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**SOLICITATION AMENDMENT
MODIFICATION DE L'INVITATION**

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

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

Comments - Commentaires

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K1A 0S5

Title - Sujet CD-DAR - ITQ Invitation to Qualify: Cyber Defence – Decision Analysis and Response	
Solicitation No. - N° de l'invitation W6369-20CY06/C	Amendment No. - N° modif. 004
Client Reference No. - N° de référence du client W6369-20CY06	Date 2021-06-13
GETS Reference No. - N° de référence de SEAG PW-\$\$QE-049-28197	
File No. - N° de dossier 049qe.W6369-20CY06	CCC No./N° CCC - FMS No./N° VME
Solicitation Closes - L'invitation prend fin at - à 02:00 PM Eastern Daylight Saving Time EDT on - le 2021-07-07 Heure Avancée de l'Est HAE	
F.O.B. - F.A.B. Plant-Usine: <input type="checkbox"/> Destination: <input checked="" type="checkbox"/> Other-Autre: <input type="checkbox"/>	
Address Enquiries to: - Adresser toutes questions à: Wight, Patti	Buyer Id - Id de l'acheteur 049qe
Telephone No. - N° de téléphone (873) 355-3543 ()	FAX No. - N° de FAX () -
Destination - of Goods, Services, and Construction: Destination - des biens, services et construction: See Herein	

Instructions: See Herein

Instructions: Voir aux présentes

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Name and title of person authorized to sign on behalf of Vendor/Firm (type or print) Nom et titre de la personne autorisée à signer au nom du fournisseur/ de l'entrepreneur (taper ou écrire en caractères d'imprimerie)	
Signature	Date

N° de l'offre - Solicitation No
W6369-20-CY06/C

N° de la modif - Amd. No.
004

Id de l'acheteur - Buyer ID
049qe

THIS SOLICITATION AMENDMENT 003 IS ISSUED TO:

1. Provide answers bidder questions on the Invitation to Qualify.
2. Provide the draft Industrial and Technological Benefits (ITB) terms and Conditions

Table of ITQ Questions and Answers

Questions and Answers in Amendment 002	
No.	Question
1	Ref: 1.2.3 Scope of Anticipated Procurement: It is Canada's intention to have an iterative and phased approach to the implementation." Does this infer that Canada will require a development and project management approach to implementing CD-DAR (in the same approach used for Net C2 ISAC) rather than Canada procuring COTS/MOTS/GOTS security tools as a complete solution?
2	Does Canada anticipate that DND will act as the integrator for the CD-DAR solutions procured under contract or will industry be required to integrate them to CFNOC?
3	Ref: Annex A, Table 1 – M1 – "FVEY Nations". Does this reference a military or government customer within US, UK, Australia, NZ or CAN or can the project reference come from a non-government entity within those FVEY nations?
4	Will the Government release the documents in Word version for easier transcription for responses?
Questions and Answers in Amendment 003	
5	Ref: Annex A, Table 1 and 2. Can Canada please clarify that project references with COTS solutions within the commercial environment are acceptable as references for CD-DAR?
6	Can Canada address a recommendation that the scope of the project references be expanded to include NATO countries as well as FVEY nations?
7	We would like to know potential partners we should be approaching with our solution. Is it possible to provide the names of which integrators or resellers bid in the initial phase of this process? Does Canada have a list of preferred integrators that could be provided?
No.	Answer
	The CD-DAR Project's intention is to request a design and delivery of the capability based on COTS/MOTS/GOTS solutions. The solution(s) will be integrated through an iterative and phased approach by a Prime Integrator into a full and complete solution for the CD-DAR Project.
	The CD-DAR capability integration within DND/CAF will be undertaken by the Prime Integrator, in coordination/direction of the PM Team.
	"FVEY Nations" does not refer to military or government customer, but any customer within AUS, CAN, NZ, UK or US so the project reference may come from a non-government entity within one of the FVEY nations.
	Canada will not release the documents in MS Word. Suppliers are directed to use the features of PDF software to convert the documents into editable text.
	Canada will accept project references with COTS solutions within FVEY nations commercial environment.
	Canada will only consider references covering experience within FVEY nations.
	As this is the first phase of the CD-DAR procurement PSPC currently has no list of interested suppliers nor a list of preferred integrators to provide. This ITQ will create the source list of qualified suppliers. Suppliers who are looking for partnering opportunities are invited self identify and put their name on the List of Interested Suppliers (LIS) linked to the ITQ posting on buyandsell. Instructions for joining the list

