



## RETURN BIDS TO:

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Bid Receiving - PWGSC / Réception des soumissions -  
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11 Laurier St. / 11, rue Laurier

Place du Portage, Phase III

Core 0B2 / Noyau 0B2

Gatineau, Québec K1A 0S5

Bid Fax: (819) 997-9776

## SOLICITATION AMENDMENT MODIFICATION DE L'INVITATION

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

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

### Comments - Commentaires

### Vendor/Firm Name and Address

Raison sociale et adresse du  
fournisseur/de l'entrepreneur

### Issuing Office - Bureau de distribution

Land Projects and Communication System Support  
Division/Div des projets terrestres et support de  
systèmes de communication

11 Laurier St. / 11, rue Laurier

8C2, Place du Portage, Phase III

Gatineau

Québec

K1A 0S5

<b>Title - Sujet</b> ISTAR of the LC4ISR	
<b>Solicitation No. - N° de l'invitation</b> W8486-228515/A	<b>Amendment No. - N° modif.</b> 006
<b>Client Reference No. - N° de référence du client</b> W8486-228515	<b>Date</b> 2023-01-26
<b>GETS Reference No. - N° de référence de SEAG</b> PW-\$\$RA-055-28884	
<b>File No. - N° de dossier</b> 055ra.W8486-228515	<b>CCC No./N° CCC - FMS No./N° VME</b>
<b>Solicitation Closes - L'invitation prend fin</b> <b>at - à 02:00 PM</b> Eastern Standard Time EST <b>on - le 2023-02-06</b> Heure Normale du l'Est HNE	
<b>F.O.B. - F.A.B.</b> <b>Plant-Usine:</b> <input type="checkbox"/> <b>Destination:</b> <input type="checkbox"/> <b>Other-Autre:</b> <input type="checkbox"/>	
<b>Address Enquiries to: - Adresser toutes questions à:</b> Abdulkadir, Nadir	<b>Buyer Id - Id de l'acheteur</b> 055ra
<b>Telephone No. - N° de téléphone</b> (819) 664-8121 ( )	<b>FAX No. - N° de FAX</b> ( ) -
<b>Destination - of Goods, Services, and Construction:</b> <b>Destination - des biens, services et construction:</b>	

Instructions: See Herein

Instructions: Voir aux présentes

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

**THIS AMENDMENT IS RAISED TO DELETE AMENDMENT 005 AND TO RAISE AMENDMENT 006**

**DUE TO AN EXTREMELY TIGHT TIMELINE, CANADA CANNOT AFFORD TO PROVIDE PROLONGED CLOSING DATE EXTENSIONS. WE NEED BIDDER'S UTMOST COOPERATION TO SUBMIT THEIR BIDS BY THE SOLICITATION CLOSING DATE.**

**The purpose of this amendment is to:**

- 1- The following documents are modified in this amendment
  - a) Annex F – Compliance Matrix and Technical Bid Evaluation Criteria – Revision 1
  - b) 7B – ITB Terms & Conditions
  - c) Annex G – Value proposition
  - d) Annex H – Industrial and Technological Benefits Evaluation Plan
  - e) Appendix B - Ts&Cs Appendix B TRN Sheet Template – Revision 1
- 2- Modify SYSTEMS ENGINEERING PLAN - Reference to DLCSPM-SEP-2021
- 3- Publish answers to Bidders' questions.

**The following shall form part of this RFP:**

**1a) Annex F – Compliance Matrix – Revision 01**

**DELETE:**

Annex F – Compliance Matrix - Revision 01 in its entirety: and

**INSERT:**

Annex F – Compliance Matrix Revision 02

**1b) 7B – ITB Terms & Conditions**

**DELETE:**

7B – ITB Terms & Conditions in its entirety: and

**INSERT:**

7B – ITB Terms & Conditions Revision 01

**1c) Annex G – Value proposition**

**DELETE:**

Annex G – Value proposition in its entirety: and

**INSERT:**

Annex G – Value proposition Revision 01

**1d) Annex H – Industrial and Technological Benefits Evaluation Plan**

**DELETE:**

Annex H – Industrial and Technological Benefits Evaluation Plan in its entirety: and

**INSERT:**

Annex H – Industrial and Technological Benefits Evaluation Plan Revision 01

**1e) Appendix B - Ts&Cs Appendix B TRN Sheet Template****DELETE:**

Appendix B - Ts&Cs Appendix B TRN Sheet Template – Revision 1 in its entirety: and

**INSERT:**

Appendix B - Ts&Cs Appendix B TRN Sheet Template - Revision 02

**2) Modify SYSTEMS ENGINEERING PLAN - Reference to DLCSPM-SEP-2021: Add para 7.2.7**

**ADD** para 7.2.7 as follows:

The handover of design from Product to Sub-System and/or Sub-System to System is critical as it ensures that the Sub-System or Product that was built conforms to the design specified and can be integrated into the System or SoS.

**Note:** The wording in **green font** denotes the changes in the above documents.

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**The following questions and answers were published under Amendment 001.**

**Q1: RFP Reference Part 5 – Certifications and Additional Information - Section 1.2 – Proven Experience Certificate**

Bidders are asked to provide "...a certification to demonstrate that cooperation agreement(s) to access Proven Experience are in place with the Team Member at the time of bid submission."  
Will PSPC provide a certificate with the RFP for bidders to sign?

**A1:** PSPC will not provide a certification with the RFP for Bidders to sign. Bidders, with their bids, must submit references to their Team Members Proven Experience, demonstrating how their Team Member's experience meets and satisfy the evaluation criteria outlined in this bid. Bidders are, further, required to demonstrate a certification that cooperation agreement(s) are in place with the Team Member at the time of bid submission.

To evaluate the Proven Experience required by the RFP, the experience can come from the Bidder or any other members of the Bidder's Team. Bidder's Team includes its subcontractors identified in the technical bid and may also include the parent, subsidiaries or other affiliates of the Bidders. For further details see Certification and Proven Experience in PART 4 – EVALUATION PROCEDURES AND BASIS OF SELECTION.

**Q2: RFP Reference Part 7A – Resulting Contract Clauses - Section 5.1.2 – Supply Chain Integrity Requirements**

The originally approved versions are included as **Annex TBD** (although portions of Annex TBD that were submitted directly by a subcontractor will be kept confidential by Canada between it and the relevant subcontractor) (To be filled in at contract award, if applicable). In some cases, Canada approved several of each (e.g., several IT Product Lists), because some subcontractors submitted their SCSI directly to Canada. The Parties also acknowledge that security is a critical consideration for Canada with respect to the Work and that on-going assessment of SCSI will be required throughout the Contract Period. This Section governs that process.

Can Canada confirm that Annex TBD is Annex I.

**A2:** Although Annex I is correct, however, its number will be revised at the contract award stage as Annex F to H currently incorporated in the RFP will be removed. Annex I will then become Annex F - Supply Chain Security Information - Submission Form.

**Q3: RFP Reference Note on Page 1**

For Bidders who are already registered with the Contract Security Program (CSP), the submission of the Application for Registration Form (ARF) is a redundant activity. Can Canada remove the requirement for Bidders to submit the ARF, provided that Bidders can demonstrate registration with the CSP (i.e., provide status levels that confirm their active facility security clearance).

**A3:** The CSP has been recently updated and now requires all bidders (even those with current Security Clearances) to submit an Application for Registration Form. This will allow CSP to verify that the bidder's current Security Clearance is valid for the RFP that they are bidding on.

**Q4: RFP Reference Annex F - Compliance Matrix and Technical Bid Evaluation Criteria**

Rated Requirement (RT) 2.4 states: "Describe and substantiate, based on their own experience and best practices, the life-cycle management of Products to be developed under the resulting contract." The Rating Scale indicates a progressive scale to a 100% score for "Bidder demonstrates a complete life-cycle management process for products and explains eight principles of life-cycle management".

The DLCSPM SEP (ref. DLCSPM-SEP-2021) however, references only six Product Life-Cycle Management Principles instead of eight. The six Product Life-cycle Management principles described in the DLCSPM-SEP Subsection 2.1.2.1 are as follows:

1. Architectural Development;
2. Systems Engineering;
3. Integration;
4. Fielding;
5. In-Service Support; and
6. Disposal.

Canada is recommended to update the Ratings Scale to be consistent with the process description described in the DLCSPM-SEP, which bidders are required to be compliant with, implementing the following change:

0% (Inadequate):

Bidder does not demonstrate a life-cycle management process for products AND/OR only explains one principle of life-cycle management.

25% (Poor):

Bidder demonstrates a life-cycle management process for products and explains two or three principles of life-cycle management.

50% (Good):

Bidder demonstrates a life-cycle management process for products and explains four principles of life-cycle management.

75% (Excellent):

Bidder demonstrates a life-cycle management process for products and explains five principles of life-cycle management.

100% (Comprehensive):

Bidder demonstrates a life-cycle management process for products and explains six principles of life-cycle management.

**A4:** The DLCSPM-SEP-2021 provides the principles currently being referenced. The Bidder is expected to provide a response that is based on its own experience, which may include more than these six principles.

**Q5: RFP Reference Part 3 – Bid Preparation Instructions**

Part 3, para 3.2 notes that prices should only be contained in Bidder's Financial Bid's. In order to deliver a compliant Section IV - ITB Bid, Bidders must include their Bid price in the Mandatory Requirements Certificate (Mandatory Requirement 4).

Canada is requested to confirm that inclusion of financial information in Section IV - ITB Bid is acceptable?

**A5:** It is acceptable and required to provide the Bid Price as part of Section IV - ITB Value Proposition.

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**The following questions and answers were published under Amendment 002.**

**Q6: RFP Reference Annex F – Compliance Matrix – Appendix F1 – Mandatory Evaluation Criteria – MT 7 - And Appendix A4 – CDRL and DID**

Can Canada confirm whether or not any internal Indigenous resources that Bidders hire to perform the LC4ISR ISTAR work will count towards the 5% Target for Total Estimated Contract Value for Goods and/or Services to be sourced from Canadian indigenous firms? The Indigenous Participation Plan outlined in Appendix A4 to Annex A, DID 100.006 states that Bidders are required to provide their Human resources strategy on retaining Indigenous peoples for the performance of the Work, however, it is unclear if Indigenous peoples hired as part of these efforts would count towards the 5% Target.

**A6:** No, any indigenous resources hired will not count towards the 5% target.

**Q7: RFP Reference Annex F – Compliance Matrix – Appendix F1 – Mandatory Evaluation Criteria – MT 7 - And Appendix A4 – CDRL and DID**

Can Canada confirm whether Skills Development and Training activities with Indigenous peoples counts towards the 5% Target for Total Estimated Contract Value for Goods and/or Services to be sourced from Canadian indigenous firms?

**A7:** No, any skill development training activities will not count towards the 5% target.

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**The following questions and answers were published under Amendment 003.**

**Q8: RFP Reference Appendix A4 – CDRL and DID – PMP 100.001 – Section 10.3**

This section states: For each position, the PMP must identify the name...

We assume the requirement is to provide the name of the role and not the name of the individual filling the role. Please confirm.

**A8:** Correct. At bid closing, only name of the role is required unless the individual is known and can be named by the Bidder. However, if successful, the bidder will revise the PMP to also reflect the name of resource.

**Q9: RFP Reference Annex G – Value Proposition Bidder Instructions – Sub Section 5.6.2.5**

Currently, section 5.6.2.5 of Annex G states that “Any proposed Transaction with a company not meeting the Eligible Donor criteria will be rejected.” As written, this could imply that Direct Transactions with an Eligible Donor could be rejected if the supplier did not meet the Eligible Donor criteria.

The following revised language is recommended in place of section 5.6.2.5: “Any proposed Transaction involving ED contributions from a company not meeting the ED criteria will be rejected”.

