contractor or an Eligible Donor, the incremental method of calculating the Credits will apply, as follows:
- a three-year average of previous purchases is calculated, based on the three years immediately preceding the date that the Transaction was proposed to the ITB Authority; and
  - Credit will be awarded only for the amounts that exceed the three (3) year average, in each of the Reporting Periods.
- 8.1.3.2.** The incremental method of calculation outlined in Article 8.1.3.1 does not apply in cases where the product or service being purchased in the Transaction:
- involves a Direct Transaction;
  - is substantially different than what was previously purchased;
  - involves a different end use (e.g. Export market sale or commercial application) for what was previously purchased; or
  - follows a competitive process to re-select the Canadian supplier.
- 8.1.3.3.** The Contractor or an Eligible Donor shall demonstrate incrementality by providing a statement on incrementality for every

proposed Indirect Transaction, using the document attached at Appendix H (Incrementality Checklist). The Contractor or an Eligible Donor shall provide supporting evidence of incrementality as indicated in the document.

**8.1.4. Eligible Donor:** Transactions shall be undertaken by the Contractor or an Eligible Donor.

**8.1.4.1.** For proposed Eligible Donors that are Canadian Companies with less than five hundred (500) employees, the Canadian Company must certify that it understands and has the capacity to undertake Obligations with respect to this Contract. Capacity includes factors such as: company size, product offerings, market conditions, corporate ownership, management processes, and level of Canadian content. A certification template is attached in Appendix G (Certificate of Eligible Donor). At the discretion of the ITB Authority, Contractors or Eligible Donors that have signed the eligible donor certificate may be asked to submit additional information to confirm their status.

**8.1.4.2.** For Transactions proposed after the Effective Date of the Contract, Contractors must clearly demonstrate that the Canadian Company has the capacity to undertake ITB Obligations with respect to this Contract and the ITB Authority may seek additional information confirming Canadian Company capacity.

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

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

**8.1.4.5.** A list of approved Eligible Donors for the Contract is found in Article 22.

**8.1.5. Other Eligibility Criteria**

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

**8.1.5.2.** Level of Technology: Indirect Transactions will involve a level of

technology that is the same or higher than that of the Project, with applications in Canadian advanced technology industries.

**8.1.5.3.** CCV: Indirect Transactions will have a CCV of no less than thirty percent (30%) of the total value of the Transaction.

**8.1.5.4.** Alignment with policy features: Transactions will comply with any specific criteria and valuation features outlined within these Terms and Conditions.

**8.2.** The ITB Authority shall assess eligibility prior to a proposed Transaction becoming an Obligation in the Contract. Contractors should note that all Transactions are subject to annual reporting and verification before Credits are confirmed.

**8.3.** One Transaction may be used to meet more than one of the Obligations in Article 3. Credits will be awarded based on how much of the Transaction value is attributable to each Obligation.

**8.4.** Failure to provide the information and certifications outlined in the above Articles may result in a proposed Transaction being rejected. Further, the provision of this information and certification should not be seen as limiting the discretion of the ITB Authority in any decisions related to the eligibility of proposed Transactions.

## **9. CANADIAN CONTENT VALUE**

**9.1.** CCV means that portion of the value of a product or service that involves Canadian costs. The CCV of any Direct and Indirect Transaction will be determined by the net selling price method or the cost aggregate method, described below.

**9.1.1.** Net selling price method: This method is used when a product or service included in a Transaction has a substantiated selling price. This method of calculating CCV is as follows:

- begin with the total selling price of the product or service;
- minus the applicable customs duties, excise taxes, Goods and Services Taxes, Harmonized Sales Taxes and all provincial sales taxes;
- minus any ineligible costs, as detailed in Article 9.2; and
- the remaining value is the CCV.

**9.1.2.** Cost aggregate method: This method is used where a product or service contained in a Transaction cannot be assigned a substantiated selling price (e.g. in-house production). This method of calculating CCV is the aggregate of the following items:

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

Canadian Company;

- 9.1.2.4.8** maintenance and repairs that are executed in Canada to buildings, machinery and equipment used for production purposes;
- 9.1.2.4.9** tools, dies, jigs, fixtures and other similar plant equipment items of a non-permanent nature that have been designed, developed or manufactured in Canada;
- 9.1.2.4.10** engineering and professional services, experimental work and product or process development work executed and completed in Canada by Canadians or permanent residents;
- 9.1.2.4.11**
- 9.1.2.4.12** miscellaneous factory and office expenses paid in Canada, such as: administrative and general expenses; depreciation with respect to production machinery and permanent plant equipment and the installation costs of such machinery and equipment; and a capital allowance not exceeding five percent (5%) of the total capital outlay incurred for buildings in Canada owned by the producer of the work;
- 9.1.2.4.13** R&D activities performed in Canada;
- 9.1.2.4.14** Canadian citizen and permanent resident travel expenses specifically associated with Direct Transactions on the Project and incurred in Canada, including transportation, meals, and accommodations;
- 9.1.2.4.15** fees paid for services performed by Canadians or Permanent Residents in Canada not elsewhere specified; and
- 9.1.2.4.16** pre-tax net profit upon which Canadian taxes are paid or are payable.

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

- 9.2.1.** non-repayable funding from any level of government (municipal, provincial, territorial, or federal);
- 9.2.2.** the value of materials, labour and services imported into Canada;



- 9.2.3. in the case of an Indirect Transaction, the value of raw materials and Semi-processed Goods exported from Canada;
- 9.2.4. the value of any remuneration, living costs, travel expenses and relocation costs paid to non-Canadians for work on the Project;
- 9.2.5. the amount of all Excise Taxes, Import Duties, Federal and Provincial Sales Taxes, Goods and Services Taxes, Harmonized Sales Taxes and other duties;
- 9.2.6. the value of any royalties and licence fees paid by the Contractor or an Eligible Donor to a person, company or entity outside of Canada;
- 9.2.7. the value of goods and services with respect to which Credits have been received or are being claimed by the Contractor or an Eligible Donor as a Transaction to Canada under any other obligation or agreement;
- 9.2.8. any proposal or bid preparations costs;
- 9.2.9. all transportation or travel costs not covered under Article 9.1.2;
- 9.2.10. the cost of government furnished equipment (equipment supplied by Canada to be used in the production process; for example, tooling, jigs, dies, production equipment);
- 9.2.11. licence fees paid by the Recipient and any on-going royalty payments;
- 9.2.12. Transactions claimed by a Contractor that pertain to its influence or that of an Eligible Donor over any country's purchasing agent/department;
- 9.2.13. interest costs associated with letters of credit or other financial instruments to support Transactions;
- 9.2.14. fees paid to lobbyists (as per the *Lobbying Act*, R.S.C. 1985, c. 44 (4th Supp.)); and
- 9.2.15. fees paid to third-party consultants or agents for work related to obtaining Credit against this Contract. This includes, but is not limited to, providing advice on the ITB/IRB policy; preparation of proposed Transactions or reports; representing the interests of the Contractor to the ITB Authority; or searching for potential Recipients.