		are provided on the right side of the posting under the title "Find out who is interested in this tender"
Questions and Answers in Amendment 004		
8	Can Canada please clarify the purpose of the currently posted CD-DAR RFI No W6369-20CY06/B?	The RFI W6369-20CY06/B is not currently requesting any supplier responses. This RFI will remain open after the ITQ has closed and will be used to continuously inform industry of the CD-DAR procurement process.
9	Canada has mentioned that the ITB Policy will apply to the Cyber Defence – Decision Analysis and Response project. Can Canada provide any information on the potential terms and conditions related to the ITB Policy at this time?	<p>The Industrial and Technological Benefits (ITB) Policy will apply to the Cyber Defence – Decision Analysis and Response project. The ITB Terms and Conditions (T&Cs) are provided at this time for informational purposes only and are subject to change. These T&Cs form the foundation on which any ITB requirement in a future CD-DAR contract may be based. ITB requirements for CD-DAR will be developed with any subsequently Qualified Suppliers, in conjunction with the ITQ engagement process. Any finalized ITB requirements specific to the CD-DAR project will be captured in a Request for Proposal for CD-DAR.</p> <p>Information on the ITB Policy, including Value Proposition can be Found at www.canada.ca/itb.</p>

Cyber Defence – Decision Analysis and Response (CD-DAR)

Industrial and Technological Benefits

Draft Terms and Conditions

May 2021

Industrial and Technological Benefits Terms and Conditions

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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 15 December 2016 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. “**Artificial Intelligence**” or “**AI**” means a range of technologies that allow machines to execute tasks that normally require human intelligence, such as pattern and speech recognition, translation, visual perception, and decision-making. AI develops or draws on disciplines such as search and mathematical optimization, machine learning, deep learning, self-learning, and neural networks;
- 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. “Cyber Resilience”** means technologies that span every element of the domestic commercial, civil and national security sectors and address the vulnerabilities created by the expansion of information technology and the knowledge economy. Activities in this segment include design, integration and implementation of solutions that secure information and communications networks. These and other technologies should focus on achieving effective development of the following cyber capabilities:
- Information security: The practice of defending electronic and digital data and information from unauthorized access/intrusion, use, disclosure, disruption, modification, perusal, inspection, recording or destruction;
 - IT security: Secure content and threat management (e.g. endpoint, messaging, network, web, or cloud); security, vulnerability and risk management; identity and access management and other products (e.g.

encryption/tokenization toolkits and security product verification testing); and education, training services and situational awareness;

- Operational technology (OT) security: Monitoring, measuring and protecting industrial automation, industrial process control and related systems. Cyber resilience may involve the development of tools and the integration of systems and processes that permit hardening of tactical systems or broader networks, encryption, cyber forensics, incident response, and others;. Capabilities developed in this domain may increasingly draw on AI as an enabling technology; for example, networks may autonomously and dynamically defend against intrusions and repair themselves if disrupted.

1.1.13. “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);

1.1.14. “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);

- 1.1.15. “Direct Transaction” or “Direct Work”** means a Transaction that is entered into for Work under the Contract, as detailed in *[insert location of Project Statement of Work and activities]*;
- 1.1.16. “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;
- 1.1.17. “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” or “Indirect work”** means a Transaction that is entered into for a business activity that is not Work under the Contract, as detailed in *[insert reference to Statement of Work Article number]*;
- 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. “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;

- 1.1.22. “ITB Annual Report”** has the meaning set out in Article 4 of this Annex;
- 1.1.23. “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;
- 1.1.24. “Key Industrial Capabilities”** or “**KICs**” are an approach to leveraging procurement in areas that are important to Canada for their future impact on Canada’s sovereignty and national security and for which significant economic and commercial benefit may be derived
- 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;
- 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. “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;
- 1.1.33. “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. For CD-DAR R&D activities must be in Cyber Resilience and Artificial Intelligence;
- 1.1.34. “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;
- 1.1.35. “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;
- 1.1.36. “Shortfall”** means the amount by which the Contractor’s Credits, awarded during the Achievement Period, are less than the Obligation;
- 1.1.37. “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). These activities will be focused in the areas of skilled apprenticeships and skills upgrades, including directly related cash or in-kind contributions to Post-Secondary Institutions in this area. For CD-DAR Skills Development and Training activities must be in Cyber Resilience and Artificial Intelligence;