**R9:** The definition of “Eligible Donor” is provided in Part 7B-ITB Terms and Conditions, Section 1.1.13, and its application is explained in Section 8.1.4. Only those Donors that meet the definition of an Eligible Donor will be accepted as Donors for ITB Transaction purposes. Recipients, as defined in Section 1.1.29, are not required to meet the Eligible Donor definition.

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**The following questions and answers were published under Amendment 004.**

**Q10: Reference Amendment 002 - Question 6**

Canada provided clarification noting that “Any indigenous resources hired will not count towards the 5% target”. In contrast, the IPP DID (100.006) requires Bidders to indicate:

DID 11.2 a, i) “Human resources strategy on retaining Indigenous peoples for the performance of the Work;” and further requires:

DID 11.2 b, iv), ii) in reference to reporting - “Number of employment or sourcing of Indigenous resources used to perform the Work;”

The DID contents above would indicate that Bidder resources should be counted relative to the fulfilment of the Bidder's commitment to Indigenous Participation. In the spirit of encouraging the Canadian Defence sector to increase the inclusion of Indigenous Peoples within its workforce.

Canada is requested to allow the Bidder's investment in the hiring of Indigenous Resources for the performance of the Work towards its 5% commitment.

**A10:** Please note, although similar, DID 100.006 and the Indigenous Participation Plan (IPP) are two separate mandatory requirements for bidders to submit with their bids, however, bidders who don't wish to respond to the IPP Rated Requirement are not under any obligation to provide any commitment. If bidders choose to not commit to fulfil 1 to 5% target, their bid will not be deemed non-responsive.

Also, please take note that inclusion of Indigenous Peoples in ITB Skills Development and Training Transactions is allowed, subject to the ITB Terms and Conditions, but it would not be part of the IPP Rated Criteria. The objective of the IPP Rated Criteria is to encourage contractors to award contracts to Indigenous Businesses particularly, thus hiring Indigenous resources will not count towards the 5% target.

**Q11: RFP Reference Annex F – Compliance Matrix and Technical Bid Evaluation Criteria – Appendix F1 – Mandatory Evaluation Criteria – And Appendix F2 – Rated Evaluation Criteria**

Canada requests that the Bidders provide their comments in Column L (Bidder's Comments) demonstrating how the bidder will meet the requirements, without cross referencing to other statements in Annex F.

Canada is requested to clarify what information they are seeking for the Bidder's to provide in column L; for instance, is Canada looking to have Bidders confirm that their response to the individual mandatory or rated requirement meets one of the Compliance Methodologies provided (A-D)?

**Q11:** Yes, that's correct, and additionally, in which part of their bid and on what page the bidder has included the Proof of Compliance to meet the requirement.

**Q12: RFP Reference Appendix A2 – Standards and References – Section 1.1 DLCSPM Standards – DLCSPM-SEP-2021 and references to DLCSPM-SEP-2021 throughout the SOW**

The copy of the SEP provided to Bidder is referred to as the System Engineering Plan (reference AMD 1) and is dated December 2022.

Can Canada confirm that all references to "DLCSPM SEP 2021" throughout the full RFP package is in fact the "System Engineering Plan\_- RFP Release" file, publication date December 2022.

**A12:** Correct. The term "DLCSPM SEP 2021" used throughout the full RFP package is the PDF file titled "System Engineering Plan \_ RFP Release", publication date December 2022.

**Q13: RFP Reference Appendix A2 – Standards and References – Section 1.1 DLCSPM Standards – DLCSPM-SEP-2021 and references to DLCSPM-SEP-2021 throughout the SOW**

The copy of the SEP provided to Bidder is referred to as the System Engineering Plan (reference AMD 1) and is dated December 2022.

Can Canada confirm that all references to "DLCSPM SEP 2021" throughout the full RFP package is in fact the "System Engineering Plan\_- RFP Release" file, publication date December 2022.

**A13:** Correct. The term "DLCSPM SEP 2021" used throughout the full RFP package is the PDF file titled

**Q14: RFP Reference Appendix A4 – CDRL and DID**

Section 10.13 (j) refers to an Audit Closeout Plan. To which audit is Canada referring?

**A14:** The audit would pertain to all matters and activities subject to this project.

**Q15: RFP Reference Annex F – Compliance Matrix and Technical Bid Evaluation Criteria – Appendix F2 – Rated Evaluation Criteria.**

Can Canada please explain how management and execution of Design Authority applies to RT2.1.c?

**A15:** Canada acknowledges that configuration management is not a component or factor that needs to be considered by the design authority. However, Canada expects the Design Authority to always consider and ensure successful integration processes.

**Q16. RFP Reference Annex G – Value Proposition Bidder Instructions AND Annex H Industrial and Technological Benefits Evaluation Plan**

Referencing Annex G and Annex H (both VP/ITB related), the use of both Bid Price and Contract Price are referenced, in relation to transaction identification. We suggest that since Contract Price is defined in the ITB/VP terms and conditions, and Bid Price is not, that Contract Price be the sole reference for commitment value in both Annex G and Annex H. It is recommended that Contract Price be set at a value that more closely aligns with the anticipated value of the future ISTAR Contract, such as \$120 M CAD, which all bidders can use as a baseline to provide transaction identification against.

**A16. No Change Required.**

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**The following questions and answers are being published under this amendment**

**Q17. RFP Reference Annex C – SRCL – Section 10a – PERSONNEL**

In Section 10a of the SRCL, references was made to the SRCL Supplemental Security Guide, it was not provided as part of the final SRCL. Can Canada please provide Bidders with a copy of the ISTAR Supplemental Security Guide?

**A17. Bidders that are interested in submitting a bid should send a written email request to the Contracting Authority to obtain the SRCL Guide.**

**Q17. RFP Reference Annex F – Compliance Matrix – App F1 Mandatory Eval Criteria**

MT 2.1 states "The SEMP must be based on DLCSPM standard, DLCSPM-SEP-2021 listed in Appendix A2 – Standards and References and must be in accordance with CDRL 200.001 and DID 200.001. Bidders must address all requirements of the DID in their proposed SEMP."

The DID 200.001 states "The SEMP must contain as a minimum the following information aligned with the major headings of Canada's SEP".

Can Canada clarify if it means that the SEMP must have the same major sections as the SEP (i.e. Introduction, Land C4ISR Capability Overview, Engineering Process, Governance, ..., Fielding Process, In-Service Support)? If it is the case:

1. Can Canada confirm that the sub-sections can be different? And
2. Can Canada clarify if the SEMP must also include and consider the sections marked as "To Be Developed" in the SEP (i.e. 10. Fielding Process and 11. In-Service Support)?

**A17. The SEMP must include the major section outlined in DID 200.001. The content, including sub-sections, is to be based on the DLCSPM-SEP-2021**

1. Sub-sections in the SEMP are to be identified by the bidder; and
2. No, however, bidders are encouraged to suggest responses.

**Q18. RFP Reference Annex F – Compliance Matrix – App F2 Rated Eval Criteria**

Reference: App F2-Rated Eval Criteria, RT-2.1 c.



The 75% Rating Scale states "Bidder demonstrates an integration process; AND Bidder demonstrates how the integration processes aligns with the SEP; AND Bidder demonstrates how it will manage the minimum product versions."

The 100% Rating Scale states "Bidder demonstrates an integration process; AND Bidder demonstrates how the integration processes aligns with the SEP; AND Bidder demonstrates how it will manage the expected product versions."

Can Canada clarify what is meant by minimum and expected product versions in the context of this requirement?

A18. [This information can be found in the DLCSPM-SEP-2021](#)

Q19. **RFP Reference Appendix A4 – CDRL and DID**

"In section 4.1.1.5. of the ITB Evaluation Plan, it is stated: "Points will only be awarded in Supplier Development if the Bidder identifies Transactions that are detailed, fully described and equal in total to not less than ten percent (10%) of the total Supplier Development Commitment, calculated by the Bidder's Bid Price, measured in CCV." However, sections 4.1.2.3. for identification of Research and Development transactions and 4.1.3.1 for identification of Skills Development and Training transactions, do not make reference to the Bid Price.

Can Canada confirm that for all transaction identification purposes, the Commitment numbers for the calculation of identified transaction rated criteria will be based on the Bid Price and not the Contract Price, as is currently the case for Supplier Development."

A19. [The ITB/VP evaluation requires both the use of Contract Price and Bid Price. Whereas all bidder Commitments are expressed as a percentage of the Contract Price \(which can change over time\), the evaluation of the Mandatory Requirements uses Bid Price in order to verify that a bidder's Proposal has identified eligible Transactions that are equal to no less than 30% of Bid Price, measured in Canadian Content Value. For the rated criteria related to transaction identification, the percentage of identified transactions in each VP Commitment Pillar is measured against the Bidder's Commitment in that respective pillar \(e.g. 15% identification of the Research and Development VP Commitment\), not as a percentage of Bid Price. The Bidder's Bid Price will be used to calculate the value of the respective VP Commitment Pillar only for the rated criteria related to transaction identification, and the percentage of identified transactions is expressed as a percentage of that Commitment, not as a percentage of the Bid Price. For clarity, the phrase "calculated by the Bidder's Bid Price" has been removed from Section 4.1.1.5.](#)

Q20. **RFP Reference Annex B – Basis of Payment – Section 7.1.2**

The core work is scheduled for 6 years. However, in the ISTAR ITB Terms and Conditions, the Achievement Period is defined as follows: "Achievement Period" means the period commencing on 8 August 2020 and ending one (1) year after the completion of the Work under this Contract. However, the ITB transaction sheet template provided in the ISTAR RFP ITB Terms and Conditions has only 6 periods, where there should be a minimum of 7 (6 core years + 1 year achievement period). Can Canada please confirm that the minimum ITB achievement period for the ISTAR contract is 7 years, and if so please adjust the ITB transaction template accordingly.

A20. [The revised transaction sheets provide an answer to this question.](#)

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***All other terms and conditions of the RFP remain unchanged.***

## **Annex G**

# **LAND C4ISR CAPABILITY Intelligence, Surveillance, Target Acquisition and Reconnaissance (ISTAR)**

## **In Service Support**

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

**Value Proposition  
Bidder Instructions**

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Appendix A - Mandatory requirements certificate

Appendix B – Rated criteria certificate

## 1 INTRODUCTION

- 1.1 On February 5, 2014, the Government of Canada announced the Defence Procurement Strategy (DPS). One of the objectives of the DPS is to leverage purchases of defence equipment to create jobs and economic growth in Canada. The Industrial and Technological Benefits (ITB) policy has objectives that will be achieved through a weighted and rated Value Proposition (VP) that will form part of the evaluation plan to award the Contract.
- 1.2 The strategic VP objective for the Intelligence, Surveillance, Target Acquisition and Reconnaissance In Service Support project (the Project) is to encourage long-term investments and partnerships with Canadian industry, including Small and Medium Business. Additionally, the VP will encourage investments in R&D and Skills Development & Training in the Key Industrial Capabilities of Artificial Intelligence, Cyber Resilience, Defence Systems Integration, In-Service Support, and Remotely-piloted Systems and Autonomous Technologies. This objective has been informed by extensive industry engagement and consultation, as well as by in-depth analyses of capabilities related to the procurement.
- 1.3 The Bidder must submit a responsive VP Proposal (Proposal) at bid closing. The Proposal will be deemed responsive by the ITB Authority if it meets i) the Mandatory Requirements outlined in Section 4; and ii) the Minimum Assessment Values outlined in Section 3 of the VP Evaluation Plan (Evaluation Plan). Should the Proposal be deemed responsive, it will then be evaluated related to the rated criteria outlined in Section 6 and receive points as outlined in Section 4 of the Evaluation Plan.
- 1.4 VP evaluation results will be conveyed to the Contracting Authority, who will then integrate them into the overall bid evaluation results, as outlined in Part 4 of the RFP.
- 1.5 It is the responsibility of the ITB Authority, in cooperation with the regional development agencies and subject matter experts, to ensure that Proposals are evaluated as outlined in the Evaluation Plan.

