



RETURN BIDS TO:
RETOURNER LES SOUMISSIONS À:

Bid Receiving - PWGSC / Réception des
soumissions - TPSGC
11 Laurier St./11, rue Laurier
Place du Portage, Phase III
Core 0B2 / Noyau 0B2
Gatineau
Québec
K1A0S5
Bid Fax: (819) 997-9776

REQUEST FOR PROPOSAL
DEMANDE DE PROPOSITION

**Proposal To: Public Works and Government
Services Canada**

We hereby offer to sell to Her Majesty the Queen in right
of Canada, in accordance with the terms and conditions
set out herein, referred to herein or attached hereto, the
goods, services, and construction listed herein and on any
attached sheets at the price(s) set out therefor.

**Proposition aux: Travaux Publics et Services
Gouvernementaux Canada**

Nous offrons par la présente de vendre à Sa Majesté la
Reine du chef du Canada, aux conditions énoncées ou
incluses par référence dans la présente et aux annexes
ci-jointes, les biens, services et construction énumérés
ici sur toute feuille ci-annexée, au(x) prix indiqué(s).

Comments - Commentaires

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

Issuing Office - Bureau de distribution
CF18 Life Extension/Prolongation de vie CF18
455 Boulevard de la Carrière-8NB44
Gatineau
Québec
K1A0S5

Title - Sujet CF-18 Avionics In-Service Support CF-18 Avionics In-Service Support	
Solicitation No. - N° de l'invitation W8485-22AVS2/C	Date 2023-05-04
Client Reference No. - N° de référence du client W8485-22AVS2	
GETS Reference No. - N° de référence de SEAG PW-\$\$BG-006-29059	
File No. - N° de dossier 006bg.W8485-22AVS2	CCC No./N° CCC - FMS No./N° VME
Solicitation Closes - L'invitation prend fin at - à 02:00 PM Eastern Daylight Saving Time EDT on - le 2023-06-15 Heure Avancée de l'Est HAE	
F.O.B. - F.A.B. Specified Herein - Précisé dans les présentes Plant-Usine: <input type="checkbox"/> Destination: <input type="checkbox"/> Other-Autre: <input checked="" type="checkbox"/>	
Address Enquiries to: - Adresser toutes questions à: MacLean, Matthew	Buyer Id - Id de l'acheteur 006bg
Telephone No. - N° de téléphone (343) 576-2979 ()	FAX No. - N° de FAX () -
Destination - of Goods, Services, and Construction: Destination - des biens, services et construction: Specified Herein Précisé dans les présentes	

Instructions: See Herein

Instructions: Voir aux présentes

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



Destination Code - Code destinataire	Destination Address - Adresse de la destination	Invoice Code - Code bur.-comptable	Invoice Address - Adresse de facturation
D - 1	NATIONAL DEFENSE HEADQUARTERS 101 COLONEL BY DRIVE OTTAWA ON K1A 0K2 CANADA	I - 1	DEPT OF NATIONAL DEFENCE NDHQ DGAEPM 101 COLONEL BY DR. OTTAWA ON K1A 0K2 CANADA W8485 AATN: DAP 5-2-5



Item Article	Description	Dest. Code Dest.	Inv. Code Fact.	Qty Qté	U. of I. U. de D.	Unit Price/Prix unitaire		Del. Offered Liv. offerte
						FOB/FAM Destination	Plant/Usine	
1	CF-18 Avionics In-Service Support	D-1	I-1	1	SU	\$	\$	See Herein – Voir ci-inclus

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W8485-22AVS2/B
Client Ref. No. - N° de réf. du client
W8485-22AVS2

Amd. No. - N° de la modif.
File No. - N° du dossier
006bg.W8485-22AVS2

Buyer ID - Id de l'acheteur
006bg
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List of Annexes included with RFP:

- Annex B Basis of Payment (BoP)
- Annex C Security Requirements Check List (SRCL)
- Annex G Innovation, Science and Economic Development (ISED) Canada
- Annex H – Standard forms (DND 626, PWGSC 1111, etc.)
- Annex I - Insurance

Available By Request:

Must submit a valid Security Clearance SECRET and controlled goods certification to Request the following Annexes:

- Annex A Performance Work Statement (PWS) and Appendices
- Annex D Performance Management Specification (PfMS)
- Annex E Mandatory and Rated Criteria-Annex F Repairable Items List (RIL), Contractor Held inventory (CHI), DND loaned items.
- Appendix B to Part 3 Financial Evaluation Plan

PART 1 - GENERAL INFORMATION

1.1 Introduction

The bid solicitation is divided into seven parts plus attachments and annexes, as follows:

- Part 1 General Information: provides a general description of the requirement;
- Part 2 Bidder Instructions: provides the instructions, clauses and conditions applicable to the bid solicitation;
- Part 3 Bid Preparation Instructions: provides Bidders with instructions on how to prepare their bid;
- Part 4 Evaluation Procedures and Basis of Selection: indicates how the evaluation will be conducted, the evaluation criteria that must be addressed in the bid, and the basis of selection;
- Part 5 Certifications and Additional Information: includes the certifications and additional information to be provided;
- Part 6 Security, Financial and Other Requirements: includes specific requirements that must be addressed by Bidders; and;
- Part 7 Resulting Contract Clauses

1.2 Summary

- 1.2.1 The Work to be performed is detailed under the Performance Work Statement (PWS) at Annex A, including Appendices.
- 1.2.2 There are security requirements associated with this requirement. For additional information, consult Part 6 - Security, Financial and Other Requirements, and Part 7 - Resulting Contract Clauses. For more information on personnel and organization security screening or security clauses, Bidders should refer to the [Contract Security Program](http://www.tpsgc-pwgsc.gc.ca/esc-src/introduction-eng.html) of Public Works and Government Services Canada (<http://www.tpsgc-pwgsc.gc.ca/esc-src/introduction-eng.html>) website.
- 1.2.3 This procurement is subject to the Controlled Goods Program. The [Defence Production Act](#) defines Canadian Controlled Goods as certain goods listed in Canada's Export Control List, a regulation made pursuant to the Export and Import Permits Act (EIPA).
- 1.2.4 An application to invoke the National Security Exceptions (NSE) provided for in the trade agreements has been made. If approved and invoked, this procurement would be excluded from all of the obligations of all the trade agreements.
- 1.2.5 The Federal Contractors Program (FCP) for employment equity applies to this procurement; refer to Part 5 – Certifications and Additional Information, Part 7 - Resulting Contract Clauses and the annex titled Federal Contractors Program for Employment Equity - Certification.

1.3 Debriefings

Bidders may request a debriefing on the results of the bid solicitation process. Bidders should make the request to the Contracting Authority within 15 working days from receipt of the results of the bid solicitation process. The debriefing may be in writing, by telephone or in person.

PART 2 - BIDDER INSTRUCTIONS

2.1 Standard Instructions, Clauses and Conditions

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

The Bidder submitting a bid agrees to be bound by the instructions, clauses and conditions of the bid solicitation and accept the clauses and conditions of the resulting contract.

The **2003 (2022-03-29) Standard Instructions - Goods or Services - Competitive Requirements**, are incorporated by reference into and form part of the bid solicitation.

2.1.1 SACC Manual Clauses

SACC manual clause [B3000T](#) (2006-06-16) – Equivalent Products

2.2 Submission of Bids

Bids must be submitted only to Public Works and Government Services Canada (PWGSC) Bid Receiving Unit by the date, time and place indicated in the bid solicitation.

Note: For bidders choosing to submit using Canada Post Corporation's (CPC) Connect service for bids closing at the Bid Receiving Unit in the National Capital Region (NCR) the email address is:

tpsgc.pareceptiondессoumissions-apbidreceiving.pwgsc@tpsgc-pwgsc.gc.ca

Note: Bids will not be accepted if emailed directly to this email address. This email address is to be used to open a CPC Connect conversation, as detailed in Standard Instructions [2003](#), or to send bids through a CPC Connect message if the bidder is using its own licensing agreement for CPC Connect service.

Due to the nature of the bid solicitation, bids transmitted by facsimile to PWGSC will not be accepted.

2.3 Former Public Servant

Contracts awarded to former public servants (FPS) in receipt of a pension or of a lump sum payment must bear the closest public scrutiny, and reflect fairness in the spending of public funds. In order to comply with Treasury Board policies and directives on contracts awarded to FPSs, bidders must provide the information required below before contract award. If the answer to the questions and, as

applicable the information required have not been received by the time the evaluation of bids is completed, Canada will inform the Bidder of a time frame within which to provide the information. Failure to comply with Canada's request and meet the requirement within the prescribed time frame will render the bid non-responsive.

Definitions

For the purposes of this clause, "*former public servant*" is any former member of a department as defined in the [Financial Administration Act](#), R.S., 1985, c. F-11, a former member of the Canadian Armed Forces or a former member of the Royal Canadian Mounted Police. A former public servant may be:

- a. an individual;
- b. an individual who has incorporated;
- c. a partnership made of former public servants; or
- d. a sole proprietorship or entity where the affected individual has a controlling or major interest in the entity.

"*lump sum payment period*" means the period measured in weeks of salary, for which payment has been made to facilitate the transition to retirement or to other employment as a result of the implementation of various programs to reduce the size of the Public Service. The lump sum payment period does not include the period of severance pay, which is measured in a like manner.