## 10. STRATEGIC PLANS

- 10.1.** Contractors are encouraged to address their ITB Obligations in a strategic manner, considering how the Contractor's broad corporate plans and vision for Canada might translate in Transactions.
- 10.2.** At the discretion of the ITB Authority, Contractors that hold IRB/ITB Obligations in Canada may be asked to submit a strategic plan to the ITB Authority and to meet to review, discuss, or update it. The Contractor's strategic plan should include:
  - a description of the Manufacturer's broad corporate Plans and overarching strategic vision for Canada over the medium term (3–5 years) and long term (5+ years);
  - how these corporate Plans and vision may translate into Transactions;
  - an overview of the Contractor's current and anticipated obligations to Canada;
  - ITB relationships with Eligible Donors and other major Contractors; and
  - notice of potential Transactions that will request Pooling.
- 10.3.** If Manufacturer has multiple ITB Obligations totaling less than one (1) billion dollars, it 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.

## **11. POOLING**

- 11.1.** Pooling refers to the act of splitting the Credits achieved on a single Transaction and applying each portion to one of two or more ITB obligations.
- 11.2.** Pooled Transactions must meet the following criteria:
  - 11.2.1.** meet all of the Transaction eligibility criteria as described in Article 8 of this Annex and align with this Annex;
  - 11.2.2.** have a value of not less than fifty million dollars (\$50,000,000), measured in CCV; and
  - 11.2.3.** have strategic and long-term impacts on the Recipient, including but not limited to R&D support; first purchase of innovative Canadian technologies; World Product Mandate; global value chain activities; consortia activities; SMB activities; and/or technology advancement.
- 11.3.** The Contractor must describe and document how any proposed transaction for pooling meets the criteria in Article 11.2.
- 11.4.** A portion of a pooled Transaction may be applied to this Contract. The Contractor shall report on the pooled Transaction through the annual reporting process and schedule agreed to with the ITB Authority at the time of pooled Transaction approval.

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

## **12. BANKING**

- 12.1.** The Contractor may apply bank transactions to this Contract up to a total value of fifty percent (50%) of the Obligation cited in Article 3.1.1, measured in CCV.
- 12.2.** Any bank transaction applied to this Contract, or portion thereof, shall clearly state that it originated from the bank and be the same in description and details as the approved bank transaction. The bank transaction must meet the Eligible Donor criteria outlined in Article 8.1.4.
- 12.3.** The Contractor may submit bank Overachievements to the bank arising from Transactions in this Contract. For the purposes of banking, a bank Overachievement is the amount of Credit achieved that exceeds the Obligation in Article 3.1.1 and where the Contractor has:
- 12.3.1.** completed its Obligations in Article 3.1.1 through 3.1.4 at least one Reporting Period before the end of the Achievement Period;
  - 12.3.2.** elected to continue business activities on selected Indirect Transactions and to continue its annual reporting process until the end of the Achievement Period; and,
  - 12.3.3.** applied to bank, within one (1) year after the final notification of Credits from the ITB Authority, those overachieved portions of the selected Indirect Transactions.
  - 12.3.4.** applied to bank only those bank Overachievements that:
    - 12.3.4.1.** were achieved between the start date of the first Reporting Period after all Obligations were completed and the end date of the Achievement Period; or
    - 12.3.4.2.** reflect the achievement of all portions of a pooled Transaction (if applicable).

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

### **13. PUBLIC COMMUNICATIONS**

- 13.1. The Contractor, its Eligible Donors, and Recipients are strongly encouraged to be as transparent as possible regarding the Obligations, Commitments and specific Transactions, making them publicly available whenever possible.
- 13.2. The Contractor and the ITB Authority shall jointly coordinate public communications related to the Transactions. The two parties shall also collaborate to identify success stories associated with specific Transactions.
- 13.3.
- 13.4. The Contractor consents to public announcements regarding the Project, made by or on behalf of the ITB Authority, which are related to Obligations, Commitments and Transactions. These announcements would include company names, general descriptions of the work being proposed and approximations of CCV. In these cases, the ITB Authority will make all reasonable efforts to ensure that the Contractor has the opportunity to participate in the announcement and/or the preparation of any related materials. The Contractor shall obtain a similar consent from each of the Eligible Donors and Recipients.
- 13.5. The Contractor consents to allow the ITB Authority to publish and openly disclose the Contractor's track record in fulfilling its Obligations, in a manner that respects commercial confidentiality.
- 13.6. For all other public communications regarding the Transactions, drafts of announcements and their publication schedule will be delivered by either party to the other as soon as is reasonably possible, but in any event prior to the proposed release date. Each party shall make every effort to inform the other, and seek resolution of, any objections to the content or timing of a proposed announcement.
- 13.7. Nothing in this Article shall be interpreted as preventing the fulfillment by any company involved in an Obligation or Transaction of its reporting obligations under applicable securities laws.

## 14. INFORMATION MANAGEMENT

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

## 15. TRANSACTION ALTERATIONS

- 15.1.** The Contractor shall not alter the Transactions listed in Appendix A (Value Proposition Commitments, Plans and Transactions) unless:
- 15.1.1.** the Contractor has submitted a proposal to the ITB Authority through the Contracting Authority, with respect to the alteration; and
- 15.1.2.** the ITB Authority through the Contracting Authority has given written approval to the Contractor and requested the Contracting Authority to amend the Contract accordingly.
- 15.2.** The Contractor may propose alterations to or substitutions for any of the Transaction(s) listed in Appendix A (Value Proposition Commitments, Plans and Transactions), and the ITB Authority may accept these requests provided that in the judgment of the ITB Authority:
- 15.2.1.** the circumstances requiring the change are exceptional and likely to result in undue hardship upon the Contractor if a change is not made;

- 15.2.2. the Obligations in Article 3 of these Terms and Conditions are maintained;
- 15.2.3. the proposed alterations or substitutions meet the eligibility criteria stated in these Terms and Conditions;
- 15.2.4. the proposed substitute Transaction is not less than the Transaction to be replaced as to the level of technological sophistication of the work to be performed, the CCV, and the extent to which it meets the original VP Proposal submitted by the Contractor. For example:
  - 15.2.4.1. if the Contractor fails to achieve an Allowable Investment Transaction, the full CCV of this Obligation at the multiplied value must be made up with other Transactions;
  - 15.2.4.2. a Transaction in one VP evaluation criteria area must be replaced by a new Transaction under the same VP evaluation criteria area; and
  - 15.2.4.3. the proposed substitute Transaction(s) would not have lowered the Contractor's VP score as determined in the original selection process.