## 2 GENERAL INSTRUCTIONS

- 2.1 In preparing its Proposal, the Bidder should be guided by these Bidder Instructions, as well as by the Evaluation Plan and the ITB Terms and Conditions. All three documents provide important guidance, definitions and/or contractual provisions related to the ITB policy. Defined terms not otherwise defined in this document have the meaning given to them in the ITB Terms and

Conditions and the Request for Proposal, including appendices, to which these Bidder Instructions are attached.

- 2.2 The Proposal must be submitted in a separate, self-contained volume. Only the Proposal is reviewed during the evaluation. In order to facilitate the evaluation process, any material contained in another section of the Bid but relevant to the Proposal should be repeated in the Proposal.
- 2.3 One (1) electronic copy (PDF) of the Proposal is required.
- 2.4 The Proposal, and its receipt, storage and protection by the ITB Authority, is governed by applicable federal laws and processes.

### **3 CANADA'S ITB OBJECTIVES**

- 3.1 Canada wishes to ensure that its investments in defence-related goods and services generate economic benefit to Canada and have long-term and high-value impacts on Canadian industry, in advanced technology areas. The Proposal should clearly indicate how proposed business activities support Canada's ITB objectives set out below, and how they will be achieved if the Bidder wins the ensuing Contract.
- 3.2 Defence Sector: A core objective of the ITB policy is to ensure that defence procurement supports the economic development and long-term sustainment of Canada's Defence Sector. The Bidder is encouraged to propose a maximum amount of business activities in Canada involving work directly on the procurement, and work in the Defence Sector more broadly.
- 3.3 Supplier Development: The development of supplier productivity and competitiveness among Canadian-based suppliers is a key objective of the ITB policy. The Bidder is encouraged to propose meaningful opportunities for growth and supply chain integration to suppliers across Canada.
- 3.4 Research and Development (R&D): An important objective of the ITB policy is to encourage innovation, as R&D can position Canadian Companies to move up the value chain and capture market opportunities. The Bidder is encouraged to propose R&D investments in Canada and locate high value research and engineering work in Canada, positioning Canadian companies to benefit from its subsequent commercialization.
- 3.5 Regional Development: The regional development objectives of the ITB policy are to encourage long-term quality improvements to the capability, capacity,

international competitiveness and growth potential of Canadian Companies in those regions where Canada has established specific initiatives to promote economic growth and diversification through procurement. Canadian Companies in all the Designated Regions of Canada should have the opportunity to participate in the Project.

- 3.6 Skills Development and Training: Support the development, growth, and sustainment of a diverse, talented, and innovative Canadian workforce. The Bidder is encouraged to propose transactions that will enhance Canadian workforce skills and training capability, address identified or future skills gaps and advance employment opportunities for Canadians.
- 3.7 Small and Medium Businesses (SMB): It is an objective of Canada to encourage the participation of SMB as suppliers on major federal procurements and to increase their competitiveness and export market access. Canadian SMB should have the opportunity to participate in the Project.

#### 4 MANDATORY REQUIREMENTS

- 4.1 There are six (6) mandatory requirements that the Bidder must meet in its Proposal. The omission of any part of the following six (6) requirements will result in the Proposal being deemed not responsive:
  - 4.1.1 Requirement One: The Proposal must commit to achieving Transactions, measured in Canadian Content Value (CCV), valued at not less than 100 percent (100%) of the Contract Price (including options), to be achieved within the Achievement Period. For the winning Bidder, its **Commitment** to not less than one hundred percent (100%) will become an Obligation that must be achieved under the Contract.
  - 4.1.2 Requirement Two: The Bidder must commit to achieving not less than fifteen percent (15%) of the Contract Price (including options) in Supplier Development Transactions involving SMBs, measured in CCV.
  - 4.1.3 Requirement Three: The Bidder must commit to achieving not less than eighty percent (80%) of the Contract Price (including options) in Direct Transactions, measured in CCV.
  - 4.1.4 Requirement Four: In its Proposal, the Bidder must:
    - 4.1.4.1 specify its Bid Price, not including taxes and rounded to the nearest dollar;

- 4.1.4.2 identify Transactions that are detailed, fully described and equal in total to not less than thirty percent (30%) of the Bid Price, measured in CCV;
  - 4.1.4.3 commit to identifying, two (2) years after the Effective Date of the Contract, additional Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to not less than sixty percent (60%) of the Contract Price (including options), measured in CCV; and,
  - 4.1.4.4 commit to identifying, four (4) years after the Effective Date of the Contract, additional Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to one hundred percent (100%) of the Contract Price (including options), measured in CCV.
- 4.1.5 Requirement Five: The Bidder must accept and comply with all of the ITB Terms and Conditions.
- 4.1.6 Requirement Six: The Proposal must contain the following components, each of which is more particularly described in Section 5:
- 4.1.6.1 gender and diversity **Plan**;
  - 4.1.6.2 company business **Plan**;
  - 4.1.6.3 ITB management **Plan**;
  - 4.1.6.4 regional development **Plan**;
  - 4.1.6.5 Small and Medium Business development **Plan**;
  - 4.1.6.6 detailed sheets for proposed Transactions being submitted by the Bidder, accompanied by a summary chart of them;
  - 4.1.6.7 mandatory requirements certificate, as set out in Appendix A, signed by a duly authorized company official; and
  - 4.1.6.8 rated criteria certificate, as set out in Appendix B, signed by a duly authorized company official.

## 5 ASSESSMENT OF MANDATORY REQUIREMENTS

- 5.1 The following section details the content that is expected to be in each of the components of the mandatory requirements referred to above in Section 4.1.6. The Plans will be assessed during the evaluation, based on quality and risk, as outlined in Section 3.1 of the Evaluation Plan.

- 5.1.1 The Bidder's gender and diversity Plan will only be assessed to confirm that it is present in the Proposal and will not be scored on quality or risk for the final Plans assessment value.
- 5.2 The Plans should respond to all of the requested items outlined below. Responses should be detailed and, wherever appropriate, provide an indication of how items will contribute to the Bidder meeting Canada's ITB objectives.
- 5.3 Each Plan should address, wherever appropriate, the Bidder's approach to the following risk areas:
  - 5.3.1 Experience (i.e., practise elsewhere);
  - 5.3.2 Capability (i.e., know-how and tools in place);
  - 5.3.3 Planning (i.e., organized, proactive);
  - 5.3.4 Resources (i.e., team, facilities, information); and
  - 5.3.5 Engagement (i.e., interaction with stakeholders)
- 5.4 Gender and diversity Plan
  - 5.4.1 The gender and diversity Plan should demonstrate the Bidder's approach to increasing diversity by improving the proportion of designated groups as defined in the Employment Equity Act in the Bidder's senior management structure, working level, and supply chains. The length of the Plan should be two to ten (2-10) pages.
  - 5.4.2 The gender and diversity Plan may include, but is not limited to, the following items:
    - 5.4.2.1 Any public statements that the Bidder has released promoting diversity, inclusion, and equality within its organizations;
    - 5.4.2.2 Any of the Bidder's existing corporate no-tolerance policies related to discrimination against designated groups as defined in the *Employment Equity Act*;
    - 5.4.2.3 Any of the Bidder's existing or planned training to educate its workforce on diversity and inclusion;
    - 5.4.2.4 Any of the Bidder's other planned corporate activities to increase or promote diversity and inclusion in its workforce;



- 5.4.2.5 Any available statistics on the proportion of designated groups employed in the Bidder's firm at the senior management and working level; and
- 5.4.2.6 The Bidder's approach for factoring gender and diversity into its supplier selection methods, with consideration for businesses that are predominantly led by designated groups as defined in the *Employment Equity Act*.

## 5.5 Company business Plan

- 5.5.1 The purpose of the company business Plan is to demonstrate the ability of the Bidder to assemble, plan and describe its proposed team to complete the work on the Project. The Plan should also demonstrate the ability of the Bidder and its team to meet the ITB objectives. The anticipated length of the Plan is approximately seven to ten (7-10) pages, depending on the size of the Bidder's team.
- 5.5.2 The Bidder's company business Plan should contain the following information:
  - 5.5.2.1 An outline of the structure, conduct and performance of the business operations of the Bidder and each of its proposed Eligible Donors that are performing work on the Project;
  - 5.5.2.2 A detailed overview of the proposed role of each company in delivering the work on the Project, the proposed location of that work, and the key personnel in each company who would be responsible for delivering that work;
  - 5.5.2.3 An organizational chart for each company outlining its worldwide corporate operations, that clearly states the corporate family structure, parent and subsidiary relationships, and the location of key responsibility centres (i.e., headquarters, manufacturing, service centres, R&D, marketing);
  - 5.5.2.4 A list of each company's existing Canadian facilities, including the location, date of establishment, nature of operations, number of employees, and place within the worldwide corporate structure; and

- 5.5.2.5 A description of the broad and long-term impacts of the Work on the Canadian economy and how these respond to the ITB objectives in Section 3.

## 5.6 ITB Management Plan

- 5.6.1 The purpose of the ITB management Plan is to demonstrate the Bidder's ability to develop, implement, manage and report on the Obligations for the full duration of the Achievement Period. It is also the place for Bidder to formally list its proposed Eligible Donors. The anticipated length of the Plan is approximately six to eight (6-8) pages.
- 5.6.2 The ITB management Plan should include the following information:
  - 5.6.2.1 A description of the ITB management functions and associated organization that the Bidder envisions necessary to successfully meet the Obligations. It should include a summary of the methods, processes and procedures that the Bidder will use to identify, submit, track, record keep and report on ITB activities. The summary should be presented in a level of detail sufficient to demonstrate that the Bidder fully understands its obligations;
  - 5.6.2.2 The name, contact details and biographical information of the Bidder's ITB official(s) assigned to the Project and/or job descriptions for the proposed positions;
  - 5.6.2.3 An explanation of the Bidder's internal processes for ITB organization, advocacy and awareness, both specific to the Project and in general. The Bidder should include a description of how ITB considerations will be factored into the company's broader decision-making processes, along with how these decisions will be documented and tracked;
  - 5.6.2.4 A description of any previous ITB/IRB/offset obligations that have been undertaken by the Bidder over the past ten (10) years, in Canada and elsewhere, along with a brief overview of the achievement status of each project; and
  - 5.6.2.5 A list of the Bidder's proposed Eligible Donors and contact details for each, along with details and documentation justifying how each company meets the Eligible Donor criteria outlined in the ITB Terms and Conditions.

- All proposed Eligible Donors are subject to review and approval by the ITB Authority during evaluation. Only those proposed Eligible Donors that are found to meet the criteria will be included on the list of Eligible Donors in the ensuing Contract. Any proposed Transaction with a company not meeting the Eligible Donor criteria will be rejected.

## 5.7 Regional development Plan

5.7.1 The purpose of the regional development Plan is to demonstrate the Bidder's **Commitment** to providing opportunities and assistance for businesses in the Designated Regions of Canada. The anticipated length of the Plan is approximately five to seven (5-7) pages.