"*pension*" means a pension or annual allowance paid under the [Public Service Superannuation Act](#) (PSSA), R.S., 1985, c. P-36, and any increases paid pursuant to the [Supplementary Retirement Benefits Act](#), R.S., 1985, c. S-24 as it affects the PSSA. It does not include pensions payable pursuant to the [Canadian Forces Superannuation Act](#), R.S., 1985, c. C-17, the [Defence Services Pension Continuation Act](#), 1970, c. D-3, the [Royal Canadian Mounted Police Pension Continuation Act](#), 1970, c. R-10, and the [Royal Canadian Mounted Police Superannuation Act](#), R.S., 1985, c. R-11, the [Members of Parliament Retiring Allowances Act](#), R.S. 1985, c. M-5, and that portion of pension payable to the [Canada Pension Plan Act](#), R.S., 1985, c. C-8.

Former Public Servant in Receipt of a Pension

As per the above definitions, is the Bidder a FPS in receipt of a pension? **Yes () No ()**

If so, the Bidder must provide the following information, for all FPSs in receipt of a pension, as applicable:

- a. name of former public servant;
- b. date of termination of employment or retirement from the Public Service.

By providing this information, Bidders agree that the successful Bidder's status, with respect to being a former public servant in receipt of a pension, will be reported on departmental websites as part of the published proactive disclosure reports in accordance with [Contracting Policy Notice: 2019-01](#) and the [Guidelines on the Proactive Disclosure of Contracts](#).

Work Force Adjustment Directive

Is the Bidder a FPS who received a lump sum payment pursuant to the terms of the Work Force Adjustment Directive? **Yes () No ()**

If so, the Bidder must provide the following information:

- a. name of former public servant;
- b. conditions of the lump sum payment incentive;
- c. date of termination of employment;
- d. amount of lump sum payment;
- e. rate of pay on which lump sum payment is based;
- f. period of lump sum payment including start date, end date and number of weeks;
- g. number and amount (professional fees) of other contracts subject to the restrictions of a work force adjustment program.

2.4 Bid/Proposal Acceptance Period

The Bidder's bid / proposal must remain open for acceptance for a period up to and including **31 March 2024 at 2pm EST**.

2.5 Enquiries - Bid Solicitation

All enquiries must be submitted in writing to the Contracting Authority no later than fifteen (15) calendar days before the bid closing date. Enquiries received after that time may not be answered.

Bidders should reference as accurately as possible the numbered item of the bid solicitation to which the enquiry relates. Care should be taken by Bidders to explain each question in sufficient detail in order to enable Canada to provide an accurate answer. Technical enquiries that are of a proprietary nature must be clearly marked "proprietary" at each relevant item. Items identified as "proprietary" will be treated as such except where Canada determines that the enquiry is not of a proprietary nature. Canada may edit the question(s) or may request that the Bidder do so, so that the proprietary nature of the question(s) is eliminated and the enquiry can be answered to all Bidders. Enquiries not submitted in a form that can be distributed to all Bidders may not be answered by Canada.

2.6 Applicable Laws

Any resulting contract must be interpreted and governed, and the relations between the parties determined, by the laws in force in the Province of Ontario.

The Bidder may, at its discretion, substitute the applicable laws of a Canadian province or territory of their choice without affecting the validity of their bid, by deleting the name of the Canadian province or territory specified and inserting the name of the Canadian province or territory of their choice. If no change is made, it acknowledges that the applicable laws specified are acceptable to the Bidder.

2.7 Improvement of Requirement During Solicitation Period

Should the Bidder consider that the specifications or Performance Work Statement contained in the bid solicitation could be improved technically or technologically, the Bidder is invited to make suggestions, in writing, to the Contracting Authority named in the bid solicitation. The Bidder must clearly outline the suggested improvement as well as the reason for the suggestion. Suggestions will be given consideration provided they are submitted to the Contracting Authority at least fifteen (15) calendar days before the bid closing date. Canada will have the right to accept or reject any or all suggestions.

2.8 Bid Challenge and Recourse Mechanisms

- (a) Several mechanisms are available to the potential supplier to challenge aspects of the procurement process up to and including contract award.
- (b) Canada encourages the potential supplier to first bring their concerns to the attention of the Contracting Authority. Canada's [Buy and Sell](#) website, under the heading "[Bid Challenge and Recourse Mechanisms](#)" contains information on potential complaint bodies such as:

Office of the Procurement Ombudsman (OPO)
Canadian International Trade Tribunal (CITT)

- (c) The Supplier should note that there are **strict deadlines** for filing complaints, and the time periods vary depending on the complaint body in question. The Supplier should therefore act quickly when they want to challenge any aspect of the procurement process.

PART 3 - BID PREPARATION INSTRUCTIONS

3.1 Bid Preparation Instructions

Canada requests that the Bidder provide their bid in separate electronic file attachments as follows:

Section I: Technical Bid – 1 Electronic Copy

Section II: Financial Bid – 1 Electronic Copy

Section III: Certifications – 1 Electronic Copy

Section IV: Additional Information – 1 Electronic Copy

Section V: Industrial and Technological Benefits Bid – 1 Electronic Copy

Prices must appear in the Financial Bid only. No prices must be indicated in any other section of the Bid.

In April 2006, Canada issued a policy directing federal departments and agencies to take the necessary steps to incorporate environmental considerations into the procurement process [Policy on Green Procurement](https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=32573) (<https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=32573>). To assist Canada in reaching its objectives, bidders should:

- 1) Include all environmental certification(s) relevant to your organization (e.g., ISO 14001, Leadership in Energy and Environmental Design (LEED), Carbon Disclosure Project, etc.)
- 2) Include all environmental certification(s) or Environmental Product Declaration(s) (EPD) specific to your product/service (e.g., Forest Stewardship Council (FSC), ENERGystar, etc.)
- 3) Unless otherwise noted, bidders are encouraged to submit bids electronically. If hard copies are required, bidders should:
 - a. use 8.5 x 11 inch (216 mm x 279 mm) paper containing fibre certified as originating from a sustainably managed forest and containing minimum 30% recycled content; and
 - b. use an environmentally preferable format including black and white printing instead of colour printing, printing double sided/duplex, using staples or clips instead of Cerlox, duo tangs or binders.

Section I: Technical and Management Bid

Sub-Section IA: Technical Bid

The Bidder must submit their Technical Bid in accordance with:

- a. Completion of Annex “E”–Mandatory and Rated Criteria, in Table 1, a demonstration of how the Bidder complies with the requirements of each and every paragraph of the Performance Work Statement (PWS) at Annex A, including Appendices of the PWS. It is not sufficient to simply re-state the PWS requirement and indicate that the Bidder complies with the requirement. The Bidder must demonstrate its understanding of the requirements contained in the bid solicitation, explain how it will meet the requirements and demonstrate its capability in a concise manner. In order to facilitate evaluation of the bid, Canada requests that the Bidder addresses and presents topics in the order of the PWS and bid solicitation, under the same headings.
- b. The Bidder must submit with the Bid the mandatory Deliverables indicated in Annex E.

Section II: Financial Bid

The Bidder must submit their Financial Bid in accordance with Appendix B to Part 3 – Financial Evaluation Plan.

3.1.1 Listing of Key AAF Assumptions

As part of the Request for Proposal (RFP), Canada will provide a Listing of Key AAF Assumptions, at Appendix 2 to Annex A, containing key variables for the Bidder to consider in preparing its Financial Bid covering the initial Contract Firm Period of five (5) years.

3.1.2 Electronic Payment of Invoices – Bid

If you are willing to accept payment of invoices by Electronic Payment Instruments, complete Appendix “A” to Part 3, Electronic Payment Instruments, to identify which ones are accepted.

If Appendix “A” to Part 3, Electronic Payment Instruments, is not completed, it will be considered as if Electronic Payment Instruments are not being accepted for payment of invoices.

Acceptance of Electronic Payment Instruments will not be considered as an evaluation criterion.

3.1.3 Exchange Rate Fluctuation

[C3011T](#) (2013-11-06) - Exchange Rate Fluctuation

Section III: Certifications

The Bidder must submit the certifications and additional information required under Part 5.

Section IV: Additional Information

3.1.4 Bidder’s Proposed Sites or Premises Requiring Safeguarding Measures

- a. As indicated in Part 6 under Security Requirements, the Bidder must provide the full addresses of the Bidder’s and proposed individuals’ sites or premises for which safeguarding measures are required for Work Performance:

Street Number / Street Name, Unit / Suite / Apartment Number
City, Province, Territory / State
Postal Code / Zip Code
Country

- b. The Company Security Officer must ensure through the [Contract Security Program](#) that the Bidder and proposed individuals hold a valid security clearance at the required level, as indicated in Part 6 – Security, Financial and Other Requirements.

Section V: Industrial and Technological Benefits (ITB) Bid

As part of its bid, the Bidder must refer to the following Annexes for ITB bid submission instructions and requirements:

Annex G – Industrial and Technological Benefits – Instructions to Bidder

Annex G – Industrial and Technological Benefits – Terms and Conditions

ITB Proposal evaluation and results, as performed and determined by Industry Canada, will be conveyed to the Contracting Authority, who will then integrate them into the overall bid evaluation results.

PART 4 - EVALUATION PROCEDURES AND BASIS OF SELECTION

4.1 Evaluation Procedures

- a. The Bid will be assessed in accordance with the entire requirement of the bid solicitation including the technical, financial, and Industrial and Technological Benefits evaluation criteria.
- b) An evaluation team composed of representatives of Canada and consultants will evaluate the bids.

4.1.1 Technical Evaluation

4.1.1.1 Mandatory Technical Criteria

Compliance with each and every paragraph of Annex A, Performance Work Statement, and Appendices, under Annex E Mandatory and Rated Criteria, Table 1.

The Mandatory Technical Deliverables indicated in Annex E, Table 1. Includes Indigenous Procurement Considerations (IPC) to meet Government of Canada's commitment to Indigenous procurement at a target of 5%.