### **15.3. Mutual Abatement and Trading**

- 15.3.1. Mutual Abatement is the reduction of the Contractor's Obligation in exchange for the reduction of a Canadian Company's obligations to a foreign offset authority and is not permitted. Trading of Obligations, or of Credits, is also not permitted.

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

- 16.1.** The Contractor shall implement the procedures and practices as described in the ITB management plan.
- 16.2.** The Contractor shall keep proper records and all documentation relating to the Transactions attached to this Contract, including invoices and proof of payments. The Contractor shall not, without the prior written consent of the ITB Authority, dispose of any such records or documentation until the expiration of two (2) years after final payment under this Contract, until settlement of all outstanding claims and disputes, or the end of the Achievement Period, whichever is later.
- 16.3.** All such records and documentation will, during the aforementioned retention period, be open to verification, inspection and examination by the ITB Authority, through access at reasonable times, and within thirty (30) calendar days of being notified by the ITB Authority. The Contractor shall obtain similar undertakings in the subcontracts of all Eligible Donors and arrange for the same in respect of work performed by such Eligible Donors for which ITB Credits are claimed. The Contractor and its Eligible Donors shall ensure through its subcontracts and arrangements that Recipients keep pertinent records.
- 16.4.** Where, subsequent to the verification action taken pursuant to this Article, the ITB Authority determines that the records are insufficient to verify the Contractor's achievements in respect of any ITB Obligation or Commitment, the Contractor shall provide such additional information as may be required by the ITB Authority.
- 16.5.** Where it cannot be verified that a Transaction has been achieved as claimed, that portion of the Transaction which cannot be verified will be considered as not having been achieved and the ITB Authority will give notice to the Contractor of the Shortfall through the Contracting Authority.
- 16.6.** If the ITB Authority determines that a significant deficiency in the Contractor's achievements exists such that the ITB Authority believes that the Contractor will not meet its Obligations, the ITB Authority may give, through the Contracting Authority, notice to the Contractor and request the Contractor to submit a proposal showing how the Contractor plans to correct the deficiency. The Contractor shall submit its proposal within sixty (60) calendar days of receipt of such notice. If the proposal is not provided within this time period or is not acceptable to the ITB Authority, the ITB Authority may exercise its remedies xx.

## **17. CONFLICT RESOLUTION**

- 17.1.** The ITB Authority and the Contractor acknowledge that they have entered into a long-term relationship, with the goal that the Contractor achieves the Obligations and Commitments stated herein, delivers long-term economic benefits to Canada and carries

out these Terms and Conditions.

- 17.2.** Guiding this long-term relationship are common values and approaches, such as mutual accountability, open communication, mutual respect and effective collaboration. The relationship will involve officials at the project level (e.g. ITB and contract managers) and at the management level (e.g. departmental and executive officials). Discussions will be frequent and ongoing over the life of the Contract.
- 17.3.** In the event that a disagreement arises between the ITB Authority and the Contractor regarding an ITB matter, each party will bring their concerns forward to the other for discussion and resolution. Parties are encouraged to raise concerns first at the project level. Should discussions at the project level fail to resolve the issue, the parties are then encouraged to engage at the management level.

## **18. REMEDIES**

- 18.1.** The long-term relationship between the Contractor and ITB Authority is supported by several processes aimed at promoting regular, ongoing engagement between the two parties. These processes include the Transaction identification schedule outlined in Article 3 and the annual reporting process outlined in Article 4. Taken together, these and other monitoring measures are aimed at encouraging positive engagement, use of best practices and the successful completion of the Contractor's Obligations in this Contract.
- 18.2.** Notwithstanding the terms of this Contract that provide remedies in the event of default by the Contractor, one or more of the following remedies may be exercised in the event of default under these Terms and Conditions. Some or all remedies may apply, but combined will not exceed ten percent (10%) of the overall Contract Price. In the event of a default by the Contractor of its obligations pursuant to these Terms and Conditions, the remedies contained in this Article are in addition to, and not in substitution for, any remedies provided elsewhere in the Contract.
- 18.3. Holdback/Stop Payment**
- 18.3.1.** If the contractor has failed to meet any of its Obligations contained in Article 3.1.5, the ITB Authority shall notify the Contractor in writing of such deficiency and Canada may apply a holdback (the Holdback) from any claim for payment then due or payable under the contract.
- 18.3.2.** With respect to the Holdback, a cure period of sixty (60) calendar days (the Cure Period), beginning on the date of notification to the Contractor by the ITB Authority, will apply before the Holdback takes effect.
- 18.3.2.1.** Within the Cure Period, the Contractor may take corrective action by providing to the ITB Authority a corrective action plan to remedy the



deficiency. If the plan is accepted by the ITB Authority, no Holdback will be made.

**18.3.2.2.** If, after the Cure Period, the plan has not been accepted pursuant to Article 18.3.2, the accrualment of the Holdback will be equal to ten percent (10%) (profit) of the [TBD] claim for payment and will accrue until it reaches the amount of the deficiency, or until the Contractor submits a plan that is approved by the ITB Authority, whichever occurs first.

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

#### **18.4. Liquidated Damages**

**18.4.1.** If the Contractor fails to achieve any of the Obligations in Article 3.1.1, 3.1.3, 3.1.5, 3.1.6 and/or 3.2 by the end of the Achievement Period, after taking into account the provisions of Article 6, Canada may in its sole discretion elect to require the Contractor to pay to Canada as liquidated damages ten percent (10%) percent of the total deficiency, less the amount of any Holdback.

**18.4.1.1.** In the event that a deficiency is comprised of more than one of the Obligations in Articles 3.1.1., 3.1.3, 3.1.4, 3.1.5, and 3.1.6 the Contractor shall be liable only for the deficiency that arises under the Obligation that results in the highest liquidated damages.

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

**18.4.3.** In the event that a deficiency is comprised of more than one of the Obligations in Article 3.1.2 the Contractor shall be liable in respect to Article 18.4.1 under all deficiencies on an additive basis.