5.7.2 The regional development Plan should include the following information:

- 5.7.2.1 Identification and description of the Bidder's proposed Transactions in the Designated Regions of Canada, the total of which will become Obligations to be achieved under Article 3 of the ITB Terms and Conditions. The Plan may also identify any higher regional **Commitment** target to which the Bidder is prepared to commit contractually;
- 5.7.2.2 A description of the Bidder's business rationale for its regional approach;
- 5.7.2.3 A description of the activities and approaches undertaken to date by the Bidder and its proposed Eligible Donors that have resulted in the distribution of proposed Transactions to the Designated Regions of Canada;
- 5.7.2.4 A description of the activities and approaches that will be undertaken after Contract award until the end of the Achievement Period to improve the opportunities available to the Designated Regions of Canada; and
- 5.7.2.5 A description of how regional considerations are factored into the Bidder's ITB decision-making processes.

## 5.8 Small and Medium Business (SMB) development Plan

5.8.1 The purpose of the SMB development Plan is to demonstrate the Bidder's **Commitment** to providing opportunities, assistance and encouragement to SMB in Canada. The anticipated length of the Plan is approximately five to seven (5-7) pages.

5.8.2 The SMB development Plan should include the following information:

- 5.8.2.1 Identification and description of the Bidder's proposed **Supplier Development** Transactions involving SMB in Canada, the total of which, fifteen percent (15%) of the Contract Price, **or the Bidder's SMB Commitment identified in the rated criteria certificate (Appendix B), measured in CCV, (whichever is higher)**, will become Obligations to be achieved under Article 3 of the ITB Terms and Conditions;
- 5.8.2.2 A description of the activities and approaches undertaken to date by the Bidder and its proposed Eligible Donors that have resulted in the proposed distribution of SMB Transactions;
- 5.8.2.3 A description of the activities and approaches that will be undertaken after Contract award until the end of the Achievement Period to improve the opportunities available to SMB;
- 5.8.2.4 A description of how SMB considerations are factored into the Bidder's ITB decision-making processes; and
- 5.8.2.5 A description of any initiatives and/or assistance (at a broad corporate level or specific to the Project) that would be provided to SMB to help stimulate and promote them, both as potential suppliers to the Project and for their capability to pursue and undertake new business activities. Examples could include financing or special payment provisions.

## 5.9 Detailed Transaction sheets

5.9.1 The Proposal will provide a separate and detailed transaction sheet for each Transaction that the Bidder proposes and for which it is prepared to commit contractually. A template of the transaction sheet is attached as Appendix B to the ITB Terms and Conditions.

## 5.9.2 Foreign currency

- 5.9.2.1 If a Transaction involves foreign currency, the Contractor should convert the total CCV of the **Transaction** based on the Daily Noon Exchange Rate published by the Bank of Canada on a date related to transaction commencement (e.g., date of submission to bank, date of investment, or date of sub-contract award).
- 5.9.3 In addition to the individual transaction sheets, the Bidder will include a summary chart of all of its proposed Transactions. The summary chart should clearly identify each Transaction and provide a breakdown, with appropriate sub-totals and percentages, by: direct, indirect, region, SMB and rated criteria. The summary chart should provide a very brief description of how each proposed Transaction aligns with the rated criteria, to compliment the more detailed justifications located in the transaction sheet. The Bidder may use a format of its choice for the summary chart.
- 5.9.4 The Bidder should include a forecast plan for the Transactions due two (2) and four (4) years following the Effective Date of the Contract, respectively. The forecast plan should include such information as, but not limited to: a list of any Canadian Companies being considered; and/or, the specific capabilities being sought from Canadian suppliers.
- 5.9.5 The Bidder is strongly encouraged to fully complete every section of the transaction sheet, as outlined below, so that the proposed Transaction can be properly evaluated. The Bidder should also provide details and documentation within its Proposal, as indicated, in support of Transaction eligibility. Failure to adequately describe and/or document the proposed Transaction may result in it being rejected as not meeting the Transaction eligibility criteria.
- 5.9.6 Identifying a Transaction for the purposes of Section 4.1.4.2 means presenting a signed transaction sheet to the ITB Authority, which names both a specific Eligible Donor and a specific Recipient, describes the business activity in detail, provides valuation information, and complies with the Bidder Instructions and the ITB Terms and Conditions with respect to eligibility criteria, valuation, transaction types and banking.
- 5.9.7 In the event that the Bidder identifies Transactions in its Proposal valued at more than any minimum requirement stated in the Bidder Instructions:

- 5.9.7.1 no additional points will be scored in the rated evaluation, above those outlined in the Evaluation Plan; and
- 5.9.7.2 the Obligation values in Article 3 of the Terms and Conditions will be increased to match the total value of those Transactions.

5.9.8 Instructions for transaction sheets:

5.9.8.1 Overview

- Title and number (*provide a brief title identifying the activity and a unique number in simple, sequential order, for reference purposes*)
- Date of submission (*date of Proposal*)
- Tranche (*the Proposal is tranche 1*)

5.9.8.2 Contractor information (*information regarding the proposed Contractor on the Project*)

5.9.8.3 Donor information (*information regarding the proposed donor on the Project*)

5.9.8.4 Recipient information (*Notes: i) the company description should include locations, business history and core capabilities; ii) see Article 8.1.5 of the Terms and Conditions for other Recipient requirements.*)

5.9.8.5 Valuation and time phasing (*specify the overall CCV values as applicable, plus the detailed commitment schedule broken out by 12-month periods, which mirror the Reporting Periods*)

- For the purposes of the evaluation process, the multiplied or enhanced value of a proposed Transaction involving a credit multiplier, future sales achievement or CCV enhancement, as described in Article 7 of the Terms and Conditions, will not be considered. Only the face value of the initial investment, or the estimated CCV, in the proposed Transaction will be considered. Any multiplied credit values, future sales achievements or enhanced CCV will be counted after the Effective Date of the Contract.

#### 5.9.8.6 Transaction details

- Type of Transaction (*direct or indirect, pooled, banked*)
- Description of Transaction (*provide a detailed description of the proposed activity, including: nature of work; location of work in Canada, estimated quantities and timelines; any end-use market, platform or program; and, other relevant information*)
- VP activity (*yes or no*):
  - Supplier Development (*yes or no*);
  - Supplier Development involving Small and Medium Business (*yes or no*);
  - R&D in the identified KICs (*yes or no*); and
  - Skills Development and Training in the identified KICs (*yes or no*);
- Justification for VP classifications above (*clearly demonstrate and document alignment with VP requirements*)
- Activity type (*i.e., purchase, investment*)
- North American Industry Classification Code System (NAICS) categorizing type of business activity (*enter a primary, secondary, and tertiary NAICS code*)
- Industrial activity type (*pick one business activity type that applies best*)
- Investment framework (*if applicable*)
  - Allowable investment type (*i.e., cash grant, cash purchase of shares, licence for brand or trademark, licence for IP, loan of employee, transfer of equipment, transfer of software, or transfer of systems*)
  - Type of R&D or commercialization activity (*i.e., test analysis, applied research, business planning, feasibility studies*)
  - Business Plan (*template in Appendix D of Terms and Conditions*)
  - Valuation documentation included (*agreement or in-kind valuation report, as appropriate*)

5.9.8.7 Consortium member information (*if applicable*);

5.9.8.8 Transaction eligibility criteria (*be as specific and detailed as possible in addressing how a proposed Transaction meets each eligibility criteria, which are outlined in the ITB Terms and Conditions. Include all details, documentation and certificates in the Proposal*)

5.9.8.9 Other

- Canadian government assistance (*describe the date and details of any assistance provided -- either to the specific activity, the Eligible Donor, or the Recipient -- from any level of government in Canada*)
- CCV overview (*indicate which CCV calculation method was used*)
- Level of technology (*for Indirect Transactions, indicate whether the level of technology is the same or higher than the Project*)
- Key Industrial Capabilities (*select applicable KICs*)

5.9.8.10 Signature (an authorized official at the Bidder's or proposed Eligible Donor's company)

## 6 RATED CRITERIA

6.1 Value Proposition: The Bidder should provide information and details on its VP **Commitments**, and proposed Transactions, which will be rated as described in Section 4 of the Evaluation Plan. The Bidder must complete and submit the rated criteria certificate (Appendix B), signed and dated by a company official duly authorized to bind the company.

6.1.1 The Proposal should include the Bidder's Commitment to achieve Transactions involving Supplier Development. The Commitment should be expressed as a percentage of the Contract Price, including options and measured in CCV. Should the Bidder be awarded the Contract, this Commitment will become an Obligation to be completed within the Achievement Period.

6.1.1.1 The Bidder's Commitment to Supplier Development Transactions should clearly distinguish between Supplier Development Transactions involving SMBs and those not involving SMBs. Failure



to clearly indicate this difference may result in zero points at evaluation.

- 6.1.1.2 The total value of the Bidder's Supplier Development **Commitment** should not exceed one hundred percent (100%) of the Contract Price, **measured in CCV**.
- 6.1.1.3 The total value of the Bidder's Supplier Development **Commitment** involving SMBs should not exceed fifty percent (50%) of the Contract Price, **measured in CCV**.
- 6.1.1.4 No points will be awarded for the Bidder's Supplier Development **Commitment** below fifteen percent (15%) or above one hundred percent (100%).
- 6.1.1.5 No points will be awarded for the portion of the Bidder's Supplier Development **Commitment involving** SMBs below fifteen percent (15%) or above fifty percent (50%).
- 6.1.1.6 Bidders should indicate their **Supplier Development Commitment** involving SMBs above the fifteen percent (15%) mandatory minimum for bid evaluation purposes.
- 6.1.1.7 The Bidder's **Supplier Development Commitment** will only receive points if the Bidder identifies Supplier Development Transactions that are detailed, fully described, **align with Supplier Development**, and equal in total to not less than ten percent (10%) of the total Supplier Development Commitment, **measured in CCV**. The identified Transactions should clearly demonstrate how the work aligns with the definition of Supplier Development as per the ITB Terms and Conditions.
- 6.1.1.8 Transactions **identified in the Proposal** that align with Supplier Development will become Obligations to be completed within the Achievement Period.
- 6.1.2 The Proposal should include the Bidder's Commitment to achieve Transactions involving Research and Development in the **KICs** of Artificial Intelligence, Cyber Resilience, Defence Systems Integration, In-Service Support, or Remotely-piloted Systems and Autonomous Technologies. The Commitment should be expressed as a percentage of the Contract Price, including options and measured in CCV. Should the

Bidder be awarded the Contract, this Commitment will become an Obligation to be completed within the Achievement Period.

- 6.1.2.1 The Bidder's **Research and Development Commitment** should not exceed twenty percent (20%) of Contract Price, **measured in CCV**. No points will be awarded for Commitments above twenty percent (20%) of Contract Price, **measured in CCV**.
- 6.1.2.2 **The Bidder's Research and Development Commitment will only receive points if the Bidder identifies Transactions that are detailed, fully described, align with Research and Development, and equal in total to not less than ten percent (10%) of the total Research and Development Commitment, measured in CCV. These identified Transactions should clearly demonstrate how the work aligns with the definition of Research and Development as per the ITB Terms and Conditions.**
- 6.1.2.3 If the Bidder makes a **Research and Development Commitment**, they may score additional points for identifying Transactions involving Research and Development above the required ten percent (10%) of the total Research and Development Commitment, up to twenty percent (20%), **measured in CCV**. These Transactions should clearly demonstrate how the work aligns with the definition of Research and Development and the identified KICs as per the ITB Terms and Conditions.
- 6.1.2.4 Transactions **identified in the Proposal** that align with Research and Development will become Obligations to be completed within the Achievement Period.
- 6.1.3 The Proposal should include the Bidder's Commitment to achieve Transactions involving Skills Development and Training in the **KICs** of Artificial Intelligence, Cyber Resilience, Defence Systems Integration, In-Service Support, or Remotely-piloted Systems and Autonomous Technologies. The Commitment should be expressed as a percentage of the Contract Price, including options and measured in CCV. Should the Bidder be awarded the Contract, this Commitment will become an Obligation to be completed within the Achievement Period.
- 6.1.3.1 The total value of **the Bidder's Skills Development and Training Commitment** should not exceed five percent (5%) of Contract Price,

measured in CCV. No points will be awarded for Commitments above five (5%) of the Contract Price, measured in CCV.