- 1.1.38. “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;
- 1.1.39. “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;
- 1.1.40. “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;
- 1.1.41. “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;
- 1.1.42. “Value Proposition” or “VP”** means the portion of Commitments and Transactions, along with any other information, which was submitted in the Proposal; and
- 1.1.43. “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, *[or the CCV of Direct Transactions identified in the Proposal, whichever is higher]* 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 and/or not less than xx percent]* as Transactions involving Research and Development with Canadian Small and Medium Businesses, Post-Secondary Institutions, or Public Research Institutions, 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 Research and Development with Canadian Companies, excluding Canadian Small and Medium Businesses, Post-Secondary Institutions and Public Research Institutions, 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 and/or not less than xx percent]* as Transactions involving Supplier Development, measured in CCV;
 - 3.1.2.5. achieve not less than *[number] percent (xx%)* of the Contract Price, including options, *[to be inserted from the Contractor's Proposal and/or not less than xx percent]* as Transactions involving Skills Development and Training, measured in CCV; and
 - 3.1.2.6. 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.
- 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. 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.
- 3.1.5. Achieve Credits valued at no less than **[number] percent (xx%)** of the Contract Price by the end of Reporting Period **xx**.
- 3.1.6. The Contractor shall submit to the ITB Authority, Annual Reports describing the performance achieved during each Reporting Period, as follows:
- 3.1.6.1. these reports shall be submitted sixty (60) calendar days after the end of each Reporting Period;
 - 3.1.6.2. the Contractor shall use the format and electronic template provided by the ITB Authority, as outlined in Article 4; and
 - 3.1.6.3. 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.

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 third 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;
 - 7.4.1.6.** a contribution to skills development programs, including a contribution to a charity registered with the Canada Revenue Agency or a not-for-profit organization incorporated federally under the *Canada Not-for-profit Corporations Act* or in the province or territory where it operates, for work related to Skills Development and Training (e.g. science, technology, engineering, or mathematics summer camps); or
 - 7.4.1.7.** educational costs, including tuition or course fees, and travel expenses incurred in Canada and covered by the Contractor or Eligible Donor to provide employees with new or upgraded skills that are demonstrably different, improved, or expanded as compared to employees' current skills and which will enhance their career or employment potential.
- 7.4.2.** The Transaction will receive a Credit multiplier of five (5) times if it involves a contribution to Skills Development and Training for Indigenous Peoples or

majority Indigenous-controlled educational or training facilities.

7.4.3. The Transaction may be eligible to receive a Credit multiplier of five (5) times if it involves a contribution to Research Skills Development under Article 7.5.1 or 7.6.1.

7.4.4. The following will not be eligible for Credit

7.4.4.1. Any contribution made directly to the Contractor or Eligible Donor by any level of government to cover the cost in whole or in part of the Skills Development and Training activity; and

7.4.4.2. The value of an in-kind contribution that involves a licence for Intellectual Property.

7.4.5. Valuation for Credit purposes

7.4.5.1. The initial value will be the cash contribution from a Contractor or Eligible Donor to a Recipient; and

7.4.5.2. The value of any in-kind contributions would then be added.

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. Incrementality: 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** 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;

9.1.2.4.12 R&D activities performed in Canada;

9.1.2.4.13 Canadian citizen and permanent resident travel expenses specifically associated with Direct Transactions on the Project and incurred in Canada, including transportation, meals, and accommodations;

9.1.2.4.14 fees paid for services performed by Canadians or Permanent Residents in Canada not elsewhere specified; and

9.1.2.4.15 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).

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 3.1.3 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).

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. 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.
- 13.4. The Contractor consents to allow the ITB Authority to publish and openly disclose the Contractor's track record in fulfilling its Obligations, in a manner that respects commercial confidentiality.
- 13.5. For all other public communications regarding the Transactions, drafts of announcements and their publication schedule will be delivered by either party to the other as soon as is reasonably possible, but in any event prior to the proposed release date. Each party shall make every effort to inform the other, and seek resolution of, any objections to the content or timing of a proposed announcement.
- 13.6. Nothing in this Article 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 in Article 18.

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 and 3.2, 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 18.3.2.1, the accrument of the Holdback will be equal to ten percent (10%) (profit) of the 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, 3.1.4, 3.1.5 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 or 3.2 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 180 days of the date of termination, in its sole discretion, elect either:

18.5.2.1. to take action to achieve all identified Transactions prior to the date of contract termination; 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.]

DRAFT

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.

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

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

Anticipated length: 2-3 paragraphs + organizational chart

Certification and signatures

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

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

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

Donor

Signature

Name and Title of Senior Officer

SMB Recipient

Signature

Name and Title of Senior Officer

**APPENDIX E: 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 COMPTRROLLER WHO IS DULY AUTHORIZED IN THAT BEHALF.

SIGNATURE

NAME AND TITLE OF SENIOR COMPTRROLLER

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>An example of a new application or end use: The Contractor has previously purchased military tripods from a Canadian supplier that mount to Gun A for sale to Country A. The new application or end use could be the purchase of the same military tripods</i>	<i>The ITB Authority at its discretion will determine if the proposed Transaction is</i>

<i>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>incremental taking the information provided into account.</i>
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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.

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