4.1.1.2 Point Rated Technical Criteria

- a. Compliance with each and every paragraph of Annex A, Performance Work Statement, and Appendices, under Annex E Mandatory and Rated Criteria, Table 2.
- b. The Rated Technical Deliverables indicated in Annex E, Table 2.

4.1.2 Financial Evaluation

4.1.3.1 Financial Evaluation Criteria

- a. The Bidder must provide with the Bid all financial information requested in Appendix B to Part 3 Financial Evaluation, in accordance with the Basis of Payment at Annex B.
- b) The price of the Bid will be evaluated in Canadian dollars, Applicable taxes excluded, FCA destination, Canadian customs duties and excise taxes included.

4.1.3.2 Price, Labour Rate and Mark-up (Profit) Certification – Bid:

The Bidder certifies that the prices, labour rates, and mark-ups proposed:

- a. are accurate and is sufficient to support the requirement indicated at Annex A for the like quality and quantity of the goods, services or both;
- c. does not include an element of profit on the sale in excess of that normally obtained by the bidder on the sale of goods, services or both not in excess of the lowest rate you charge to any customer or client for work of closest of like quality and quantity The financial bid represents an accurate reflection of the rates typically charged by the Bidder for other contracts. ;
- d. The rates in the bid will be honoured as presented by the Bidder for the duration of the resulting contract and option periods. Failure to do so may result in termination of the contract for default of the contractor.

Upon written request from Canada the Bidder must provide, within 10 calendar days, the information. The price, labour rate, and mark-up support requested may be one or more of the items listed below. Failure to do so will disqualify the Bidder:

- a. a current published price list indicating the percentage discount available to Canada; or
- b. copies of paid invoices for the like quality and quantity of the goods, services or both sold to other customers; or
- c. a price breakdown showing the cost of direct labour, direct materials, purchased items, engineering and plant overheads, general and administrative overhead, transportation, etc., and profit; or
- d. price or rate certifications.

Should Canada determine, in its sole discretion, that insufficient evidence has been provided to clearly substantiate the basis for the pricing of both labour and mark up in the Bid Canada reserves the right to reject the Bid.

The Bidder acknowledges and agrees that, without limiting the generality of the termination for default provisions found in **2035 29 (2014-09-25)** Default by the Contractor of the resulting contract, any failure of the bidder to abide by the certification above, including any failure to honour the Bid labor rates at any point, will constitute clear grounds for termination for default of the resulting contract by Canada. The Bidder further acknowledges and agrees that that, notwithstanding the generality of the additional obligations in the aforementioned termination for default provision, should that default not be remedied following a cure period, the contractor awarded the resulting contract will be liable to Canada for all losses and damages suffered by Canada because of the default including any increase in the cost incurred by Canada in procuring the Work that is covered under the resulting contract from another source.

4.2 Basis of Selection

To be declared responsive, a bid must:

- a) comply with all the requirements of the bid solicitation; and
- b) meet all mandatory criteria; and
- c) obtain the required minimum points specified for each criterion for the technical evaluation.
 1. Bids not meeting (a) or (b) or (c) will be declared non-responsive.
 2. The selection will be based on the highest responsive combined rating of technical merit and price. The ratio will be 50 % for the technical merit and 40 % for the price and 10% for the ITB/VP.
 3. To establish the technical merit score, the overall technical score for each responsive bid will be determined as follows: total number of points obtained / maximum number of points available multiplied by the ratio of 50%.
 4. To establish the pricing score, each responsive bid will be prorated against the lowest evaluated price and the ratio of 40%.
 5. To establish the ITB/VP score, each responsive bid will be prorated against the lowest evaluated price and the ratio of 10%.
 6. For each responsive bid, the technical merit score and the pricing score will be added to determine its combined rating.
 7. Neither the responsive bid obtaining the highest technical score nor the one with the lowest evaluated price will necessarily be accepted. The responsive bid with the highest combined rating of technical merit and price will be recommended for award of a contract.

The table below illustrates an **example** where all three bids are responsive and the selection of the contractor is determined by a 50/40/10 ratio of technical merit and price and ITB/VP, respectively. The total available points equals 900 and the lowest evaluated price is \$45,000,000.00 (45).

Basis of Selection - Highest Combined Rating Technical Merit (50%) and Price (40%) and ITB/VP (10%)

	Bidder 1	Bidder 2	Bidder 3
Overall Technical Score	850/900	819/900	792/900

Bid Evaluated Price		\$55,000,000.00	\$50,000,000.00	\$45,000,000.00
Calculations	Technical Merit Score	850/900 x 50 = 47.22	819/900 x 50 = 45.50	792/900 x 50 = 44.00
	Pricing Score	45/55 x 40 = 32.73	45/50 x 40 = 36.00	45/45 x 40 = 40.00
	ITB/VP Score	80/100 x 10 = 8.0	75/100 x 10 = 7.5	45/100 x 10 = 4.5
Combined Rating		87.95	89.00	88.50
Overall Rating		3rd	1st	2nd

PART 5 – CERTIFICATIONS AND ADDITIONAL INFORMATION

Bidders must provide the required certifications and additional information to be awarded a contract.

The certifications provided by Bidders to Canada are subject to verification by Canada at all times. Unless specified otherwise, Canada will declare a bid non-responsive, or will declare a contractor in default if any certification made by the Bidder is found to be untrue, whether made knowingly or unknowingly, during the bid evaluation period or during the contract period.

The Contracting Authority will have the right to ask for additional information to verify the Bidder's certifications. Failure to comply and to cooperate with any request or requirement imposed by the Contracting Authority will render the bid non-responsive or constitute a default under the Contract.

5.1 Certifications Required with the Bid

Bidders must submit the following duly completed certifications as part of their bid.

5.1.1 Integrity Provisions - Declaration of Convicted Offences

In accordance with the Integrity Provisions of the Standard Instructions, all bidders must provide with their bid, **if applicable**, the Integrity declaration form available on the [Forms for the Integrity Regime](http://www.tpsgc-pwgsc.gc.ca/ci-if/declaration-eng.html) website (<http://www.tpsgc-pwgsc.gc.ca/ci-if/declaration-eng.html>), to be given further consideration in the procurement process.

5.1.2 Additional Certifications Required with the Bid

Indigenous Procurement Considerations (IPC) – Reference Annex E Mandatory #12

5.2 Certifications Precedent to Contract Award and Additional Information

The certifications and additional information listed below should be submitted with the bid but may be submitted afterwards. If any of these required certifications or additional information is not completed and submitted as requested, the Contracting Authority will inform the Bidder of a time frame within which to

provide the information. Failure to provide the certifications or the additional information listed below within the time frame specified will render the bid non-responsive.

5.2.1 Integrity Provisions – Required Documentation

In accordance with the section titled "*Information to be provided when bidding, contracting or entering into a real property agreement*" of the [Ineligibility and Suspension Policy](http://www.tpsgc-pwgsc.gc.ca/ci-if/politique-policy-eng.html) (<http://www.tpsgc-pwgsc.gc.ca/ci-if/politique-policy-eng.html>), the Bidder must provide the required documentation, as applicable, to be given further consideration in the procurement process.

5.2.2 Security Requirements – Required Documentation

In accordance with the [requirements of the Contract Security Program](http://www.tpsgc-pwgsc.gc.ca/esc-src/introduction-eng.html) of Public Works and Government Services Canada (<http://www.tpsgc-pwgsc.gc.ca/esc-src/introduction-eng.html>), the Bidder must provide a completed Contract Security Program Application for Registration (AFR) form to be given further consideration in the procurement process.

Bidders are reminded to obtain the required security clearance and, as applicable, security capabilities promptly. As indicated above, bidders who do not provide all the required information at bid closing will be given the opportunity to complete any missing information from the AFR form within a period set by the Contracting Authority. If that information is not provided within the timeframe established by the Contracting Authority (including any extension granted by the Contracting Authority in its discretion), or if Canada requires further information from the Bidder in connection with assessing the request for security clearance (i.e., information not required by the AFR form), the Bidder will be required to submit that information within the time period established by the Contracting Authority, which will not be less than 48 hours. If, at any time, the Bidder fails to provide the required information within the timeframe established by the Contracting Authority, its bid will be declared non-compliant.

5.2.3 Federal Contractors Program for Employment Equity - Bid Certification

By submitting a bid, the Bidder certifies that the Bidder, and any of the Bidder's members if the Bidder is a Joint Venture, is not named on the Federal Contractors Program (FCP) for employment equity "FCP Limited Eligibility to Bid" list available at the bottom of the page of the [Employment and Social Development Canada \(ESDC\) - Labour's](https://www.canada.ca/en/employment-social-development/programs/employment-equity/federal-contractor-program.html#) website (<https://www.canada.ca/en/employment-social-development/programs/employment-equity/federal-contractor-program.html#>).

Canada will have the right to declare a bid non-responsive if the Bidder, or any member of the Bidder if the Bidder is a Joint Venture, appears on the "FCP Limited Eligibility to Bid list at the time of contract award.

Canada will also have the right to terminate the Contract for default if a Contractor, or any member of the Contractor if the Contractor is a Joint Venture, appears on the ["FCP Limited Eligibility to Bid"](#) list during the period of the Contract.

The Bidder must provide the Contracting Authority with a completed annex titled Federal Contractors Program for Employment Equity - Certification, found at Annex A to Part 5, before contract award. If the Bidder is a Joint Venture, the Bidder must provide the Contracting Authority with a completed annex Federal Contractors Program for Employment Equity - Certification, for each member of the Joint Venture.

5.2.4 Additional Certifications Precedent to Contract Award

5.2.4.2 Status and Availability of Resources

SACC manual cluses A3005T (2010-08-16) – Status and Availability of Resources.