**18.4.4.** The obligation of the Contractor to pay liquidated damages, if such obligation exists, pursuant to Article 18.4.1 or 18.4.2, will be triggered by notice by either the Minister or the Deputy Minister of Public Works and Government Services to the Contractor, stating that the Contractor is in default under the Contract for

failure to achieve the identified Obligations within the Achievement Period and that Canada is demanding payment of liquidated damages in accordance with this Article.

## **18.5. Contract Termination**

- 18.5.1.** In the event that the Contract is terminated for default pursuant to Section *xx* of General Conditions *xx*, the ITB Authority shall notify the Contractor and the Contractor shall identify Transactions within *xx* months of the date of termination equal to one hundred percent (100%) of the value of Contract Price.
- 18.5.2.** The Contractor shall then, within *xx* days of the date of termination, in its sole discretion, elect either:
- 18.5.2.1.** to take action to achieve all identified Transactions within *xx* years;  
or
  - 18.5.2.2.** to pay Canada as liquidated damages the amount calculated in accordance with Article 18.4, less the amount of any Holdback, after taking into account the provisions of Article 6.
- 18.5.3.** For the purposes of Article 18.5.1, the amount of liquidated damages will be calculated on the basis of the Contract Price. If the Contractor fails to identify the Transactions within the time period in Article 18.5.1, then the requirement to pay liquidated damages as set out in Article 18.4.1 will apply.
- 18.5.4.** The parties agree that Canada's right under Section *xx* of General Conditions *xx* to terminate this Contract for default will not apply to a failure to meet the Contractor's Obligations under these Terms and Conditions, unless the Contractor fails or neglects, within sixty (60) days of the ITB Authority's demand to do so, to satisfy any of the material Obligations listed below:
- 18.5.4.1.** pay the liquidated damages amounts required by Article 18.4; and
  - 18.5.4.2.** satisfy its VP Obligations described in Article 3.1.2.
- 18.5.5.** The Parties agree that:
- 18.5.5.1.** the Obligations contained in Article 18.5.1 constitute material obligations under the Contract; and
  - 18.5.5.2.** the Obligations contained in Article 18.5.1 will survive termination of this Contract.

**18.5.6.** In the event that the Contract is terminated for convenience pursuant to Section *xx* of General Conditions *xx*, the Contractor will have no further obligations and liabilities under these Terms and Conditions, including any liabilities arising from VP Obligations.

**18.5.7.** In the event of partial termination of the Contract under Section *xx* of General Conditions *xx*, the Contractor will be released from the terminated portions of the Obligations and from the provisions of Article 3 as it relates to such terminated portions.

## **18.6. Letter of Credit**

**18.6.1.** In the event that the Contractor has not completed its Obligations at the time of completing the Work under the Contract and being entitled to receipt of the final progress payment from Canada, the Contractor may be required to provide to Canada a guarantee for completion of the Obligations prior to the expiration of the Achievement Period in the form of a letter of credit. The letter of credit will be in the amount of monies that would be owing by way of liquidated damages should the Contractor not achieve any further Credits after the date of the final progress payment.

**18.6.2.** The letter of credit will be:

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

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

- the achievement of the Obligations; and
- six (6) months following the submission of the ensuing final Annual Report at which time the letter of credit will be abated in full and will be returned by Canada to the Contractor. Provided that, if the Obligations have not been achieved, Canada will draw down on the letter of credit in the amount of the outstanding Obligations prior to returning it to the Contractor.

**18.6.4.** The obligation of the financial institution to pay under the letter of credit will be triggered by notice executed by the ITB Authority to the issuing bank, stating

that the Contractor is in default under this Contract for failure to achieve the Obligations within the Achievement Period, that Canada has made a demand by notice for payment of liquidated damages in accordance with the liquidated damages Articles and that the Contractor has failed to pay Canada such liquidated damages. No other event will trigger payment under the letter of credit.

## **18.7. Performance Incentives**

- 18.7.1.** If, during the term of this Contract, a change in the Work is initiated by Canada which results in the Contractor no longer being able to source from a Canadian Company and, as a consequence, Obligations may not be met, the Contractor shall immediately notify the ITB Authority through the Contracting Authority. The Contractor shall fully describe the issue and provide all supporting data, including a complete record of attempts to purchase from Canadian sources and Canadian suppliers' responses, together with an analysis of specific technical, commercial or other factors which result in the inability to source from a Canadian Company. In such instances, the Obligations will be reduced to the extent the CCV associated with the change differs from the CCV of the original Work. Notwithstanding the foregoing, the Obligation in Article 3.1.1 will remain.
- 18.7.2.** The Contracting Authority in accordance with this Article, will have the right to holdback, drawback, deduct and set off from and against the monies owing at any time by Canada to the Contractor, any amounts owing under this Contract.
- 18.7.3.** Nothing in this Article shall be interpreted as limiting the rights and remedies which the Contracting Authority may otherwise have in relation to any breach of the Contract by the Contractor.
- 18.7.4.** Actual damages which would be sustained by Canada in the event of a breach by the Contractor of the Obligations in this Contract would be commercially impracticable or extremely difficult to compute or ascertain and, therefore, the provisions for liquidated damages are agreed to be a fair and reasonable best estimate of such actual damages, and the manner provided herein for the enforcement and collection of liquidated damages is agreed to be fair and reasonable.

## **19. RESPONSIBILITIES OF THE PARTIES**

- 19.1.** The award of this Contract to the Contractor resulted from a procurement process in which the Contractor committed to fulfill the Obligations set out in Article 3.
- 19.2.** It is the responsibility of the Contractor to ensure that it can complete the Transactions

and that these are not limited by applicable laws, regulations, policies or standards.

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

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

## **21. CONTINGENCY AND SUCCESS FEES**

- 21.1.** The Contractor represents warrants and undertakes that neither it nor an Eligible Donor will make or agree to make any payment to an individual, company or entity that is contingent on the approval of Credit by the ITB Authority under these Terms and Conditions or upon the entity's success in arranging meetings with public office holders.
- 21.2.** The ITB Authority acknowledges that the Contractor, for the purposes of making the representation and warranties in Articles 21.1 and 22.1 on behalf of the Eligible Donors, has relied on a representation provided by each of them to it.