6.1.3.2 The Bidder's Skills Development and Training Commitment will only receive points if the Bidder identifies Transactions that are detailed, fully described, align with Skills Development and Training, and equal in total to not less than ten percent (10%) of the total Skills Development and Training Commitment, measured in CCV. These Transactions should clearly demonstrate how the work aligns with the definition of Skills Development and Training and the identified KICs as per the ITB Terms and Conditions.

6.1.3.3 If the Bidder makes a Skills Development and Training Commitment, they may score additional points for identifying Transactions involving Skills Development and Training above the required ten percent (10%) of the total Skills Development and Training Commitment, up to twenty percent (20%), measured in CCV. These Transactions should clearly demonstrate how the work aligns with the definition of Skills Development and Training as per the ITB Terms and Conditions.

6.1.3.4 Transactions identified in the Proposal that align with Skills Development and Training will become Obligations to be completed within the Achievement Period.

## **7 BANKING AND POOLING**

7.1 Banking and pooling are described in the ITB Terms and Conditions. The Bidder may use bank Transactions, or a pooled portion thereof, as part of its Proposal.

7.1.1 The Bidder submitting a bank Transaction in its Proposal should include: i) a copy of the approved banked transaction sheet; and, ii) the most recent annual bank statement, authorized by the ITB Authority and dated before the release date of the Request for Proposal (RFP) to which the Proposal responds.

7.1.2 The Bidder submitting a pooled portion of a bank Transaction should include the most recent bank statement for that portion, authorized by the ITB Authority and dated before the release date of the RFP to which the Proposal responds.

- 7.1.3 In all cases, the value on the bank statement will be the one used during the evaluation process.
- 7.1.4 A pooled Transaction, or portion thereof, may only be included in the Proposal if it originates from the bank.
- 7.2 If a bank Transaction is used as part of a Proposal, the evaluation committee will consider the Transaction as accepted for meeting the Transaction eligibility criteria, with the exception of Eligible Donor.
  - 7.2.1 A bank Transaction will be evaluated to confirm that it meets the Eligible Donor criteria for the Project, outlined in Article 8 of the Terms and Conditions.
- 7.3 Acceptance of a Transaction in the bank does not guarantee Value Proposition points. All bank Transactions will be evaluated to determine Value Proposition scoring, as outlined in the Evaluation Plan.
- 7.4 The Bidder may submit bank Transactions of any CCV value in its Proposal. The entire CCV value of bank Transactions submitted in the Proposal will become an Obligation to be achieved under Article 3 of the Contract. However, any CCV value of bank Transactions that exceeds fifty percent (50%) of the total for all Transactions identified in the Proposal will not be counted in the evaluation.
- 7.5 The Bidder is encouraged to submit any proposed bank Transactions to the ITB bank well in advance of RFP release. Any bank Transaction, or portion thereof, included in the Proposal where the date of the authorized bank statement falls after the RFP release date for the Project will not be considered in the mandatory or rated evaluation. Further, that bank Transaction will not become a **Commitment** to be achieved under the Contract.

## Appendix A - Mandatory requirements certificate

The Bidder, \_\_\_\_\_, declares and certifies that through this Proposal for the Project, the Bidder satisfies the following requirements:

Mandatory Requirement	Specific Terms and Conditions Commitment
1. Commits to achieving Transactions valued at not less than ____ percent of the Contract Price ( <i>one hundred percent (100%) or the percentage represented the total of all identified Transactions, whichever is higher</i> ), (including options) measured in Canadian Content Value (CCV), to be achieved within the Achievement Period.	Article 3.1.1.
2. Commits to achieving not less than fifteen percent (15%), of the Contract Price (including options) in Supplier Development Transactions involving Small and Medium <b>Business, measured</b> in CCV.	Article 3.1.2.1.1.
3. Commits to achieving not less than eighty (80%) percent of the Contract Price (including options) in Direct Transactions, measured in CCV.	Article 3.1.4.
4. Identifies its Bid Price (not including taxes and rounded to the nearest dollar) \$	
4(a). Identifies Transactions equal in total to not less than thirty percent (30%) of its Bid Price, measured in CCV.	
4(b). Commits to identifying, two (2) years after the Effective Date of the Contract, additional Transactions that bring the cumulative total of identified Transactions to at least sixty percent (60%) of the Contract Price (including options), measured in CCV;	Article 3.2.1.
4(c). Commits to identifying, four (4) years after the Effective Date of the Contract, additional Transactions that bring the cumulative total of identified Transactions to one hundred percent (100%) of the Contract Price (including options), measured in CCV.	Article 3.2.2.
5. Accepts all of the ITB Terms and Conditions.	All articles and appendices.
6. Has submitted all the following required components of a Proposal: <ul style="list-style-type: none"> <li>• Gender and diversity <b>Plan</b>;</li> <li>• Company business <b>Plan</b>;</li> <li>• ITB management <b>Plan</b>;</li> <li>• Regional development <b>Plan</b>;</li> <li>• Small and medium business development <b>Plan</b>;</li> <li>• Detailed Transaction sheets, accompanied by a summary chart of all Transactions;</li> </ul>	Appendix A

<ul style="list-style-type: none"> <li>• This mandatory requirements certificate, duly completed, signed and dated; and</li> <li>• Rated criteria certificate, as set out in Appendix B, signed by a duly authorized company official.</li> </ul>	
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IN WITNESS THEREOF THIS MANDATORY REQUIREMENTS CERTIFICATE HAS BEEN SIGNED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ BY A SENIOR COMPANY OFFICIAL WHO IS DULY AUTHORIZED TO BIND THE COMPANY.

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
NAME AND TITLE OF SENIOR COMPANY OFFICIAL

## Appendix B - Rated criteria certificate

The Bidder, \_\_\_\_\_, declares and certifies that, through this Proposal for the *LC4ISR Capabiltiy Intelligence, Surveillance, Target Acquisition and Reconnaissance*, the Bidder makes the following Commitments, in response to the rated criteria outlined in section 6:

<b>Rated Criteria</b>	<b>Bidder Commitment Above Minimum Requirement</b>	<b>Maximum Points Available for Commitment Above Minimum Requirement</b>	<b>Terms and Conditions Commitment</b>
<b>1.1 Supplier Development</b>		<b>35</b>	
Overall Commitment to Supplier Development Transactions	%	25	Article 3.1.2.1.
Commitment to Supplier Development Transactions involving SMBs	%	10	Article 3.1.2.1.1.
<i>Article 3.1.2.1 and Article 3.1.2.1.1 will include the percentage value of either the commitment or the identified Transactions, whichever is higher</i>			
<b>1.2 Research and Development</b>		<b>40</b>	
Commitment to Research and Development Transactions, in the identified KICs	%	30	Article 3.1.2.2.
Identified transactions above the 10% minimum identification, up to 20%	%	10	
<i>Article 3.1.2.2 will include the percentage value of either the commitment or the identified Transactions, whichever is higher</i>			
<b>1.3 Skills Development and Training</b>		<b>25</b>	
Commitment to Skills Development and Training Transactions, in the identified KICs	%	15	Article 3.1.2.3.
Identified transactions above the 10% minimum identification, up to 20%	%	10	
<i>Article 3.1.2.3 will include the percentage value of either the commitment or the identified Transactions, whichever is higher</i>			

IN WITNESS THEREOF THIS RATED CRITERIA CERTIFICATE HAS BEEN SIGNED  
THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ BY A SENIOR COMPANY  
OFFICIAL WHO IS DULY AUTHORIZED TO BIND THE COMPANY.

---

SIGNATURE

---

NAME AND TITLE OF SENIOR COMPANY OFFICIAL



# **Annex H**

## **LAND C4ISR CAPABILITY Intelligence, Surveillance, Target Acquisition and Reconnaissance In Service Support (ISTAR)**

**Industrial and Technological Benefits (ITB)**

**Value Proposition Evaluation Plan**

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## 1. INTRODUCTION

- 1.1. The purpose of the Value Proposition (VP) Evaluation Plan (Evaluation Plan) is to describe the methodology that will be used to evaluate the VP Proposal (Proposal) submitted by the Bidder.
- 1.2. The Proposal will be evaluated as either compliant or non-compliant. The Proposal will be deemed compliant if it: i) meets all of the mandatory requirements outlined in Section 2; and, ii) meets the minimum assessment values outlined in Section 3 of this document.
- 1.3. All compliant bids will then be evaluated based on the rated criteria, as outlined in Section 4 of this document.
- 1.4. The results of the evaluation will be conveyed to the Contracting Authority. The results will then be integrated into the overall bid evaluation results, as outlined in Part 4 of the LC4ISR Intelligence, Surveillance, Target Acquisition and Reconnaissance In Service Support project's (the Project) RFP.
- 1.5. The Bidder is strongly encouraged to closely review the entire Bidder Instructions document.
- 1.6. Defined terms not otherwise defined in this document have the meaning given to them in the ITB Terms and Conditions and the Request for Proposal, including appendices, to which this Evaluation Plan is attached.

## 2. MANDATORY REQUIREMENTS

- 2.1. The chart below details each mandatory requirement and how the ITB Authority will assess whether it has been met. The Proposal will be assessed as responsive or not responsive. To be considered responsive, all mandatory requirements must be met.

Mandatory Requirement	Method to Confirm
1. Bidder commits to achieving Transactions, measured in Canadian Content Value (CCV), valued at not less than _____ percent of the Contract Price [ <i>one hundred percent (100%) or the total CCV of identified Transactions, whichever is higher</i> ] (including options), to be achieved within the Achievement Period.	Mandatory requirements certificate is duly signed and submitted.
2. Bidder commits to achieving not less than fifteen percent (15%) of the Contract Price (including options) in	

Transactions involving Supplier Development involving Small and Medium <b>Business</b> , measured in CCV.	
3. Bidder commits to achieving not less than eighty (percent (80%) of the Contract Price (including options) in Direct Transactions, measured in CCV.	
4. Bidder has specified its Bid Price (not including taxes and rounded to the nearest dollar).	Mandatory requirements certificate is duly signed and submitted, with Bid Price provided.
4(a). Bidder has identified Transactions which are detailed, fully described and equal in total to not less than thirty percent (30%) of the Bid Price, measured in CCV.	<b>CCV</b> of each Transaction in the Proposal is totalled, then compared against the Bid Price. Mandatory requirements certificate is duly signed and submitted.
4(b). Bidder commits to identifying, two (2) years after the Effective Date of the Contract, Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to not less than sixty percent (60%) percent of the Contract Price (including options), measured in CCV.	Mandatory requirements certificate is duly signed and submitted.
4(c). Bidder commits to identifying four (4) years after the Effective Date of the Contract, Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to one hundred percent (100%) of the Contract Price (including options), measured in CCV	
5. Bidder accepts all of the ITB Terms & Conditions.	
6. Bidder submits all the required components in its Proposal: <ul style="list-style-type: none"> <li>• gender and diversity Plan</li> <li>• company business Plan</li> <li>• ITB management Plan</li> <li>• regional development Plan</li> <li>• Small and Medium Business development Plan</li> <li>• detailed transaction sheets, accompanied by a summary chart of all Transactions;</li> <li>• signed and dated Mandatory requirements certificate; and</li> <li>• signed and dated rated criteria certificate.</li> </ul>	Presence of each required component in the Proposal and the Mandatory requirements certificate is duly signed and submitted.
<b>Table 2-1, Mandatory Requirements Evaluation Chart</b>	

### 3. MINIMUM ASSESSMENT VALUES

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3.1. The Plans will be evaluated to determine if they meet the minimum assessment values below.