PART 6 - SECURITY, FINANCIAL AND OTHER REQUIREMENTS

6.1 Security Requirements

1. Before award of a contract, the following conditions must be met:
 - (a) the Bidder must hold a valid organization security clearance as indicated in Part 7 - Resulting Contract Clauses;
 - (b) the Bidder's proposed individuals requiring access to classified or protected information, assets or sensitive work sites must meet the security requirements as indicated in Part 7 - Resulting Contract Clauses;
 - (c) the Bidder must provide the name of all individuals who will require access to classified or protected information, assets or sensitive work sites;
 - (d) the Bidder's proposed location of work performance and document safeguarding must meet the security requirements as indicated in Part 7 - Resulting Contract Clauses;
 - (e) the Bidder must provide the addresses of proposed sites or premises of work performance and document safeguarding as indicated in Part 3 - Section IV Additional Information.
2. Bidders are reminded to obtain the required security clearance promptly. Any delay in the award of a contract to allow the successful Bidder to obtain the required clearance will be at the entire discretion of the Contracting Authority.
3. For additional information on security requirements, Bidders should refer to the [Contract Security Program](http://www.tpsgc-pwgsc.gc.ca/esc-src/introduction-eng.html) of Public Works and Government Services Canada (<http://www.tpsgc-pwgsc.gc.ca/esc-src/introduction-eng.html>) website.

6.2 Financial Capability

1. Financial Capability Requirement: The Bidder must have the financial capability to fulfill this requirement. To determine the Bidder's financial capability, the Contracting Authority may, by written notice to the Bidder, require the submission of some or all of the financial information detailed below during the evaluation of bids. The Bidder must provide the following information to the Contracting Authority within fifteen (15) working days of the request or as specified by the Contracting Authority in the notice:
 - a. Audited financial statements, if available, or the unaudited financial statements (prepared by the Bidder's outside accounting firm, if available, or prepared in-house if no external statements have been prepared) for the Bidder's last three fiscal years, or for the years that the Bidder has been in business if this is less than three years (including, as a minimum, the Balance Sheet, the Statement of Retained Earnings, the Income Statement and any notes to the statements).
 - b. If the date of the financial statements in (a) above is more than five months before the date of the request for information by the Contracting Authority, the Bidder must also provide, unless

this is prohibited by legislation for public companies, the last quarterly financial statements (consisting of a Balance Sheet and a year-to-date Income Statement), as of two months before the date on which the Contracting Authority requests this information.

c. If the Bidder has not been in business for at least one full fiscal year, the following must be provided:

- i. the opening Balance Sheet on commencement of business (in the case of a corporation, the date of incorporation); and
- ii. the last quarterly financial statements (consisting of a Balance Sheet and a year-to-date Income Statement) as of two months before the date on which the Contracting Authority requests this information.

d. A certification from the Chief Financial Officer or an authorized signing officer of the Bidder that the financial information provided is complete and accurate.

e. A confirmation letter from all of the financial institution(s) that have provided short-term financing to the Bidder outlining the total of lines of credit granted to the Bidder and the amount of credit that remains available and not drawn upon as of one month prior to the date on which the Contracting Authority requests this information.

f. A detailed monthly Cash Flow Statement covering all the Bidder's activities (including the requirement) for the first two years of the requirement that is the subject of the bid solicitation, unless this is prohibited by legislation. This statement must detail the Bidder's major sources and amounts of cash and the major items of cash expenditures on a monthly basis, for all the Bidder's activities. All assumptions made should be explained as well as details of how cash shortfalls will be financed.

g. A detailed monthly Project Cash Flow Statement covering the first two years of the requirement that is the subject of the bid solicitation, unless this is prohibited by legislation. This statement must detail the Bidder's major sources and amounts of cash and the major items of cash expenditures, for the requirement, on a monthly basis. All assumptions made should be explained as well as details of how cash shortfalls will be financed.

2. If the Bidder is a joint venture, the financial information required by the Contracting Authority must be provided by each member of the joint venture.
3. If the Bidder is a subsidiary of another company, then any financial information in 1. (a) to (f) above required by the Contracting Authority must be provided by the ultimate parent company. Provision of parent company financial information does not by itself satisfy the requirement for the provision of the financial information of the Bidder, and the financial capability of a parent cannot be substituted for the financial capability of the Bidder itself unless an agreement by the parent company to sign a Parental Guarantee, as drawn up by Public Works and Government Services Canada (PWGSC), is provided with the required information.
4. **Financial Information Already Provided to PWGSC:** The Bidder is not required to resubmit any financial information requested by the Contracting Authority that is already on file at PWGSC with the Contract Cost Analysis, Audit and Policy Directorate of the Policy, Risk, Integrity and Strategic Management Sector, provided that within the above-noted time frame:
 - a. the Bidder identifies to the Contracting Authority in writing the specific information that is on file and the requirement for which this information was provided; and

- b. the Bidder authorizes the use of the information for this requirement.

It is the Bidder's responsibility to confirm with the Contracting Authority that this information is still on file with PWGSC.

5. **Other Information:** Canada reserves the right to request from the Bidder any other information that Canada requires to conduct a complete financial capability assessment of the Bidder.
6. **Confidentiality:** If the Bidder provides the information required above to Canada in confidence while indicating that the disclosed information is confidential, then Canada will treat the information in a confidential manner as permitted by the Access to Information Act, R.S., 1985, c. A-1, Section 20(1) (b) and (c).
7. **Security:** In determining the Bidder's financial capability to fulfill this requirement, Canada may consider any security the Bidder is capable of providing, at the Bidder's sole expense (for example, an irrevocable letter of credit from a registered financial institution drawn in favour of Canada, a performance guarantee from a third party or some other form of security, as determined by Canada).

6.3 Controlled Goods Requirement

1. SACC Manual clause A9130T (2019-11-28) Controlled Goods Program

6.4 Insurance Requirements

1. The Bidder must provide a letter from an insurance broker or an insurance company licensed to operate in Canada stating that the Bidder, if awarded a contract as a result of the bid solicitation, can be insured in accordance with the Insurance Requirements specified in **Annex I**.
2. If the information is not provided in the bid, the Contracting Authority will so inform the Bidder and provide the Bidder with a time frame within which to meet the requirement. Failure to comply with the request of the Contracting Authority and meet the requirement within that time period will render the bid non-responsive.

PART 7 - RESULTING CONTRACT CLAUSES

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

7.1 Performance Work Statement (PWS)

The Department of National Defence (DND), Director General Aerospace Equipment Program Management (DGAEPM), has a requirement to establish one long term, cost-effective and performance based CF-18 Avionics (AVS) In-Service Support Contract to support the Royal Canadian Air Force (RCAF) CF-18 fighter aircraft fleet through the end of their operational life with an expected start of fleet ramp down late in fiscal year 2025/2026, including full disposal by end of fiscal year 2032/2033. The Sustainment Enterprise combines all organizations that play a role in the delivery of the outcomes required by Canada in support of the CF-18 fleet's AVS systems. It is anticipated that the establishment this long term contract will facilitate strategic planning for all stakeholders, provide for relationship building and evolve the contracted services over the sustainment of the fleet.

The CF-18 Sustainment Enterprise is designed to support the CF-18 fleet in the context of its operations worldwide and the Contractor will be an integral part of the AVS ISS with providing CF-18 AVS maintenance support that is aligned to meet the RCAF requirements to maintain a long term operational capability. It will also provide weapon system support while meeting the RCAF availability requirements and obtaining best value based on demonstrated performance and continuous improvement. The CF-18 AVS ISS requirements includes, but is not limited to, all Avionics systems and sub-systems of the CF-18. It also includes future upgrade activities and integration of Propulsion Group Sustainment (PGS) and Primary Air Vehicle (PAV) outcomes.

The CF-18 Avionics ISS provider must have the capability (with the exception of Government Furnished Materials, Property) to provide equipment and support services to a large fleet of fixed wing military aircraft and components of U.S origin, sometimes tailored with Canadian unique requirements over the span of several years, and encompass the following core support and services:

Program Management;
Engineering Support;
Maintenance Support;
Material Management;
Technical Data and Technical Publication Management;
Information Management and Information Technology (IM/IT) Support; and
Resources requirements (Wing and Training Support).

Some of the work will be done on an "as and when requested" basis.

The Contractor must deliver Contracted Outcomes that enables the achievement of the RCAF's high level requirements with no interruption in service while ensuring an optimal combination of Performance, Value for Money, Flexibility and Economic Benefits.

Contracted Outcomes

The contracted outcomes to enable the achievement of the RCAF's high level requirements, further defined in Annex A – Performance Work Statement (PWS), are:

Program Management

Program Management
Technical/Financial Data Availability and Compliance
Avionics (AVS) Program Cost Reduction

Materiel Accountability

AVS Parts Availability (Unsatisfied Demands / Average Wait Time)
AVS Parts Reliability
Pack-Up Kit Availability
Parts Optimization

Publications, Information Technology (IT) Systems

Technical Publications / Interactive Electronic Technical Manuals (IETM) Availability and Compliance
Electronic Information Environment (EIE) Availability

Operations

AVS Availability (Fleet Management)
AVS State Compliance
Support to Maintenance Operations (including training support)

Innovation, Science and Economic Development Canada (ISED)

Compliance with ITB Policy and Value Proposition Commitments

Performance Management

The Annex D - Performance Management Specification (PfMS) is the critical component of any Performance Based Contract in that it ties together the Annex A - Performance Work Statement (PWS) and Annex B - Basis of Payment (BoP) to ensure the Canadian Government achieves the desired outcomes while ensuring the contractor is delivering Performance while maintaining Value for Money for Canada.

The Contractor's performance in achieving the Contracted Outcomes will be measured against specific performance requirements that are fully defined within Annex D – Performance Management Specifications (PfMS).