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

- 22.1.** The Eligible Donors to this Contract include the companies and coordinates listed below:

*[List to be included at Contract Award.]*

**APPENDIX A: VALUE PROPOSITION COMMITMENTS, PLANS AND TRANSACTIONS****Value Proposition Commitments:**

*[To be referenced from Contractor's Proposal.]*

**Plans:**

*[To be referenced from Contractor's Proposal.]*

**Transactions:**

*[Detailed list and tabular chart, as outlined below, based on the Contractor's Proposal and updated throughout the Achievement Period.]*

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

**APPENDIX B: TEMPLATE – TRANSACTION SHEET**

*(Electronic copy available from the ITB Authority)*

*[A transaction sheet with project-specific requirements will be generated by the ITB Authority and included in the final RFP as Appendix B.]*

## **APPENDIX C: TEMPLATE – ANNUAL REPORT**

*(Electronic copy available on ITB website)*

***Protected B (when completed)***

### **GENERAL INFORMATION**

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

### **CONTRACTUAL OBLIGATIONS**

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

### **PART A – Overview**

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

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

#### **Progress Payments:**

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

*[Progress Payments chart on excel]*



**Plans:**

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

**Value Proposition Overview:**

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

*Please provide an update on the international Export strategy, including details on the progress of target market activities and documentation demonstrating that the five capacity to Export conditions remain in place, as outlined in Article 4.1.1. Proposed length of response is 4-5 lines for each item, accompanied by the documentation as indicated.*

**PART B, C and D – Transactions**

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

**PART E – Additional Information**

**SMB and Regional Development Activities:**

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

**New, Changed or Cancelled Transactions:**

*Please provide a brief overview of any changes (listed by Transaction) including any cancelled, new or altered Transaction in the last Reporting Period. Ensure these changes are reflected in the Transaction Tab by highlighting in red all changes indicated below. Proposed length of response if dependent on the number of applicable Transactions.*

**Certificate of compliance:**

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

**APPENDIX D: TEMPLATE – INVESTMENT FRAMEWORK BUSINESS PLAN***(Electronic copy available from ITB Authority)*

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

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

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

**Certification and signatures**

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

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

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

**Donor**

\_\_\_\_\_  
Signature

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

**SMB Recipient**

\_\_\_\_\_  
Signature

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

**APPENDIX E: CERTIFICATE OF CAUSALITY  
INDUSTRIAL AND TECHNOLOGICAL BENEFITS (ITB)**

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

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

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

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

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
NAME AND TITLE OF SENIOR OFFICER

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

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

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

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

**APPENDIX F: CERTIFICATE OF COMPLIANCE**

*For Annual Reporting Purposes*

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

AND WHEREAS Such Contract requires that, as evidence of the achievement of Canadian content value (CCV) of Transactions and compliance with the *Lobbying Act*, the Contractor will submit a certificate of compliance to that effect to the ITB Authority;

NOW THEREFORE, The Contractor declares and certifies as follows:

- The information contained in the documents appended herewith, which applies to the reporting of the Transaction periods, is to the best of our knowledge and ability complete, true and correct;
- The information contained in the documents appended herewith is compliant with information contained in certificates of compliance submitted to the Contractor by Eligible Donors;
- The CCV shown in documents appended herewith have been determined in accordance with Article 9 of the Contract;
- The Contractor and all Eligible Donors are, subject to Article 20, in compliance with Canada's *Lobbying Act* with respect to this Contract.

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

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
NAME AND TITLE OF SENIOR COMPTROLLER

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

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

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

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

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

- i) I am familiar with Canada's ITB policy, goals and objectives.
- ii) I am aware of the meaning of Eligible Donor, as defined in Article 8 of the Terms and Conditions;
- iii) I understand and accept the responsibilities associated with acting as an Eligible Donor and strategic partner in the delivery of the Obligation on the (*insert project name*) project. These responsibilities may include sharing a portion of the Obligation, remedies, planning and undertaking Direct and Indirect Transactions, record keeping and supporting the prime contractor in the areas of annual reporting and verification.
- iv) My company has the capability and resources to undertake the role of Eligible Donor on this project.
- v) Failure to provide a certificate of Eligible Donor may result in the proposed Transaction being rejected pursuant to the Terms and Conditions. Provision of this certificate should not be seen as limiting the discretion of the ITB Authority in decisions related to the overall eligibility of specific Transactions submitted for approval.

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

\_\_\_\_\_  
SIGNATURE

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

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

**APPENDIX H: INCREMENTALITY CHECKLIST***For Indirect Transactions, complete this checklist and attach supporting documentation*

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

<i>le of a new application or end use: The Contractor has previously purchased military tripods from a Canadian supplier that mount to Gun A for sale to Country A. The new application or end use could be the purchase of the same military tripods from the Canadian supplier, but instead of mounting to Gun A for sale to Country A, they are mounted to Gun A for sale to Country B, or they are mounted to Gun B for sale to Country B.</i>	<i>The ITB Authority at its discretion will determine if the proposed Transaction is incremental taking the information provided into account.</i>
--	--



**APPENDIX I: DEFENCE SECTOR DEFINITIONS**

**Ammunition and Other Munitions:** This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services, and disposal activities such as relating to:

- Conventional ammunition in small/medium/large calibers, artillery and mortar rounds, bombs, grenades, torpedoes, mines, other munitions and related precision manufacturing;
- Related propellants and explosives like explosive plastics, gels, liquids, and powders; and nuclear, biological and chemical warheads.

Excluded are sales of missiles, rockets and other related parts and components which should be reported under the category for, ‘Missiles and Rockets’.

**Missiles and Rockets:** This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services relating to military missiles and rockets, including advanced missiles used by anti-ballistic missile (ABM) systems.

Excluded here are sales relating to:

- Space launch vehicles,
- Munitions/sub-munitions and other types of warheads carried on, or delivered by missiles and rockets.

Those are to be reported under either the categories for ‘Ammunition and Other Munitions’ or for military space systems as appropriate.

**Firearms and Other Weapons:** This category includes military sales related to production as well as research, development, design, engineering, testing and evaluation services relating to technologies aggressively used to gain or defend a tactical advantage over an adversary; to attack, defend and protect assets and personnel. This includes lethal and non-lethal kinetic and non-kinetic weapon systems like:

- Light/medium/heavy firearms;
- Vehicle-based or mobile weapons like tank guns, howitzers, mortars and missile *launchers*;
- Acoustic, laser, and other electromagnetic based weapon systems.

**Military Systems Deployed in Space, Space Launch Vehicles, Land-based Systems for the Operation, Command and Control of Space Launch Vehicles or Systems Deployed in Space; and Related Components:** This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services:

- Relating to primarily military systems deployed in space (e.g. satellites, spacecraft, and space robotic systems) and their sub-systems and components; as well as space launch vehicles.
- Related design, engineering and production of earth-based systems used for the operation, Command & Control of military systems deployed in space and space launch vehicles (e.g. ground stations, satellite tracking systems, and launch facilities).