3.1.1. The Bidder's gender and diversity Plan will be assessed to confirm that it is present in the VP Proposal, but will not be scored on quality or risk for the final Plan assessment value.

3.1.2. The Bidder's other four Plans will be evaluated to confirm that they are present in the Proposal. The Plans are then assessed for quality and for risk, using the assessments in Tables 3-1 and 3-2.

3.1.3. Quality will be assessed as to whether the Plans respond to the requested components outlined in Section 5 of the Bidder Instructions, the level of detail in the component, and how well the content of the Plan meets the ITB Objectives outlined in Section 3 of the Bidder Instructions.

3.1.4. Quality will be assessed on a scale of one (1) to four (4), using the values below in Table 3-1.

VALUE	PLAN – QUALITY ASSESSMENTS
4	<b>SUPERIOR</b> Plan contains detailed responses to four or more of the requested items in Section 5.5 to 5.8, both inclusive, as applicable, of the Bidder Instructions. The Plan demonstrates that many of Canada's ITB Objectives will be met.
3	<b>GOOD</b> Plan contains detailed responses to three of the requested items in Section 5.5 to 5.8, both inclusive, as applicable, of the Bidder Instructions. The Plan demonstrates that several of Canada's ITB Objectives will be met.
2	<b>POOR</b> Plan contains detailed responses to two of the requested items in Section 5.5 to 5.8, both inclusive, as applicable, of the Bidder Instructions. The Plan demonstrates that some of Canada's ITB Objectives will be met.
1	<b>VERY WEAK</b> Plan contains detailed response to one or less of the requested items in the Section 5.5 to 5.8, both inclusive, as applicable, of the Bidder Instructions. The Plan does not demonstrate that Canada's ITB Objectives will be met.

Table 3-1, Plan Quality Assessments

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3.1.5. Risk will be assessed as to whether the Plans respond to the risk areas outlined in Section 5 of the Bidder Instructions and the level of detail provided.

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

VALUE	PLAN - RISK ASSESSMENTS
4	<b>SUPERIOR</b> Plan contains a detailed response to four or more of the risk areas in Section 5.3 of the Bidder Instructions, such that the probability of failure to achieve is extremely low.
3	<b>GOOD</b> Plan contains a detailed response to three of the risk areas in Section 5.3 of the Bidder Instructions, such that the probability of failure to achieve is low.
2	<b>POOR</b> Plan contains a detailed response to two of the risk areas in Section 5.3 of the Bidder Instructions, such that the probability of failure to achieve is moderate.
1	<b>VERY WEAK</b> Plan contains a detailed response to one or less of the risk areas in Section 5.3 of the Bidder Instructions, such that the probability of failure to achieve is significant.

**Table 3-2, Plan Risk Assessments**

3.1.7. The quality and risk assessments agreed to by evaluators will be multiplied together and the sums added together to determine the final Plans assessment value for the Proposal.

3.1.8. The Bidder must achieve or exceed a final Plans assessment value of thirty-two (32) (out of a possible sixty-four (64)).

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**EXAMPLE:**

<b>Plan</b>	<b>Quality (A)</b>	<b>Risk (B)</b>	<b>Assessment Value (C)</b> <i>(C) = (A) x (B)</i>
Company business Plan	4	3	12
ITB management Plan	2	3	6
Regional development Plan	4	4	16
SMB development Plan	4	2	8
<b>Final plans assessment value</b>			<b>42</b>

**Table 3-3 - Example**

### 3.2. Evaluation of proposed Transactions

- 3.2.1. The Bidder's proposed Transactions will be evaluated to determine whether they comply with the Bidder Instructions and with the ITB Terms and Conditions, with respect to eligibility criteria, valuation, banking and **Transaction** types.
- 3.2.2. If a proposed Transaction does not meet the criteria outlined in 3.2.1, it will be rejected and will receive no further consideration during the mandatory or rated evaluation, or in the Contract.
- 3.2.3. If a proposed Transaction meets the criteria outlined in 3.2.1, it will then be evaluated using the rated evaluation criteria outlined in Section 4.

## 4. RATED EVALUATION

- 4.1. The Bidder's proposed Commitments and Transactions will be evaluated against the rated criteria as described below.
  - 4.1.1. Supplier Development: The Bidder **may** identify a Commitment to achieve Transactions involving Supplier Development activities, measured in CCV, as described in Section 6.1.1 of the ITB Bidder Instructions. The Bidder will be scored on its Commitment involving Supplier Development as follows:

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4.1.1.1. The maximum available points for the Bidder's overall Commitment in Supplier Development are twenty-five (25) points, and will be calculated based on Table 4-1 below:

Interval	Points Awarded
16% - 35%	0.75 points per each 1% of Contract Price committed, up to a maximum of 15 points
36% - 50%	0.4 points per each 1% of Contract Price committed up to a maximum of 6 points
51% - 100%	0.08 points per each 1% of Contract Price committed up to a maximum of 4 points

**Table 4-1 – Overall Supplier Development Scoring Framework**

4.1.1.2. No points will be awarded for the Bidder's Commitment in Supplier Development below fifteen percent (15%) or above one hundred percent (100%) of Contract Price.

4.1.1.3. Up to ten (10) additional points will be awarded for the portion of the Commitment in Supplier Development involving SMBs, above the fifteen percent (15%) mandatory minimum Commitment involving SMBs, and will be calculated based on Table 4-2 below:

Interval	Points Awarded
16% - 30%	0.4 points per each 1% of Contract Price committed, up to a maximum of 6 points
31% - 40%	0.3 points per each 1% of Contract Price committed up to a maximum of 3 points
41% - 50%	0.1 points per each 1% of Contract Price committed up to a maximum of 1 points

**Table 4-2 – Supplier Development involving SMBs Scoring Framework**

4.1.1.4. No additional points will be awarded for the Bidder's Commitment in Supplier Development with SMBs below fifteen percent (15%) or above fifty percent (50%) of Contract Price.

4.1.1.5. Points will only be awarded in Supplier Development if the Bidder identifies Transactions that are detailed, fully described, align with Supplier Development, and equal in total to not less than ten percent (10%) of the total Supplier Development Commitment, measured in CCV. If the Bidder does not meet this requirement, no points in this criterion will be awarded, and a score of zero (0) will be used for evaluation purposes.



Example of scoring for Supplier Development:

Supplier Development VP Points	Bidder 1 Contractual Commitment	Bidder 2 Contractual Commitment	Bidder 3 Contractual Commitment
Overall Supplier Development Commitment	60%	50%	90%
Supplier Development Commitment involving SMBs	30%	45%	20%
<b>Total point rating for Supplier Development</b>	$(15 \times 0) + (20 \times 0.75) + (15 \times 0.4) + (10 \times 0.08) + (15 \times 0) + (15 \times 0.4) = 27.8$	$(15 \times 0) + (20 \times 0.75) + (15 \times 0.4) + (15 \times 0) + (15 \times 0.4) + (10 \times 0.3) + (5 \times 0.1) = 30.5$	$(15 \times 0) + (20 \times 0.75) + (15 \times 0.4) + (40 \times 0.08) + (15 \times 0) + (5 \times 0.4) = 26.2$

**Table 4-3 – Supplier Development Scoring Example**

- 4.1.2. Research and Development: The Bidder may identify a Commitment to achieve Transactions, measured in CCV, in Research and Development in the Key Industrial Capabilities (KICs) of Artificial Intelligence, Cyber Resilience, Defence Systems Integration, In-Service Support, or Remotely-piloted Systems and Autonomous Technologies, as described in Section 6.1.2 of the ITB Bidder Instructions. The Bidder will be scored on its Commitment to Research and Development as follows:
- 4.1.2.1. The Bidder with the highest Research and Development Commitment, up to a maximum of twenty percent (20%) of Contract Price, **measured in CCV**, will receive thirty (30) points. All other Bidders will receive a prorated score against the highest Research and Development Commitment.
- 4.1.2.2. No points will be awarded for the Bidder's Commitment in Research and Development above twenty percent (20%) of the Contract Price.
- 4.1.2.3. Points will only be awarded in Research and Development if the Bidder identifies Transactions that are detailed, fully described, **align with Research and Development in the identified KICs**, and equal in total to not less than ten percent (10%) **of the Research and Development Commitment**, measured in CCV. If the Bidder does not meet this requirement, no points in this criterion will be awarded, and a score of zero (0) will be used for evaluation purposes.

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Research and Development	Bidder 1 Contractual Commitment	Bidder 2 Contractual Commitment	Bidder 3 Contractual Commitment
Research and Development Commitment	5%	15%	10%
<b>Pro-rated VP score for Research and Development Commitment</b>	5/15 x 30 = 10	15/15 x 30 = 30	10/15 x 30 = 20

**Table 4-4 – Research and Development Scoring Example**

4.1.2.4. The Bidder will receive **additional points to their Research and Development total point rating if the Bidder identifies Transactions above ten percent (10%) of the Commitment to Research and Development in the identified KICs, measured in CCV.**

4.1.2.4.1. **One (1) point will be awarded for each one percent (1%) of the Bidder's Commitment to Research and Development in the identified KICs, identified in the Bidder's Transactions, above the minimum of ten percent (10%), measured in CCV, up to a maximum of ten (10) points.**

4.1.2.4.2. **Points will only be awarded for identified Research and Development Transactions in the identified KICs if the Transactions are detailed, align with Research and Development in the identified KICs, and fully described. If the Bidder does not meet this requirement, no points in this criterion will be awarded, and a score of zero (0) will be used for evaluation purposes.**

4.1.3. **Skills Development and Training:** The Bidder may identify a Commitment to achieve Transactions, measured in CCV, in Skills Development and Training in the KICs of Artificial Intelligence, Cyber Resilience, Defence Systems Integration, In-Service Support, or Remotely-piloted Systems and Autonomous Technologies, as described in Section 6.1.3 of the ITB Bidder Instructions. The Bidder will be scored on its Commitment to Skills Development and Training as follows:

4.1.3.1. The Bidder with the highest Skills Development and Training Commitment, up to a maximum of five percent (5%) of Contract Price, measured in CCV, will receive fifteen (15) points. All other Bidders will receive a prorated score against the highest Skills Development and Training Commitment.

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4.1.3.2. No points will be awarded for the Bidder's Commitment in Skills Development and Training above five percent (5%) of the Contract Price.

4.1.3.3. Points will only be awarded in Skills Development and Training if the Bidder identifies Transactions that are detailed, fully described, align with Skills Development and Training in the identified KICs, and equal in total to not less than ten percent (10%) of the Skills Development and Training Commitment, measured in CCV. If the Bidder does not meet this requirement, no points in this criterion will be awarded, and a score of zero (0) will be used for evaluation purposes.

<b><u>Skills Development and Training</u></b>	<b>Bidder 1 Contractual Commitment</b>	<b>Bidder 2 Contractual Commitment</b>	<b>Bidder 3 Contractual Commitment</b>
Skills Development and Training Commitment	5%	5%	3%
<b>Pro-rated VP score for Skills Development and Training Commitment</b>	5/5 x 15 = 15	5/5 x 15 = 15	3/5 x 15 = 9

Table 4-5 – Skills Development and Training Scoring Example

4.1.3.4. The Bidder will receive additional points to their Skills Development and Training total point rating if the Bidder identifies Transactions above ten percent (10%) of the Commitment to Skills Development and Training in the identified KICs, measured in CCV.

4.1.3.4.1. One (1) point will be awarded for each one percent (1%) of the Bidder's Commitment to Skills Development and Training in the identified KICs, identified in the Bidder's Transactions, above the minimum of ten percent (10%), measured in CCV, up to a maximum of ten (10) points.