7.1.1 Option to Extend the contract

The Contractor grants to Canada the irrevocable option to extend the term of the Contract by up to five (5) additional one (1) year period(s) under the same conditions. The Contractor agrees that, during the extended period of the Contract, it will be paid in accordance with the applicable provisions as set out in the Basis of Payment.

Canada may exercise this option at any time by sending a written notice to the Contractor at least 180 calendar days before the expiry date of the Contract. The option may only be exercised by the Contracting Authority, and will be evidenced for administrative purposes only, through a contract amendment.

7.1.2 Task Authorization

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

7.1.2.1 Task Authorization Process

1. The Technical Authority will provide the Contractor with a description of the task using the "Task Authorization Form for non-DND clients" or "DND 626, Task Authorization Form" or "Task Authorization" form specified in Annex H.
2. The Task Authorization (TA) will contain the details of the activities to be performed, a description of the deliverables, and a schedule indicating completion dates for the major

activities or submission dates for the deliverables. The TA will also include the applicable basis(bases) and methods of payment as specified in the Contract.

3. The Contractor must provide the Technical Authority, within thirty (30) calendar days of its receipt, the proposed total estimated cost for performing the task and a breakdown of that cost, established in accordance with the Basis of Payment specified in the Contract.
4. The Contractor must not commence work until a TA authorized by the Procurement Authority has been received by the Contractor. The Contractor acknowledges that any work performed before a TA has been received will be done at the Contractor's own risk

7.1.2.2 Task Authorization Limit

The Procurement Authority may authorize individual task authorizations up to a limit of \$*to be insert at contract award*, Applicable Taxes included, inclusive of any revisions.

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

7.1.2.3 Canada's Obligation - Portion of the Work - Task Authorizations

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

7.1.2.4 Periodic Usage Reports - Contracts with Task Authorizations

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

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

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

The quarterly periods are defined as follows:

1st quarter: April 1 to June 30;

2nd quarter: July 1 to September 30;

3rd quarter: October 1 to December 31; and

4th quarter: January 1 to March 31.

The data must be submitted to the Contracting Authority no later than thirty (30) calendar days after the end of the reporting period.

Reporting Requirement- Details

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

For each authorized task:

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

For all authorized tasks:

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

7.1.2.5 Task Authorization - Department of National Defence

The administration of the Task Authorization process will be carried out by DAP 5-2-5 This process includes monitoring, controlling and reporting on expenditures of the contract with task authorizations to the Contracting Authority.

7.2 Standard Clauses and Conditions

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

7.2.1 General Conditions

2035 (2022-05-12), General Conditions - Higher Complexity - Services, apply to and form part of the Contract.

7.2.2 Supplemental General Conditions

Software Development or Modification Services 4002 (2010-08-16), apply to and form part of the Contract.

Goods - Higher Complexity 4012 (2012-07-16), apply to and form part of the Contract.

7.3 Security Requirements

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

1. The Contractor must, at all times during the performance of the Contract, hold a valid Facility Security Clearance at the level of **SECRET**, and obtain approved Document Safeguarding Capability at the level of **SECRET**, issued by the Contract Security Program (CSP), Public Works and Government Services Canada (PWGSC).
2. This contract includes access to **Controlled Goods**. Prior to access, the contractor must be registered in the Controlled Goods Program of Public Works and Government Services Canada (PWGSC).
3. The Contractor personnel requiring access to **PROTECTED** information, assets, or sensitive site(s) must EACH hold a valid personnel security screening at the level of **RELIABILITY STATUS**, granted or approved by the CSP, PWGSC.
4. The Contractor personnel requiring access to **RESTRICTED CANADIAN/FOREIGN CLASSIFIED/PROTECTED** information, assets, or sensitive site(s) must be citizens of **Canada or The United States of America or Permanent Residents of Canada** and must EACH hold a valid personnel security screening at the level of **SECRET or RELIABILITY STATUS, as required**, granted or approved by the CSP, PWGSC.
5. The Contractor MUST NOT utilize its facilities to process, produce, or store CLASSIFIED/PROTECTED information or assets until the CSP, PWGSC has issued written approval.
6. The Contractor MUST NOT utilize its Information Technology systems to electronically process, produce, or store any sensitive CLASSIFIED/PROTECTED information until the CSP, PWGSC has issued written approval. After approval has been granted, these tasks may be performed at the level of **SECRET**.
7. Subcontracts which contain security requirements are NOT to be awarded without the prior written permission of the CSP, PWGSC.
8. The winning bidder/contractor must submit the completed FOCI package including the associated documentation as prescribed in the FOCI Guidelines by the due date identified in the email sent by the FOCI Office.
9. The winning bidder/contractor MUST NOT access COMSEC information and assets until they are in possession of a FOCI determination letter and a Communications Security Establishment determination letter specific to this contract.

10. The winning bidder/contractor **MUST NOT** store NATO or Foreign Classified information or assets until they are in possession of a FOCI determination letter specific to this contract.
11. The winning bidder/contractor must implement the risk mitigation measures identified and approved by the FOCI Office prior to accessing any NATO, foreign, or COMSEC Classified information and assets.
12. The winning bidder/contractor must maintain the risk mitigation measures throughout the duration of the contract, including any contract extension(s), if applicable.
13. The winning bidder/contractor may not be able to maintain their organization and personnel clearances if the FOCI evaluation determines that no risk mitigation measures are possible. Under such circumstances, the security requirements of the contract will not be met.
14. The winning bidder/contractor's organization security clearance may be suspended if the winning bidder/contractor does not implement risk mitigation measures required by the CSP.
15. The winning bidder/contractor must inform the FOCI Office immediately of any changes to the organization's corporate or ownership structure as well as any changes in foreign income or foreign debt from what was reported in the initial FOCI assessment. The winning bidder/contractor may be subject to a FOCI re assessment.
16. The Contractor must comply with the provisions of the:
 - (a) Security Requirements Check List and security guide (if applicable), attached at Annex C;
 - (b) *Contract Security Manual* (Latest Edition).

NOTE: There are **multiple levels of personnel security screenings** associated with this file. In this instance, a Security Classification Guide must be added to the SRCL clarifying these screenings. The Security Classification Guide is normally generated by the organization's project authority and/or security authority.

1. **NOTE:** There are **multiple levels of release restrictions** associated with this file. In this instance, a *Security Guide* should be added to the SRCL clarifying these restrictions. The *Security Guide* is normally generated by the organization's project authority and/or security authority.

7.3.2 Contractor's Sites or Premises Requiring Safeguarding Measures

- 7.3.2.1** Where safeguarding measures are required in the performance of the Work, the Contractor must diligently maintain up to date the information related to the Contractor's and proposed individuals' sites or premises for the following addresses:

Street Number / Street Name, Unit / Suite / Apartment Number
City, Province, Territory / State
Postal Code / Zip Code
Country

- 7.3.2.2** The Company Security Officer must ensure through the Contract Security Program that the Contractor and individuals hold a valid security clearance at the required level.

7.4 Term of Contract

7.4.1 Period of the Contract

The period of the Contract is from date of Contract to *(fill in at contract award)* inclusive.

7.4.2 Transition Period – End of the Contract

The Contractor acknowledges that the nature of the services provided under the Contract requires continuity and that a transition period may be required at the end of the Contract. The Contractor agrees that Canada may, at its discretion, extend the Contract by a period of 12 months under the same conditions to ensure the required transition. The Contractor agrees that, during the extended period of the Contract, it will be paid in accordance with the applicable provisions as set out in the Basis of Payment.

The Contracting Authority will advise the Contractor of the extension by sending a written notice to the Contractor at least 180 calendar days before the contract expiry date. The extension will be evidenced for administrative purposes only, through a contract amendment.

7.4.3 Delivery Points

(insert at contract award)

7.4.4 Shipping Instructions (Department of National Defence) - Canadian-based Contractor **D0037C** (2016-01-28)

Delivery will be FCA Free Carrier at _____ (*Insert the named place, e.g. Contractor's facility*) Incoterms 2000. The Contractor must load the goods onto the carrier designated by the Department of National Defence (DND). Onward shipment from the delivery point to the consignee will be Canada's responsibility.

Before shipping the goods, the Contractor must contact the following DND Inbound Logistics Coordination Center by facsimile or e-mail, to arrange for shipment, and provide the information detailed at paragraph 3.

Inbound Logistics Co-ordination Center (ILCC)
Telephone: 1-877-877-7423 (toll free)
Facsimile: 1-877-877-7409 (toll free)
E-mail: ILHQOttawa@forces.gc.ca

Inbound Logistics Quebec Area (ILQA)
Telephone: 1-866-935-8673 (toll free), or
1-514-252-2777, ext. 4673, 2852
Facsimile: 1-866-939-8673 (toll free), or
1-514-252-2911
E-mail: 25DAFCTrafficQM@forces.gc.ca

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

the Contract number;

consignee address (for multiple addresses, items must be packaged and labelled separately with each consignee address);

description of each item;

the number of pieces and type of packaging (i.e., carton, crate, drum, skid);

actual weight and dimensions of each piece type, including gross weight;

full details of dangerous goods/hazardous products, as required for the applicable mode of transportation, signed certificates for dangerous goods/hazardous products as required for shipment by the International Maritime Dangerous Goods Code, the International Air Transport Association regulations or the applicable Canadian Transportation of Dangerous Goods Regulations, and a copy of the safety data sheet in English and French.

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

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

If the Contractor delivers the goods at a place and time which are not in accordance with the given delivery instructions or fail to fulfill reasonable delivery instructions given by Canada, the Contractor must reimburse Canada any additional expenses and costs incurred.

If Canada is responsible for delays in delivering the goods, ownership and risk will be transferred to Canada upon expiry of either 30 days following the date on which a duly completed shipping application is received by Canada or by its appointed forwarding agent, or 30 days following the delivery date specified in the Contract, whichever is later.