**Primarily Airborne Electro-Optical, Radar, Sonar and Other Sensor/Information Collection Systems; Fire Control, Warning and Countermeasures Systems, and Related Components:** This

category includes sales related to production as well as research, development, design, engineering, testing and evaluation services relating to *Primarily Airborne*:

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

**Note:** sales relating to similar systems, parts and components but which are integrated into naval vessels should be reported under the category for “Naval Vessel-Borne Systems (i.e., Mission Systems) and Components”.

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

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

**Note:** sales relating to similar systems, parts and components but which are integrated into naval vessels should be reported under the category for: “Naval Vessel-Borne Systems (i.e., Mission Systems) and Components”.

**Primarily Airborne Communications and Navigation Systems; and Other Information Systems (Including Processing and Dissemination), Software, Electronics and Components:** This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services relating to *Primarily Airborne*:

- Military communications systems, secure cyber/information systems, and other military Information Technologies (including software);
- Navigation and guidance systems (e.g. Global Positioning System [GPS] based systems, gyroscopes, accelerometers) and other geomatics related systems and services (e.g. geographic information system (GIS) products and services for military applications, remote sensing services for military applications);
- Other technologies for the receipt, exchange/disseminating, processing, synthesizing, analysis and integration of multiple types of data;
- Display technologies, digital control systems and other avionics;

- Other mission system avionics, computers and electronics; and other aircraft avionics for military aircraft not elsewhere specified.

**Note:** sales relating to similar systems but which are integrated into naval vessels should be reported under the category for: “Naval Vessel-Borne Systems (i.e., Mission Systems) and Components”.

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

- Military communications systems, secure cyber/information systems and other military Information Technologies (including software);
- Navigation and guidance systems (e.g. Global Positioning System [GPS] based systems, gyroscopes, accelerometers) and other geomatics related systems and services (e.g. geographic information system (GIS) products and services for military applications, remote sensing services for military applications);
- Other technologies for the receipt, exchange/disseminating, processing, synthesizing, analysis and integration of multiple types of data;
- Display technologies and digital control systems;
- Other defence computer and electronics related products not elsewhere specified.

**Note:** sales relating to similar systems but which are integrated into naval vessels should be reported under the category for: “Naval Vessel-Borne Systems (i.e., Mission Systems) and Components”.

**Naval Ship-Borne Systems (i.e., Mission Systems) and Components:** This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services relating to such systems as:

- Naval vessel mission/combat systems: command, control, and communications; radar, sonar, electro-optical and other sensors, navigation systems, displays, other Information Technologies (including Software) and electronics, countermeasures; guns, and missile or torpedo *launchers*.

Excluded from this category are sales related to the actual missiles, torpedoes and other munitions or projectiles launched or fired from/by naval vessels’ weapon systems; as well as associated warheads.

Such sales are to be reported under either the category for ‘Missiles and Rockets’ or the category for ‘Ammunition and Other Munitions’ as appropriate.

**Naval Ship Fabrication, Structures and Components:** This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services relating to:

- Naval surface and subsurface (e.g., submarines) marine vessels (platforms specifically designed or modified for use in combat or the transportation of military goods and personnel), related vessel structures, and associated sub-systems and components (e.g. ship assembly, manufacture of hull sections, bulkheads, ship propulsion and electrical power systems, ship machinery control systems, damage control systems and ballistic protection materials, air ventilation and water treatment systems, hydraulics, plumbing etc.).

Excluded from this category are sales related to naval vessels' combat systems such as command, control, and communications systems; radars, sonar, electro-optical systems, naval countermeasures, navigation systems, displays and other sensors and electronics, naval guns and missile launchers.

Those are to be reported under the category for:

- 'Naval Vessel-Borne Systems (i.e., Mission Systems) and Components.

Similarly, sales related to maintenance, repair and overhaul services for naval vessels are to be reported under the separate category for such activities.

**Naval Ship Maintenance, Repair and Overhaul:** This category includes sales, carried out under contract, related to the provision of services for maintenance, repair, and overhaul of naval surface and subsurface marine vessels (e.g., submarines); as well as for related training activities.

**Combat Vehicles and Components:** This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services relating to:

- Land-based vehicles designed for use in combat and to transport and protect soldiers, and the systems, sub-systems and components of such vehicles (e.g. vehicle structures, electrical systems, armour, engines, transmission systems, heating/cooling systems, engineering).

Excluded are sales relating to combat vehicle-based weapons systems such as guns and missiles launchers as such sales should be reported under the 'Firearms and Other Weapons' category.

Sales relating to associated projectiles like tank gun rounds or missiles should be reported separately under the 'Ammunition and Other Munitions' or 'Missiles and Rockets' categories as appropriate.

Combat vehicle communication systems, electronics, sensors, fire-control and navigation systems sales should be reported under either the appropriate categories for:

- '[Primarily Land-Based or Man-Portable] Electro-Optical, Radar, Sonar and Other Sensor/Information Collection Systems; Fire Control, Warning and Countermeasures Systems; and Related Components';
- '[Primarily Land-Based, Man-Portable or Non-Platform Specific] Communications and Navigation Systems; and Other Information Systems (Including Processing and Dissemination), Software, Electronics, and Components'.

Similarly, sales relating to maintenance, repair, overhaul (MRO) and/or training services relating to combat vehicles should also be reported separately in the category for:

- 'Combat Vehicles Maintenance, Repair and Overhaul'.

**Combat Vehicles Maintenance, Repair and Overhaul:** This category includes sales, carried out under contract, related to the provision of services for maintenance, repair, and overhaul of land-based vehicles designed for use in combat and to transport and protect soldiers; as well as for related training activities.

**Aircraft Fabrication, Structures and Components:** This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services relating to:

- Military aircraft, and military aircraft structural elements, control surfaces, systems, sub-systems, parts and components of manned military aerial platforms, and complete manned military aerial platforms, intended for use in combat and military transport. This includes things like landing gear (e.g. wheels, shock absorbers and related parts for the retraction and extension of aircraft landing gear, helicopter pontoons); flight control actuators; and propulsion and power systems for military aircraft (e.g. aircraft gas turbine engines, compressors, fuel systems, etc.).

Excluded from this category are sales related to military aircraft maintenance, repair and overhaul (MRO) services; aircraft communication systems; navigation systems; avionics; air-borne sensors; missiles, rockets and projectiles made to be fired from aerial platforms; display units; and other electronics for manned military aerial platforms—these are to be reported under separate defence product and service categories as appropriate

**Military Aircraft Maintenance, Repair and Overhaul Services:** This category includes sales relating to maintenance, repair and overhaul activities (carried out under contract) in relation to military aircraft, engines and accessories; as well as for related training activities.