4.1.3.4.2. Points will only be awarded for identified Skills Development and Training Transactions in the identified KICs if the Transactions are detailed, align with Skills Development and Training in the identified KICs, and fully described. If the Bidder does not meet this requirement, no points in this criterion will be awarded, and a score of zero (0) will be used for evaluation purposes.

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4.2. Any identified Transactions in the Proposal will be assessed to determine whether they align with each of the rated evaluation criteria identified in sections 4.1.1 through 4.1.3. The Bidder should provide a level of detail sufficient to support the claim that the Transaction fits within a given criteria.

4.2.1. Transactions where the Bidder does not demonstrate alignment with the rated evaluation criteria will not be included as part of the Bidder's Commitments in the rated evaluation but would be included as a Commitment to be achieved in the Contract.

4.2.2. Transactions where the Bidder demonstrates alignment with the rated evaluation criteria will be included as part of the Bidder's Commitments in the rated evaluation and included as a Commitment to be achieved in the Contract.

4.3. Identified Transactions may align with multiple criteria and will be scored as such, up to the maximum total points. All Transactions and Commitments identified in the Proposal will be included as a Commitment and/or Obligation to be achieved in the ensuing Contract.

4.3.1. In the event that the total of the Bidder's Transactions identified in the Proposal aligning with any of the rated VP criteria, expressed as a percentage of Contract Price, is greater than the Bidder's Commitment in the same VP criteria as indicated on the Rated Criteria Certificate, the higher value will be considered as the Bidder's Commitment in the rated evaluation and be included as an Obligation to be achieved in Article 3 of the ensuing Contract.

4.4. Table 4-6 below summarizes the rated evaluation scoring:

Criteria	Available Points	Basis of Evaluation
<b>Supplier Development</b>		
Overall Commitment to Supplier Development Transactions	25	Commitments on signed Rated Criteria Certificate
Commitment to Supplier Development Transactions involving SMBs	10	

<b>Research and Development</b>		
Commitment to Research and Development Transactions in the identified KICs	30	Commitment on signed Rated Criteria Certificate
Identified Transactions involving Research & Development in the identified KICs, above the 10% minimum identification, up to 20%	10	Overall value of identified Transactions which demonstrate alignment to Research and Development in the identified KICs against the Bidder's Commitment to Research and Development in the identified KICs, as a percentage (%), measured in CCV
<b>Skills Development and Training</b>		
Commitment to Skills Development and Training Transactions in the identified KICs	15	Commitment on signed Rated Criteria Certificate
Identified Transactions involving Skills Development and Training in the identified KICs, above the 10% minimum identification, up to 20%	10	Overall value of identified Transactions which demonstrate alignment to Skills Development and Training in the identified KICs against the Bidder's Commitment to Skills Development and Training in the identified KICs as a percentage (%), measured in CCV
<b>Total Points</b>	100	

**Table 4-6 – Rated Evaluation Scoring**

- 4.5. Total VP Score: The Bidder's scores for Commitments and identified Transactions will be totaled to reach a Total VP Score, which will then be weighted at fifteen percent (15%) of the total available score for the Project's overall bid evaluation.

## 5. PROCESS

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- 5.1. The evaluation is led by the ITB Authority, with participation from representatives of the regional development agencies, and, if required, other subject matter experts.
  - 5.2. Evaluation assessments and scoring will be carried out by consensus, wherein the Bidder's Proposal will be read, discussed and each evaluator will agree to a score for each rated element. Consensus on broader issues will be sought, such that evaluators agree on the need for and nature of any clarifying questions or advice sought from outside experts. Where consensus on scoring, issues or other questions cannot be reached following discussion, the ISED lead evaluator will make the final decision.
  - 5.3. The ITB Authority will hold overall responsibility for ensuring that the members of the evaluation team carry out their responsibilities. The ITB Authority will act as the liaison between the evaluation team and outside officials.

## **Part 7B**

# **LAND C4ISR CAPABILITY Intelligence, Surveillance, Target Acquisition and Reconnaissance In Service Support Contract (ISTAR)**

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

### **Terms and Conditions**

**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 8 August 2020 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.** “**Canadian Company**” means a commercial enterprise that is incorporated pursuant to the laws of Canada and which has ongoing business activities in Canada;
- 1.1.4.** “**Canadian Content Value**” or “**CCV**” has the meaning ascribed thereto in Article 9 of this document;
- 1.1.5.** “**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;
- 1.1.6.** “**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;

- 1.1.7. “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;
- 1.1.8. “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);
- 1.1.9. “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;
- 1.1.10. “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;
- 1.1.11. “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);
- 1.1.12. “Direct Transaction” or “Direct Work”** means a Transaction that is entered into for Work under the Contract, as detailed in Annex A – Statement of Work;
- 1.1.13. “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;
- 1.1.14. “Export”** means sales of domestic services and goods, produced developed, or

manufactured in Canada and leaving the country for a foreign destination;

- 1.1.15. “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;
- 1.1.16. “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*;
- 1.1.17. “Indirect Transaction”** means a Transaction that is entered into for a business activity that is not Work under the Contract, as detailed in Annex A – Statement of Work;
- 1.1.18. “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);
- 1.1.19. “Intellectual Property” or “IP”** means, for the purposes of these Terms and Conditions, all patents, inventions, trade-marks, copyrights, industrial designs, trade secrets, technical information and other intellectual property belonging to or licensed to a company;
- 1.1.20. “ITB Annual Report”** has the meaning set out in Article 4 of this Annex;
- 1.1.21. “ITB Authority”** means the Minister of Innovation, Science and Economic Development or any other person designated by that Minister to act on the Minister's behalf. 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;
- 1.1.22. “Key Industrial Capabilities” or “KICs”** are areas of emerging technology with the potential for rapid growth, established industrial capabilities in Canada,

and where domestic capacity is essential to national security. Maintaining and growing these sovereign industrial capabilities helps ensure that Canadian industry can provide our military with the equipment and services they require. A list of KICs is provided as Appendix J;

- 1.1.23. “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;
- 1.1.24. “Overachievement”** means the amount by which the Contractor's Credits, awarded on a Transaction during the Achievement Period, are greater than the original value for that Transaction;
- 1.1.25. “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* *[to be inserted from the contractor’s proposal]*;
- 1.1.26. “Post-Secondary Institution”** means a higher education institution or other organizational entity in Canada that is eligible to receive funding from at least one of the three federal granting councils (the Social Science and Humanities Research Council, the Natural Science and Engineering Research Council, or the Canadian Institutes of Health Research). For informational purposes only: Information on the federal granting councils can be found on the Government of Canada website: [http://science.gc.ca/eic/site/063.nsf/eng/h\\_FEE7261A.html](http://science.gc.ca/eic/site/063.nsf/eng/h_FEE7261A.html);
- 1.1.27. “Proposal”** means the proposal submitted by the Contractor on *day, month, year* bearing reference number *xx*;
- 1.1.28. “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;
- 1.1.29. “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;
- 1.1.30. “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;

- 1.1.31. “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 this contract, R&D activities must be in the KICs of Artificial Intelligence, Defence Systems Integration, Cyber Resilience, In-Service Support, or Remotely-piloted Systems and Autonomous Technologies;
- 1.1.32. “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;
- 1.1.33. “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;
- 1.1.34. “Shortfall”** means the amount by which the Contractor’s Credits, awarded during the Achievement Period, are less than the Obligation;
- 1.1.35. “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), For this contract, Skills Development and Training activities must be in the KICs of Artificial Intelligence, Defence Systems Integration, Cyber Resilience, In-Service Support, or Remotely-piloted Systems and Autonomous Technologies;

- 1.1.36. “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;
- 1.1.37. “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;
- 1.1.38. “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 serviced under this Contract;
- 1.1.39. “Transaction”** means a commercial or business activity involving the Contractor or an Eligible Donor and a Recipient, which 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. A Transaction meets all eligibility criteria, aligns with the Terms and Conditions with respect to valuation and Transaction types, and has been formally accepted as such in writing by the ITB Authority;
- 1.1.40. “Value Proposition” or “VP”** means the portion of Commitments and Transactions, along with any other information, which was submitted in the Proposal at the time of the bid; and
- 1.1.41. “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]* of the Contract Price, including options, in CCV as Transactions, specified in Appendix A (Value Proposition Commitments, Plans and Transactions), as updated from time to time.
- 3.1.2. **Achieve the following VP Commitments:**
  - 3.1.2.1. **achieve** not less than *[number]* percent (*xx%*) of the Contract Price, including options, *[to be inserted from the Contractor's Proposal]* as Transactions involving Supplier Development, measured in CCV;

- 3.1.2.1.1.** achieve not less than *[number] percent (xx%)* of the Contract Price, including options, *[to be inserted from the Contractor's Proposal]* and not less than fifteen percent (15%) of the Contract Price as Transactions involving Supplier Development involving Small and Medium Business, measured in CCV;
- 3.1.2.2.** achieve not less than *[number] percent (xx%)* of the Contract Price, including options, *[to be inserted from the Contractor's Proposal]* as Transactions involving Research and Development, measured in CCV, in any of the following KICs: Defence Systems Integration, Artificial Intelligence, Cyber Resilience, In-Service Support, or Remotely-piloted Systems and Autonomous Technologies;
- 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 Skills Development and Training, measured in CCV, in any of the following KICs: Defence Systems Integration, Artificial Intelligence, Cyber Resilience, In-Service Support, or Remotely-piloted Systems and Autonomous Technologies;
- 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: Values below are based on the CCV of Transactions identified in the VP Proposal.]*
- 3.1.3.1.** Atlantic region: *[\$value]*;
- 3.1.3.2.** Quebec region: *[\$value]*;
- 3.1.3.3.** Northern Ontario region: *[\$value]*;
- 3.1.3.4.** Southern Ontario region: *[\$value]*;
- 3.1.3.5.** Western region: *[\$value]*; and
- 3.1.3.6.** Northern region: *[\$value]*.
- 3.1.4.** Achieve not less than eighty percent (80%) of the Contract Price *[or the CCV of Direct Transactions identified in the Proposal, whichever is higher]*, including options, as Direct Transactions, measured in CCV.
- 3.1.5.** Carry out each and every Transaction as set out in the Transaction list attached at Appendix A (Value Proposition Commitments, Plans and Transactions), as amended from time to time.
- 3.1.6.** Achieve Credits valued at no less than fifty percent (50%) of the Contract Price by the end of Reporting Period 4.



- 3.1.7.** The Contractor shall submit to the ITB Authority, Annual Reports describing the performance achieved during each Reporting Period, as follows:
- 3.1.7.1.** these reports shall be submitted sixty (60) calendar days after the end of each Reporting Period;
  - 3.1.7.2.** the Contractor shall use the format and electronic template provided by the ITB Authority, as outlined in Article 4; and
  - 3.1.7.3.** as evidence of the achievement of the Obligations and compliance with the *Lobbying Act*, a certificate of compliance, using the template attached as Appendix F (Certificate of Compliance) to this Annex, signed by a senior company official with the authority to bind the Contractor. In addition, the Contractor is required to provide certificates of compliance signed by each Eligible Donor.
- 3.2.** The Contractor shall submit to the ITB Authority proposed new Transactions along the following timeline:
- 3.2.1.** at two (2) years 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 four (4) 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 [Articles 3.1.1, 3.1.2, 3.1.4, 3.1.5, and 3.1.6](#) will correspondingly be either increased or decreased.
- 5.2.** If the Contract Price increases after the fourth (4) 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 may 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 is 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.** VCF Transactions involve those instances where the Contractor or an Eligible Donor provides funds to a VCF to assist the growth of Canadian SMBs as defined in Article 1.1.36.