7.5 Authorities

7.5.1 Contracting Authority

The Contracting Authority for the Contract is:

Name: Matthew MacLean
Title: Supply Team Leader
Public Works and Government Services Canada
Acquisitions Branch
Directorate: Aerospace Equipment Program Directorate

Telephone: 343-576-2979

E-mail address: matthew.maclean@tpsgc-pwgsc.gc.ca

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

7.5.2 Technical Authority

The Technical Authority for the Contract is:

Insert name

Director General Aerospace Equipment Program Management (DGAEPM) Fighters and Trainers (FT) ~~x-x~~
CF-18 Hornet Deputy Weapon System Manager
Department of National Defence
National Defence Headquarters
Phone: xxx-xxx-xxxx (W) / 613-xxx-xxxx (C)
insert.name@forces.gc.ca

The Technical Authority named above is the representative of the department or agency for whom the Work is being carried out under the Contract and is responsible for all matters concerning the technical content of the Work under the Contract. Technical matters may be discussed with the Technical Authority, however the Technical Authority has no authority to authorize changes to the scope of the Work. Changes to the scope of the Work can only be made through a contract amendment issued by the Contracting Authority.

7.5.3 Procurement Authority

The Procurement Authority for the Contract is:

Insert name
Procurement Authority / CF-18 Avionics (AVS)
Directorate of Aerospace Procurement – DAP 5-x-x
Aerospace Equipment Program Management (DGAEPM)
Department of National Defence / Government of Canada
Phone: xxx-xxx-xxxx (W) / 613-xxx-xxxx (C)
insert.name@forces.gc.ca

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

7.5.4 Contractor's Representative

Name: _____
Title: _____
Organization: _____
Address: _____
Telephone: ____-____-_____
Facsimile: ____-____-_____
E-mail address: _____

7.6 Proactive Disclosure of Contracts with Former Public Servants

By providing information on its status, with respect to being a former public servant in receipt of a [Public Service Superannuation Act](#) (PSSA) pension, the Contractor has agreed that this information will be reported on departmental websites as part of the published proactive disclosure reports, in accordance with [Contracting Policy Notice: 2019-01](#) of the Treasury Board Secretariat of Canada.

7.7 Payment

7.7.1 Basis of Payment

For the satisfactory performance of the Work as specified in the Performance Work Statement, the Contractor will be paid as detailed in ANNEX B - Basis of Payment (BOP).

Limitation of Price – Tier 1 Activities

For the BOP and AAF Tier 1 activities, Canada will not pay the Contractor for any design changes, modifications or interpretations of the Work unless they have been approved, in writing, by the Contracting Authority before their incorporation into the Work.

Limitation of Expenditure – Tier 2 Activities

Canada's total liability to the Contractor under the Contract must not exceed the AAF Tier 2 amount. Customs duties are excluded and Applicable Taxes are extra.

7.7.2 Limitation of Expenditure

1. Canada's total liability to the Contractor under the Contract must not exceed *\$ insert at contract award*. Customs duties are included and Applicable Taxes are extra.
2. No increase in the total liability of Canada or in the price of the Work resulting from any design changes, modifications or interpretations of the Work, will be authorized or paid to the Contractor unless these design changes, modifications or interpretations have been approved, in writing, by the Contracting Authority before their incorporation into the Work. The Contractor must not perform any work or provide any service that would result in Canada's total liability being exceeded before obtaining the written approval of the Contracting Authority. The Contractor must notify the Contracting Authority in writing as to the adequacy of this sum:
 - a. when it is 75% committed, or
 - b. four months before the contract expiry date, or
 - c. as soon as the Contractor considers that the contract funds provided are inadequate for the completion of the Work,whichever comes first.
3. If the notification is for inadequate contract funds, the Contractor must provide to the Contracting Authority a written estimate for the additional funds required. Provision of such information by the Contractor does not increase Canada's liability

7.7.3 Method of Payment

Canada will make progress payments in accordance with the payment provisions of the Contract, no more than once a month, for cost incurred in the performance of the Work, up to *insert at contract award* percent of the amount claimed and approved by Canada if:

- a. an accurate and complete claim for payment using form [PWGSC-TPSGC 1111](#), Claim for Progress Payment, and any other document required by the Contract have been submitted in accordance with the invoicing instructions provided in the Contract;
- b. the amount claimed is in accordance with the basis of payment;
- c. the total amount for all progress payments paid by Canada does not exceed *insert at contract award* percent of the total amount to be paid under the Contract;
- d. all certificates appearing on form [PWGSC-TPSGC 1111](#) have been signed by the respective authorized representatives.

The balance of the amount payable will be paid in accordance with the payment provisions of the Contract upon completion and delivery of all work required under the Contract if the Work has been accepted by Canada and a final claim for the payment is submitted. Progress payments are interim payments only. Canada may conduct a government audit and interim time and cost verifications and reserves the rights to make adjustments to the Contract from time to time during the performance of the Work. Any overpayment resulting from progress payments or otherwise must be refunded promptly to Canada.

Payments will be in accordance with the approved Annual Activity Forecast (AAF)

For Work negotiated in the AAF, the Contractor will be paid in accordance with the Basis of Payment at Annex B following receipt of a progress claim.

7.7.4 T1204 – Direct Request by Customer Department

SACC Manual clause [A9117C](#) (2007-11-30) T1204 – Direct Request by Customer Department

7.7.5 Travel and Living Expenses – National Joint Council travel Directive

The Contractor will be reimbursed its authorized travel and living expenses reasonably and properly incurred in the performance of the Work, at cost, without any allowance for profit and/or administrative

overhead, in accordance with the meal, and private vehicle allowances specified in Appendices B, C and D of the [National Joint Council Travel Directive](#), and with the other provisions of the directive referring to "travellers", rather than those referring to "employees". Canada will not pay the Contractor any incidental expense allowance for authorized travel.

All travel must have the prior authorization of the Technical Authority.

All payments are subject to government audit.

Estimated annual cost must be included in the Annual Activity Forecast (AAF).

7.7.6 Electronic Payment of Invoices – Contract

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

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

7.7.7 Time Verification

SACC Manual clause [C0711C](#) (2008-05-12) Time Verification

7.8 Invoicing Instructions – Progress Payment Claim- Supporting Documentation required

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

Each claim must show:

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

Each claim must be supported by:

- a. a copy of time sheets to support the time claimed;
 - b. a copy of the invoices, receipts, vouchers for all direct expenses, travel and living expenses;
 - c. a copy of the monthly progress report.
2. Applicable Taxes must be calculated on the total amount of the claim before the holdback is applied. At the time the holdback is claimed, there will be no Applicable Taxes payable as it was claimed and payable under the previous claims for progress payments.
3. The Contractor must prepare and certify one original and two (2) copies of the claim on form [PWGSC-TPSGC 1111](#), and forward it to the Procurement Authority identified under the section entitled "Authorities" of the Contract for appropriate certification after inspection and acceptance of the Work takes place.

The Procurement Authority will then forward the original and two (2) copies of the claim to the Contracting Authority for certification and onward submission to the Payment Office for the remaining certification and payment action.
4. The Contractor must not submit claims until all work identified in the claim is completed.

7.9 Certifications and Additional Information

7.9.1 Compliance

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

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

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

7.10 Applicable Laws

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

7.11 Priority of Documents

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

- (a) the Articles of Agreement;
- (b) the supplemental general conditions 4002 (2010-08-16) Software Development or Modification Services and 4012 (2012-07-16) Goods - Higher Complexity ;
- (c) the general conditions 2035, (2022-05-12) General Conditions - Higher Complexity - Services;
- (d) Annex A, Performance Work Statement;
- (e) Annex B, Basis of Payment;
- (f) Annex C, Security Requirements Check List;
- (g) Annex D, Performance Management Specification;
- (h) Annex G, ISED Canada;
- (i) Annex I, Insurance Requirements;
- (j) the signed Task Authorizations (including all of its annexes, if any) (*if applicable*);
- (k) the Contractor's bid dated _____, (*insert date of bid*) (*If the bid was clarified or amended, insert at the time of contract award:*"), as clarified on _____"

7.12 Defence Contract

SACC Manual clause [A9006C](#) (2012-07-16) Defence Contract
SACC Manual clause [A9062C](#) (2011-05-16) Canadian Forces Site Regulations

7.13 Foreign Nationals (Canadian Contractor)

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

7.14 Insurance – Specific Requirements

The Contractor must comply with the insurance requirements specified in Annex I. The Contractor must maintain the required insurance coverage for the duration of the Contract. Compliance with the insurance requirements does not release the Contractor from or reduce its liability under the Contract.

The Contractor is responsible for deciding if additional insurance coverage is necessary to fulfill its obligation under the Contract and to ensure compliance with any applicable law. Any additional insurance coverage is at the Contractor's expense, and for its own benefit and protection.

The Contractor must forward to the Contracting Authority within ten (10) days after the date of award of the Contract, a Certificate of Insurance evidencing the insurance coverage and confirming that the insurance policy complying with the requirements is in force. For Canadian-based Contractors, coverage must be placed with an Insurer licensed to carry out business in Canada, however, for Foreign-based Contractors, coverage must be placed with an Insurer with an A.M. Best Rating no less than "A-". The Contractor must, if requested by the Contracting Authority, forward to Canada a certified true copy of all applicable insurance policies.

7.15 Controlled Goods Program

SACC Manual clause [A9131C](#) (2020-11-19), Controlled Goods Program
SACC Manual clause [B4060C](#) (2011-05-16), Controlled Goods Program

7.16 Limitation of contractor's Liability for Damages to Canada

This section applies despite any other provision of the Contract and replaces the section of the general conditions entitled "Liability". Any reference in this section to damages caused by the Contractor also includes damages caused by its employees, as well as its subcontractors, agents, and representatives, and any of their employees.