**Unmanned Aerial Systems/Vehicles (UAS/V) and Components:** This category includes sales related to production, research, development, design, engineering, testing and evaluation services relating to:

- Military unmanned aerial vehicles/systems and drones, and related sub-systems, parts, components and accessories (including related ground control systems and launchers).

Excluded are sales relating to missiles; or to weapon systems (e.g., guns, missile launchers) and ammunition, munitions, and missiles carried on/delivered by unmanned aerial systems/vehicles.

Such sales should be reported under either the category for: ‘Firearms and Other Weapons’ or under the category for ‘Missiles & Rockets’.

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

**Simulation Systems for Naval Vessels:** This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services for the hardware and software technologies used by military and security forces to develop, experiment and test operational doctrines and to train personnel using situational scenarios (e.g. intelligent software, visual systems, network simulations, real-time simulators, etc.) as primarily related to naval vessels and operations in the maritime-domain.

**Simulation Systems for Land Vehicles or Other Applications:** This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services for the hardware and software technologies used by military and security forces to develop, experiment and test operational doctrines and to train personnel using situational scenarios (e.g. intelligent software, visual systems, network simulations, real-time simulators, etc.) as primarily related to land vehicles/ground-based systems and operations; or for other applications not elsewhere specified.

**Live Personnel and Combat Training Services:** This category includes sales related to the provision by operations in Canada of live training services to *military personnel* such as in relation to combat training, including military airborne training services and any similar land or maritime training services; and military marksmen and sniper training.

Excluded are sales of products and services related to:

- Simulated or virtual training activities;
- Training related to the maintenance, repair and overhaul (MRO) of military platforms and systems, as this should be reported under appropriate MRO categories under the survey; and/or to the basic operation of newly acquired or modernized military platforms and systems.

**Troop Support:** This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services in support of soldiers at home or abroad.

Primarily covered are activities (not elsewhere captured) that relate to systems and services like:

- Camp facilities and military shelters;
- Bomb handling, and bomb/explosive/hazmat detection devices and equipment;
- Military clothing, and personal body armour, hazmat and other protective clothing and devices and equipment;
- Logistics and transportation support services;

Excluded are sales related to 'Live Personnel and Combat Training Services' which should be reported under that respective category.

Annex E – DND 626 Task Authorization Form  
TO: W8482-206387  
DATED: 25 May 2020



## **ANNEX E**

### **DND 626 Task Authorization Form Remote Minehunting and Disposal System (RMDS)**

All invoices/progress claims must show the reference Contract and Task numbers. Toutes les factures doivent indiquer les numéros du contrat et de la tâche.					
			Contract no. – N° du contrat		
			Task no. – N° de la tâche		
Amendment no. – N° de la modification		Increase/Decrease – Augmentation/Réduction		Previous value – Valeur précédente	
To – À	<b>TO THE CONTRACTOR</b>  You are requested to supply the following services in accordance with the terms of the above reference contract. Only services included in the contract shall be supplied against this task.  Please advise the undersigned if the completion date cannot be met. Invoices/progress claims shall be prepared in accordance with the instructions set out in the contract.  <b>À L'ENTREPRENEUR</b>  Vous êtes prié de fournir les services suivants en conformité des termes du contrat mentionné ci-dessus. Seuls les services mentionnés dans le contrat doivent être fournis à l'appui de cette demande.  Prière d'aviser le signataire si la livraison ne peut se faire dans les délais prescrits. Les factures doivent être établies selon les instructions énoncées dans le contrat.				
Delivery location – Expédiez à					
Delivery/Completion date – Date de livraison/d’achèvement	_____				
	Date	for the Department of National Defence pour le ministère de la Défense nationale			
Contract item no. N° d'article du contrat	Services				Cost Prix
					GST/HST TPS/TVH



## Annex E – DND 626 Task Authorization Form

TO: W8482-206387

DATED: 25 May 2020

	<b>Total</b>	
<p><b>APPLICABLE ONLY TO PWGSC CONTRACTS:</b> The Contract Authority signature is required when the total value of the DND 626 exceeds the threshold specified in the contract.</p> <p><b>NE S'APPLIQUE QU'AUX CONTRATS DE TPSGC :</b> La signature de l'autorité contractante est requise lorsque la valeur totale du formulaire DND 626 est supérieure au seuil précisé dans le contrat.</p>		
<hr/> <p>for the Department of Public Works and Government Services pour le ministère des Travaux publics et services gouvernementaux</p>		

DND 626 (01-05)

Design: Forms Management 993-4050

Conception : Gestion des formulaires 993-4062

## Annex E – DND 626 Task Authorization Form

TO: W8482-206387

DATED: 25 May 2020

### Instructions for completing DND 626 - Task Authorization

#### Contract no.

Enter the PWGSC contract number in full.

#### Task no.

Enter the sequential Task number.

#### Amendment no.

Enter the amendment number when the original Task is amended to change the scope or the value.

#### Increase/Decrease

Enter the increase or decrease total dollar amount including taxes.

#### Previous value

Enter the previous total dollar amount including taxes.

#### To

Name of the contractor.

#### Delivery location

Location where the work will be completed, if other than the contractor's location.

#### Delivery/Completion date

Completion date for the task.

#### for the Department of National Defence

Signature of the DND person who has delegated **Authority** for signing DND 626 (level of authority based on the dollar value of the task and the equivalent signing authority in the PAM 1.4). **Note:** the person signing in this block ensures that the work is within the scope of the contract, that sufficient funds remain in the contract to cover this task and that the task is affordable within the Project/Unit budget.

#### Services

Define the requirement briefly (attach the SOW) and identify the cost of the task using the contractor's quote on the level of effort. The Task must use the basis of payment stipulated in the contract. If there are several basis of payment then list here the one(s) that will apply to the task quote (e.g. milestone payments; per diem rates/labour category hourly rates; travel and living rates; firm price/ceiling price, etc.). All the terms and conditions of the contract apply to this Task Authorization and cannot be ignored or amended for this task. Therefore it is not necessary to restate these general contract terms and conditions on the DND 626 Task form.

#### Cost

The cost of the Task broken out into the individual costed items in **Services**.

#### GST/HST

The GST/HST cost as appropriate.

#### Total

The total cost of the task. The contractor may not exceed this amount without the approval of DND indicated on an amended DND 626. The amendment value may not exceed 50% (or the percentage for amendments established in the contract) of the original value of the task authorization. The total cost of a DND 626, including all amendments, may not exceed the funding limit identified in the contract.