**7.8.2. VCF criteria**

- 7.8.2.1.** Only VCF investments disbursed to Canadian SMBs involved in the development, manufacture, or commercialization of advanced technology products or services shall be eligible for ITB credit.
- 7.8.2.2.** As part of the initial transaction assessment, the Contractor or Eligible Donor shall provide the ITB Authority with information about the composition of the VCF in terms of Canadian SMB participation.
- 7.8.2.3.** The Contractor or Eligible Donor shall also commit to a specific percentage of their investment to be disbursed to Canadian SMBs. This percentage shall form the CCV of the transaction.

**7.8.3. Valuation for Credit purposes**

- 7.8.3.1.** An initial value will be the sum of the cash contributions' CCV from the Contractor or an Eligible Donor to the VCF.
- 7.8.3.2.** Once the initial value is established, it will be multiplied by five (5).
- 7.8.3.3.** Fifty Percent (50%) of this value will be awarded in Credit once the Contractor or Eligible Donor's investment is deposited into the VCF.
- 7.8.3.4.** Contractors or Eligible Donors are required to submit claims once

per year as part of their ITB annual reports.

**7.8.3.5.** The remaining fifty percent (50%) of Credits will be apportioned over the years of the Transaction, as funds are disbursed to recipient companies and annual reporting requirements are achieved.

**7.8.3.6.** The multiplied Credit related to VCF investments will not exceed five percent (5%) of the overall Obligation value in Article 3.1.1.

**7.8.4.** The following will not be eligible for ITB Credit:

**7.8.4.1.** In the event that a 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.

**7.9.** 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 Contractor'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 a Contractor has multiple ITB Obligations totaling less than one (1) billion dollars, it may also submit a strategic plan to the ITB Authority; however, neither the ITB Authority nor the Contractor will be required to meet to discuss the strategic plan.

## **11. POOLING**

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

confirmed, the value of those Credits will transfer to this Contract, if the Eligible Donor criterion is met. In addition, any uncredited Transaction value, measured in CCV, will also be transferred to this Contract and be subject to the annual reporting and verification processes and the remedies in these Terms and Conditions.

- 11.6.** For informational purposes only: Pooling guidelines are available on the ITB website ([www.canada.ca/itb](http://www.canada.ca/itb)).

## **12. BANKING**

- 12.1.** The Contractor may apply bank transactions to this Contract up to a total value of fifty percent (50%) of the Obligation cited in Article 3.1.1, measured in CCV.
- 12.2.** Any bank transaction applied to this Contract, or portion thereof, shall clearly state that it originated from the bank and be the same in description and details as the approved bank transaction. The bank transaction must meet the Eligible Donor criteria outlined in Article 8.1.4.
- 12.3.** The Contractor may **submit 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 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 **an 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 (<https://ised-isde.canada.ca/site/industrial-technological-benefits/en/>).

### **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 at Section 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, 3.1.6 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, the accrual 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, 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, and 3.1.5 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 General Conditions 2035 (2022-12-01) Section 29 Default by the Contractor, the ITB Authority shall notify the Contractor and the Contractor shall identify Transactions within three (3) 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 ninety (90) days of the date of termination, in its sole discretion, elect either:

**18.5.2.1.** to take action to achieve all identified Transactions within one (1) year; 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 General Conditions 2035 (2022-12-01) Section 29 Default by the Contractor 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 General Conditions 2035 (2022-12-01) Section 30 Termination for convenience, 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 General Conditions 2035 (2022-12-01) Section 30 Termination for convenience, 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,

Protected B when completed

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 Contracting Authority during RFP and ITB Authority after contract award)*

## **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.*

**PART B, C and D – Transactions**

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

**PART E – Additional Information**

**SMB and Regional Development Activities:**

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

**New, Changed or Cancelled Transactions:**

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

**Certificate of compliance:**

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

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

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

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

*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 COMPTROLLER WHO IS DULY AUTHORIZED IN THAT BEHALF.

\_\_\_\_\_  
SIGNATURE

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

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

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

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

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

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

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

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

\_\_\_\_\_  
SIGNATURE

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

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

**APPENDIX H: INCREMENTALITY CHECKLIST**

*For Indirect Transactions, complete this checklist and attach supporting documentation*

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

### Emerging Technologies include the following:

#### Advanced Materials

Includes a range of materials and related production processes that yield significant advances in operational capability and/or cost-efficiency of equipment used in military operations. These advances include reduced weight, increased strength and resilience, lower observability, and other attributes. The materials envisioned span a wide range of technologies, including (but not limited to) composite structures (includes aerostructures), textiles, metals, plastics, ceramics, and advanced feedstocks for additive manufacturing. The related production processes used in generating the materials include additive manufacturing, 3-D printing, advanced machining, and others. The materials have broad application across military aerospace, land, marine and space domains, as well as in commercial sectors.

#### Artificial Intelligence

Artificial Intelligence (AI) spans 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. AI can reduce operator workload and automate easily repeatable tasks that otherwise require significant human involvement. AI promises enhanced efficiency in the use of trained personnel, less exposure of humans to dangerous environments, and more rapid responses to changes in the military operating environment. It can also permit the analysis of large volumes of data in support of intelligence analysis, mission planning and rehearsal, logistics and business management, cyber security and resilience, and many other activities. AI is relevant across a broad set of both defence and non-defence domains.

#### Clean Technology

“Clean Technology” means design, development, engineering, manufacturing or integration of: energy-efficient or emissions-reducing propulsion systems (e.g., hybrid electric, electric), power distribution and management systems, and low-carbon intensity fuel sources (e.g., hydrogen, biofuels) for vehicle platforms; energy storage systems (e.g., pumped hydro storage, flywheel energy storage, zinc-ion batteries, lithium-ion batteries, flow batteries); renewable energy generation (i.e., solar, wind, hydropower, geothermal, wave energy, tidal current energy, river hydrokinetic energy, small modular reactors for nuclear fission, nuclear fusion); energy management & distribution systems (e.g., power system automation, automatic generation control, smart grids, microgrids) that improve energy efficiency, energy security, or reduce emissions; software and equipment used to measure, monitor and analyze the environmental impacts of pollution (e.g., particulates), waste (e.g., solid waste, waste heat, waste water), noise, or emissions; equipment and processes that directly reduce or eliminate pollution, waste, noise, or emissions; and, equipment and processes for water purification, water re-use, or that result in more efficient water-usage on vehicle platforms, or in forward operating bases, deployed camps, or other remote locations. These technologies have broad application across military domains, as well as in commercial sectors. For the purposes of this definition, the term ‘emissions’ refers to the following greenhouse gases: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), sulphur hexafluoride, perfluorocarbons, hydrofluorocarbons, and nitrogen trifluoride.

## **Cyber Resilience**

Cyber resilience spans every element of the domestic commercial, civil and national security sectors and addresses 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 (endpoint, messaging, network, web, 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.

## **Remotely-piloted Systems and Autonomous Technologies**

These are platforms and systems which make use of autonomous machine operations, including whole unmanned aerial, marine, or ground vehicle systems, and employ AI technologies to enable increasingly autonomous operations in both the military and commercial domains. These technologies rely on various forms of artificial intelligence, including (but not limited to) machine learning, self-learning, and neural networks, in order to increase operational speed or duration, reduce operator exposure to dangerous environments, and enhance overall mission effectiveness.

## **Space Systems**

- Earth Observation Software Applications Software and value-added services leveraging terrestrial satellite imagery and geospatial information. These solutions may be developed for a variety of applications, including navigation, surveillance and intelligence gathering, mapping, climate observation, or other military or civil purposes. These solutions may increasingly draw on capabilities contained in the AI domain to autonomously process data and execute preliminary analysis.
- Satellite Systems: Design and manufacture of a wide array of satellite and other spacecraft sub-systems encompassing both space and ground segments. These include (but are not limited to) satellite buses, communications or imagery payloads, propulsion and power systems. Critically, this category also spans the ground control infrastructure needed to operate satellites and manage the data they produce.

**Leading Competencies and Critical Industrial Services include the following:**

**Aerospace Systems and Components**

Design, fabrication, assembly, and integration of aircraft structural elements, control surfaces, systems, sub-systems, parts and components of manned aerial platforms, and complete manned aerial platforms. This includes the following systems and components: landing gear (e.g. wheels, shock absorbers and related parts for the retraction and extension of aircraft landing gear, helicopter pontoons); flight control actuators; avionics; and propulsion and power systems for military aircraft (e.g. aircraft gas turbine engines, compressors, fuel systems).

**Armour**

Metal, ceramic, composite, or other material solutions used for both vehicle and individual soldier protection. This includes both the development and manufacture of underlying materials, and the design and manufacture of armour solutions for specific military, security, and law enforcement applications.

**Defence Systems Integration**

Design and integration of complex military systems that hinge on the seamless linking together of multiple sub-systems to yield an effective operational capability. These capabilities span various military platforms and enable the operation and management of weapons, defensive systems, command and control systems, sensors, decision support systems, electronic warfare devices and a platform's core sub-systems in a tightly coordinated fashion essential under highly stressing combat conditions. These systems need to present information to their operators stemming from multiple sources in a manner that is understandable, secure, and supports decision-making in a complex environment. This definition does not include the various constituent systems (e.g., missile launching systems, radars, electronic warfare systems) that the work of defence systems integration aims to combine into a cohesive whole. Rather, the definition focuses on the skills and other capabilities needed to perform the integration work, and to create the user interface that is needed in such complex mission systems.

**Electro-Optical / Infrared (EO/IR) Systems**

Design, manufacture and integration of electro-optical and infrared systems for surveillance, reconnaissance, night vision, and targeting. This category also includes components and assemblies that significantly drive system capability, as well as software that enhances system performance or contributes to superior exploitation of collected sensor information. Applications for these systems are either military or civil, and feature in multiple media, including airborne platforms, satellites, ground vehicles, ships and submarines, or in fixed infrastructure.

**Ground Vehicle Solutions**

Design, engineering, advanced manufacturing, integration, and testing of sophisticated combat and combat support vehicles.

**In-Service Support**

This represents a set of capabilities needed to operate and sustain a range of military platforms and systems operating in all domains across their lifespans. In this context, the phrase "operate and sustain" includes a wide array of activities, including maintenance, repair and overhaul; diagnostic, prognostic

and health management; spares and supply chain management; configuration management; system and software modification and upgrade for both capability enhancement and life extension; and overall product support integration (PSI).

### **Marine Ship-Borne Mission and Platform Systems**

Design, engineering, development, manufacturing, testing and evaluation services related to:

- Marine Vessel Mission/Combat Systems including command, control, and communications; data link; replenishment at sea; combat management systems; integrated navigation systems; countermeasures; and helicopter haul-down and rapid securing devices.
- Platform Systems including bridge and platform management systems; propulsion, battle damage and machinery control systems, climate control/ventilation (HVAC) systems; and electrical systems.

### **Munitions**

This is defined as encompassing the full range of activities covered in Canada's Munitions Supply Program (MSP).

### **Shipbuilding, Design and Engineering Services**

This spans the range of capabilities required to build, integrate, and sustain naval and other marine vessels. This includes engineering and process management capabilities crucial to shipbuilding and integration.

### **Sonar and Acoustic Systems**

This includes the design, manufacture and integration of sonar and/or acoustic systems used for navigation, surveillance, fire control, survey, scientific and other purposes, both military and civil. This spans both the "dry side" signal processing and system management capabilities, and the "wet side" sensor arrays.

### **Training and Simulation**

End-to-end training and simulation capabilities that span the full breadth of live, virtual and constructive training solutions. These include simulator design, manufacture, integration and modification, training courseware development, design and integration of targets and training aids, and the provision of live, virtual, and classroom-based training services.