Whether the claim is based in contract, tort, or another cause of action, the Contractor's liability for all damages suffered by Canada caused by the Contractor's performance of or failure to perform the Contract is limited to *[To be inserted at contracted award]*. This limitation of the Contractor's liability does not apply to:

any infringement of intellectual property rights; or
any breach of warranty obligations.

Each Party agrees that it is fully liable for any damages that it causes to any third party in connection with the Contract, regardless of whether the third party makes its claim against Canada or the Contractor. If Canada is required, as a result of joint and several liability, to pay a third party in respect of damages caused by the Contractor, the Contractor must reimburse Canada for that amount.

The liability of the Contractor must in any event cease respecting loss or damage, which occurs more than 12 months following the later of:

The expiration of the Contract; or

The first use of that which is being supplied pursuant to the Contract, provided that such first use commences not more than two years following the expiration of the Contract.

To the extent that the liability of the Contractor is proven, the Contractor must be liable only for those damages that, regardless of the nature of the action, are a direct consequence of the Contractor's failure to perform its obligations herein, excluding however any punitive damages or any other damages for which no direct link of causality has been established between such damages and the Contractor's failure to perform its obligation herein.

7.17 Government Site Regulations

SACC Manual clause [A9068C](#) (2010-01-11) Government Site Regulations

7.18 Dispute Resolution

- (a) The Parties agree to maintain open and honest communication about the Work throughout and after the performance of the contract.
- (b) The Parties agree to consult and co-operate with each other in the furtherance of the contract and promptly notify the other party or parties and attempt to resolve problems or differences that may arise.

- (c) If the Parties cannot resolve a dispute through consultation and cooperation, the parties agree to consult a neutral third party offering alternative dispute resolution services to attempt to address the dispute.
- (d) Options of alternative dispute resolution services can be found on Canada's Buy and Sell website under the heading "[Dispute Resolution](#)".

7.19 Access to Facilities and Equipment

SACC Manual clause [B9028C](#) (2007-05-25) Access to Facilities and Equipment

7.20 Special Production Tooling and Special Test Equipment Owned by Canada – Optimized Weapon Systems Management

SACC Manual clause [L0005C](#) (2008-05-12) Special Production Tooling and Special Test Equipment Owned by Canada – Optimized Weapon Systems Management

7.21 Tooling Loaned by Department of National Defence

SACC Manual clause [B7009C](#) (2008-05-12) Tooling Loaned by the Department of National Defence

7.22 Quality Assurance Authority (Department of National Defence)

SACC Manual clause [D5510C](#) (2022-05-12) Quality Assurance Authority (Department of National Defence) – Canadian based Contractor

7.23 Quality Management Systems - Requirements

SACC Manual clause [D5540C](#) (2021-05-20) ISO 9001: 2015 Quality Management systems – Requirements (Quality Assurance Code Q)

SACC Manual clause [D5545C](#) (2019-05-30) ISO 9001: 2015 Quality Management systems – Requirements (Quality Assurance Code C)

7.24 Release documents (Department of National Defence): Canadian- Based Contractor

SACC Manual clause [D5606C](#) (2017-11-28) Release documents (Department of National Defence): Canadian- Based Contractor

7.25 Military Aviation Replacement Parts – Air worthiness documentation

The Contractor must provide the following airworthiness documentation, for each unit of issue, within the interior packaging or attached to the good(s) supplied:

7.26 Shipment of Dangerous Goods/Hazardous Products

SACC Manual clause [B1505C](#) (2016-01-28) Shipment of Dangerous Goods/Hazardous Products

7.27 Flight Safety

SACC Manual clause B4064C (2008-05-12) Flight Safety

7.28 Additional Package Markings

The Contractor must ensure that in addition to the required interior and exterior package markings, the following information is provided: _____.

For item(s) _____ : " when the information is not required for all items.

- a. specification number;
- b. manufacturer's name;
- c. drawing number;
- d. batch or lot number;
- e. qualification number;
- f. cure date of rubber components;
- g. data required by the contract or by the commodity specification;
- h. date of manufacture;
- i. date of repair or overhaul;
- j. name of repair or overhaul contractor;
- k. modification status;
- l. serial number; and
- m. expiration date of shelf life.

These markings must be applied and positioned in accordance with Canadian Forces Packaging Specification D-LM-008-002/SF-001.

7.29 Shelf Life

The Contractor must ensure that item(s) with shelf life will contain 75 percent of the authorized shelf life as listed in *CFTO D-05-001-001/SF-000* at date of delivery to the Department of National Defence.

7.30 Age Control of Elastomeric Materials

SACC Manual clause B1202C (2007-05-25) Age Control of Elastomeric Materials

7.31 Quality Plan

No later than _____ **days** after the effective date of the Contract, the Contractor must submit for acceptance by the Department of National Defence (DND) a Quality Plan prepared according to the latest issue (at contract date) of *ISO 10005:2018 "Quality management systems - Guidelines for quality plans"*. The Quality Plan must describe how the Contractor will conform to the specified quality requirements of the Contract and specify how the required quality activities are to be carried out, including quality assurance of subcontractors. The Contractor must include a traceability matrix from the elements of the specified quality requirements to the corresponding paragraphs in the Quality Plan.

The documents referenced in the Quality Plan must be made available when requested by Public Works and Government Services Canada or DND.

If the Quality Plan was submitted as part of the bidding process, the Contractor must review and, where appropriate, revise the submitted plan to reflect any changes in requirements or planning which may have occurred as a result of pre-contract negotiations.

Upon acceptance of the Quality Plan by DND, the Contractor must implement the Quality Plan. The Contractor must make appropriate amendments to the Quality Plan throughout the term of the contract to reflect current and planned quality activities. Amendments to the Quality Plan must be acceptable to DND.

If the Contract includes the option for software design, development or maintenance of software, the Contractor must interpret the requirements of *ISO 9001:2015 "Quality management systems - Requirements"*, according to the guidelines of the latest issue (at contract date) of *ISO/IEC 90003:2018 "Software engineering - Guidelines for the application of ISO 9001:2015 to computer software"*.

7.32 Non-disclosure Agreement

The Contractor must obtain from its employee(s) or subcontractor(s) the completed and signed non-disclosure agreement, attached at **Annex " _ "**, and provide it to the Technical Authority before they are given access to information by or on behalf of Canada in connection with the Work.

7.33 Surplus Government Property

SACC *Manual* clause **L5001C** (2020-05-28) Surplus Government Property

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W8485-22AVS2/B
Client Ref. No. - N° de réf. du client
W8485-22AVS2

Amd. No. - N° de la modif.
File No. - N° du dossier
006bg.W8485-22AVS2

Buyer ID - Id de l'acheteur
006bg
CCC No./N° CCC - FMS No./N° VME

APPENDIX A to PART 3 OF THE BID SOLICITATION

ELECTRONIC PAYMENT INSTRUMENTS

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

- () Direct Deposit (Domestic and International);
- () Electronic Data Interchange (EDI);
- () Wire Transfer (International Only);
- () Large Value Transfer System (LVTS) (Over \$25M)

APPENDIX A to PART 5 OF THE BID SOLICITATION

FEDERAL CONTRACTORS PROGRAM FOR EMPLOYMENT EQUITY – CERTIFICATION

I, the Bidder, by submitting the present information to the Contracting Authority, certify that the information provided is true as of the date indicated below. The certifications provided to Canada are subject to verification at all times. I understand that Canada will declare a bid non-responsive, or will declare a contractor in default, if a certification is found to be untrue, whether during the bid evaluation period or during the contract period. Canada will have the right to ask for additional information to verify the Bidder's certifications. Failure to comply with any request or requirement imposed by Canada may render the bid non-responsive or constitute a default under the Contract.

For further information on the Federal Contractors Program for Employment Equity visit [Employment and Social Development Canada \(ESDC\) – Labour's](#) website.

Date: _____ (YYYY/MM/DD) (If left blank, the date will be deemed to be the bid solicitation closing date.)

Complete both A and B.

A. Check only one of the following:

- ☐ A1. The Bidder certifies having no work force in Canada.
- ☐ A2. The Bidder certifies being a public sector employer.
- ☐ A3. The Bidder certifies being a [federally regulated employer](#) being subject to the [Employment Equity Act](#).
- ☐ A4. The Bidder certifies having a combined work force in Canada of less than 100 permanent full-time and/or permanent part-time employees.

A5. The Bidder has a combined workforce in Canada of 100 or more employees; and

- ☐ A5.1. The Bidder certifies already having a valid and current [Agreement to Implement Employment Equity](#) (AIEE) in place with ESDC-Labour.
- OR
- ☐ A5.2. The Bidder certifies having submitted the [Agreement to Implement Employment Equity \(LAB1168\)](#) to ESDC-Labour. As this is a condition to contract award, proceed to completing the form Agreement to Implement Employment Equity (LAB1168), duly signing it, and transmit it to ESDC-Labour.

B. Check only one of the following:

- ☐ B1. The Bidder is not a Joint Venture.