#### Applicable only to PWGSC contracts

This block only applies to those Task Authorization contracts awarded by PWGSC. The contract will include a specified threshold for DND sole approval of the DND 626 and a percentage for DND to approve amendments to the original DND 626. Tasks that will exceed these thresholds must be passed to the PWGSC Contracting Authority for review and signature prior to authorizing the contractor to begin work.

#### Instructions pour compléter le formulaire

#### DND 626 - Autorisation des tâches

#### N° du contrat

Inscrivez le numéro du contrat de TPSGC en entier.

#### N° de la tâche

Inscrivez le numéro de tâche séquentiel.

#### N° de la modification

Inscrivez le numéro de modification lorsque la tâche originale est modifiée pour en changer la portée.

#### Augmentation/Réduction

Inscrivez le montant total de l'augmentation ou de la diminution, y compris les taxes.

#### Valeur précédente

Inscrivez le montant total précédent, y compris les taxes.

#### À

Nom de l'entrepreneur.

#### Expédiez à

Endroit où le travail sera effectué, si celui-ci diffère du lieu d'affaires de l'entrepreneur.

#### Date de livraison/d'achèvement

Date d'achèvement de la tâche.

#### pour le ministère de la Défense nationale

Signature du représentant du MDN auquel on a délégué le **pouvoir d'approbation** en ce qui a trait à la signature du formulaire DND 626 (niveau d'autorité basé sur la valeur de la tâche et le signataire autorisé équivalent mentionné dans le MAA 1.4). **Nota :** la personne qui signe cette attache de signature confirme que les travaux respectent la portée du contrat, que suffisamment de fonds sont prévus au contrat pour couvrir cette tâche et que le budget alloué à l'unité ou pour le projet le permet.

#### Services

Définissez brièvement le besoin (joignez l'ET) et établissez le coût de la tâche à l'aide de la soumission de l'entrepreneur selon le niveau de difficulté de celle-ci. Les modalités de paiement stipulées dans le contrat s'appliquent à la tâche. Si plusieurs d'entre elles sont prévues, énumérez ici celle/celles qui s'appliqueront à la soumission pour la tâche à accomplir (p.ex. acompte fondé sur les étapes franchies; taux quotidien ou taux horaire établi selon la catégorie de main-d'œuvre; frais de déplacement et de séjour; prix fixe ou prix plafond; etc.). Toutes les modalités du contrat s'appliquent à cette autorisation de tâche et ne peuvent être négligées ou modifiées quant à la tâche en question. Il n'est donc pas nécessaire de répéter ces modalités générales afférentes au contrat sur le formulaire DND 626.

#### Prix

Mentionnez le coût de la tâche en le répartissant selon les frais afférents à chaque item mentionné dans la rubrique **Services**.

#### TPS/TVH

Mentionnez le montant de la TPS/TVH, s'il y a lieu.

#### Total

Mentionnez le coût total de la tâche. L'entrepreneur ne peut dépasser ce montant sans l'approbation du MDN, formulaire DND 626 modifié à l'appui. Le coût de la modification ne peut pas être supérieur à 50 p. 100 du montant initial prévu dans l'autorisation de tâche (ou au pourcentage prévu dans le contrat pour les modifications). Le coût total spécifié dans le formulaire DND 626, y compris toutes les modifications, ne peut dépasser le plafond de financement mentionné dans le contrat.

#### Ne s'applique qu'aux contrats de TPSGC

Le présent paragraphe s'applique uniquement aux autorisations de tâche accordées par TPSGC. On inscrira dans le formulaire DND 626 un plafond précis qui ne pourra être approuvé que par le MDN et un pourcentage selon lequel le MDN pourra approuver des modifications au formulaire DND 626 original. Les tâches dont le coût dépasse ces plafonds doivent être soumises à l'autorité contractante de TPSGC pour examen et signature.

## Annex E – DND 626 Task Authorization Form

TO: W8482-206387

DATED: 25 May 2020

**Note:**

Work on the task may not commence prior to the date this form is signed by the DA Authority - for tasks within the DND threshold; and by both DND and PWGSC for those tasks over the DND threshold.

avant qu'on autorise l'entrepreneur à débiter les travaux.

**Nota :**

Les travaux ne peuvent commencer avant la date de signature de ce formulaire par le responsable du MDN, pour les tâches dont le coût est inférieur au plafond établi par le MDN, et par le MDN et TPSGC pour les tâches dont le coût dépasse le plafond établi par le MDN.

Annex F – Sample MS Office Spreadsheet for Periodic Usage Reports

TO: W8482-206387

DATED: 25 May 2020

**ANNEX “F”**

**SAMPLE MS OFFICE EXCEL SPREADSHEET FOR PERIODIC USAGE REPORTS**

**Summary of all Authorized TAs – EXAMPLE ONLY**

B	C	D	E	F	G
Canada's Total Liability - All TAs	Total Estimated Cost Authorized in all TAs, GST/HST extra	Total Cost Incurred, GST/HST extra - All TAs	Total Cost Invoiced, GST/HST extra - All TAs	Cumulative GST/HST Invoiced- All TAs	Total Amount Paid, GST/HST included - All TAs
\$700,000.00	\$42,000.00	\$16,695.60	\$15,395.60	\$769.78	\$11,540.20

DATED: 25 May 2020

## PWGSC-TPSGC 1111 FORM CLAIM FOR PROGRESS PAYMENT

Canada

Solicitation No. - N° de l'invitation  
W8486-105270/B/001/QF  
Client Ref. No. - N° de réf. du client  
XXXXX-XXXXXX

Amd. No. - N° de la modif.  
XX  
File No. - N° du dossier  
W8486-105270/B/001/QF

Buyer ID - Id de l'acheteur  
109QF  
CCC No./N° CCC - FMS No./N° VME

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**ANNEX "F"****SAMPLE MS OFFICE EXCEL SPREADSHEET FOR PERIODIC USAGE REPORTS****Summary of all Authorized TAs – EXAMPLE ONLY**

B	C	D	E	F	G
Canada's Total Liability - All TAs	Total Estimated Cost Authorized in all TAs, GST/HST extra	Total Cost Incurred, GST/HST extra - All TAs	Total Cost Invoiced, GST/HST extra - All TAs	Cumulative GST/HST Invoiced- All TAs	Total Amount Paid, GST/HST included - All TAs
\$700,000.00	\$42,000.00	\$16,695.60	\$15,395.60	\$769.78	\$11,540.20

DRAFT

Buyer ID - Id de l'acheteur  
109QF  
CCC No./N° CCC - FMS No./N° VME