OR

- ☐ B2. The Bidder is a Joint venture and each member of the Joint Venture must provide the Contracting Authority with a completed annex Federal Contractors Program for Employment Equity - Certification. (Refer to the Joint Venture section of the Standard Instructions)

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CCC No./N° CCC - FMS No./N° VME

CF188 AVIONICS (AVS)

IN-SERVICE SUPPORT (ISS)

ANNEX B

BASIS OF PAYMENT (BoP)

Solicitation No. - N° de l'invitation
Buyer ID

W8485-22AVS2/B

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

W8485-22AVS2

File No. - N° du dossier

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Amd. No. - N° de la modif. Id de l'acheteur -

006bg

CCC No./N° CCC - FMS No./N° VME

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Section 1 – Introduction

1.1 General

- 1.1.1 In consideration of the performance by the Contractor satisfactorily completing its obligations under this Contract, the Contractor will be paid in accordance with the following Basis of Payment (BoP), in Canadian dollars (CAD).
- 1.1.2 The Work performed under this contract, as described in Annex A – Performance Work Statement (PWS), will be organized under a Tiered System of work activities. Work activities described in the PWS are grouped according to Tier levels in this BoP, with corresponding applicable bases of payment for each Tier and Tier subgroup.
- 1.1.3 The main Tier groupings are comprised of:
 - a. Tier 1 – Core Services. This is Work considered repeatable, able to be planned and/or scheduled in advance, foreseeable, consistent, having a fixed pattern or level of activity or effort, and expected or anticipated to occur in the same manner over time, to a reasonable extent possible. Canada has provided the estimated Levels of Effort (LoEs) and volume of business from which the Contractor will apply the approved Labour Category rates and applicable approved mark-ups to determine the annual Tier 1 costs; and
 - b. Tier 2 – Above Core Services. This is Work considered able or likely to change, vary, shift, fluctuate or be irregular over occurrences and/or over time in activity and level of effort and Work that may be difficult to foresee, plan for ahead of time, or be able to expect or anticipate for in advance. As a result, the activities undertaken under Tier 2 will require Canada's approval before their conduct under AWRs unless previously approved under the AAF Process (production and acceptance, refer to Appendix 2 – AAF and LTAF Process to Annex A – PWS).
- 1.1.4 The Tiers subgroupings are comprised of:
 - a. Tier 1A – Core Embedded Teams;
 - b. Tier 1B – Core Services (provided by the Contractor and Sub-Contractor(s), including repairs performed the Contractor);
 - c. Tier 1C – Core Material (including Component Repair & Overhaul (CR&O) as well as material procured by the Contractor);
 - d. Tier 2A – Above Core Material;
 - e. Tier 2B – Above Core Services; and
 - f. Tier 2C – Transition Costs
- 1.1.5 The Contractor will use the above BoP structure with its Tiers and sub-tiers as the foundation for developing the annual AAF.

Section 2 – Basis of Payment

2.1 General

2.1.1 The Basis of Payment consists of:

- a. Time and Material Reimbursable (TMR);
- b. Laid Down Cost (LDC) with or without Mark-Up, as applicable;
- c. Fixed Price (FP); and
- d. Performance Incentive.

2.2 Time and Material Reimbursable

2.2.1 The following items will be paid as follows:

- a. For the Contractor personnel performing activities under Tier 1A and Tier 1B, the actual hours worked multiplied by the latest approved contract year hourly rate, as applicable, in accordance with **Table 7**; and
- b. For Contractor personnel performing activities under Tier 2B, as authorized by Canada under AWRs unless previously approved under the AAF Process, the actual hours worked multiplied by the latest approved contract year hourly Rate, as applicable, in accordance with **Table 7**.

2.3 Cost Reimbursable with Approved Mark-Up

- 2.3.1 For Subcontract work (goods and services) including Arm's Length and Parent or Affiliates, the Laid Down Cost (LDC) of the Subcontract, excluding the Subcontractor Travel and Living costs, plus the applicable approved Mark-Up will be in accordance with **Table 7**.
- 2.3.2 For CF188 AVS Spare Parts ordered by the Contractor outside of the current inventory, the LDC of the Parts, plus the applicable approved Mark-Up will be in accordance with **Table 7**.

2.4 Cost Reimbursable without Mark-Up

- 2.4.1 The following items will be paid at the Laid Down Cost incurred without allowance for Mark-Up or Profit, and include the following cost types:
 - a. Contractor's Travel and Living costs;
 - b. Subcontractors' Travel and Living costs; and
 - c. Transportation and Freight charges related to parts (Spare Parts and repairable parts).

2.5 Fixed Price

- 2.5.1 Using Milestone Payments, the Contractor will receive Fixed Price milestone payments for the fulfilment of the key Transition activities described in para 4.6.1 and in accordance with **Table 6** below.

2.6 Performance Incentive

- 2.6.1 A pre-determined Performance Incentive will be paid in one installment, available annually, once Canada has confirmed that the Contractor has met the applicable award conditions as defined in Annex D – Performance Management Specification (PfMS).
- 2.6.2 The Performance Incentive amount is in accordance with paragraph 10.2 herein.
- 2.6.3 Financial gains made by the Contractor through a Performance Incentive pursuant to Annex D – PfMS do not count as Profit for the sake of any Profit audit and not applicable under 1031-2 Contract Cost Principles for the purpose of Rates negotiations.

Section 3 – Variations of Significance

- 3.1 In the event that significant variations are foreseen to be realized from the then current AAF to the next Fiscal Year AAF in the baseline of Yearly Flying Rate (YFR), significant variations in fleet size, and/or a change in the number of CF188 at geographic locations expressed in **AAF Fleet Planning and Assumption (Appendix 2 to Annex A)**, during the Contract Firm Period, the Parties agree to engage in discussion and any changes related to any of the **Tables** under this Article will be at the negotiated agreement of the Parties and in accordance with the Contract Terms and Conditions.
- 3.2 In the event of significant variations are foreseen to be realized from the then current AAF to the next Fiscal Year AAF in the baseline of Yearly Flying Rate (YFR), significant variations in fleet size expressed as, and/or a change in the number of CF188 at geographic locations expressed in **AAF Fleet Planning and Assumption (Appendix 2 to Annex A)** during an Option Block Period, if awarded as applicable, the Parties agree to engage in discussion and any changes related to any of the **Tables** under this Article will be at the negotiated agreement of the Parties and in accordance with the Contract Terms and Conditions.

Section 4 – Basis of Payment Tiers

4.1 Tier 1A – Core Embedded Teams

- 4.1.1 Tier 1A consists of the Contractor embedded support personnel located at:
- 4 Wing, Cold Lake, AB;
 - 3 Wing, Bagotville, QC; and
 - DGAEPM, Gatineau, QC.
- 4.1.2 For Tier 1A, the Contractor will be paid TMR, using the rates provided in **Table 7**, for the **actual** work performed (LOEs multiplied by hourly rates) for baseline contracted activities.
- 4.1.3 These amounts (TMR) expressed in **Table 1, TMR Ceilings**, will

originate from the winning bidder's financial proposal and will be used to achieve Value for Money (cost containment and reduction goals), with potential for annual Performance Incentive opportunity per paragraph 2.5.

Table 1: Tier 1A – Core Embedded Teams Annual Total Cost per Location (*insert at Contract Award*)

Locations	Contract Year 1 (TMR Ceiling)	Contract Year 2 (TMR Ceiling)	Contract Year 3 (TMR Ceiling)	Contract Year 4 (TMR Ceiling)	Contract Year 5 (TMR Ceiling)
4 Wing (Cold Lake, AB) - BoP Tier 1A - Core Embedded Team	\$	\$	\$	\$	\$
3 Wing (Bagotville, QC) - BoP Tier 1A - Core Embedded Team	\$	\$	\$	\$	\$
DGAEPM (Gatineau, QC) - BoP Tier 1A – Contract Representative	\$	\$	\$	\$	\$
Total:	\$	\$	\$	\$	\$

- 4.1.4 An activity considered as an exceptional event not covered under Tier 1A will be managed as an Additional Work Request (AWR) and paid as TMR or Cost Reimbursable in accordance with the Rates and Mark-Ups shown in **Table 7**. The AWR will be managed in accordance with Tier 2B provisions herein.

4.2 Tier 1B – Core Services

- 4.2.1 Tier 1B consists of the predictable activities performed by the Contractor under the following Functional Areas:
- Program Management (Contractor TMR Labour);
 - Engineering Support (Contractor & Subcontractor TMR Labour)
 - Maintenance Support (Contractor TMR Labour);
 - Material Support (Contractor TMR Labour including Supply Manager (s)); and
 - Other Direct Costs (Contractor).
- 4.2.2. Under Tier 1B, for all authorized Work performed on a TMR basis (LOEs multiplied by hourly rates) and/or LDC with or without Mark-Up, as applicable, the Contractor will be paid using the Rates and Mark-Ups in **Table 7**.
- 4.2.3. These amounts (TMR) expressed in **Table 2, Ceilings**, will originate from the winning bidder's financial proposal and will be used to achieve Value for Money (cost containment and reduction goals), with potential for annual Performance Incentive opportunity per paragraph 2.5.

Table 2: Tier 1B – Core Services Annual Total Costs (*insert at Contract Award*)

Contract Year	Contract Year 1 (Ceiling)	Contract Year 2 (Ceiling)	Contract Year 3 (Ceiling)	Contract Year 4 (Ceiling)	Contract Year 5 (Ceiling)
Program Management (Contractor, TMR Labour);	\$	\$	\$	\$	\$
Engineering Support (Contractor, TMR Labour & Subcontractor, LDC w/ MU)	\$	\$	\$	\$	\$
Maintenance Support (Contractor TMR Labour);	\$	\$	\$	\$	\$
Material Support (Contractor, TMR Labour);	\$	\$	\$	\$	\$
Other Direct Costs (Contractor).	\$	\$	\$	\$	\$
Total:	\$	\$	\$	\$	\$

- 4.2.2. An activity considered as an exceptional event not covered by Tier 1B will be managed as an Additional Work Request (AWR) and paid as TMR or Cost Reimbursable in accordance with the Rates and Mark-Ups shown in **Table 7**. The AWR will be managed in accordance with Tier 2B provisions herein.

4.3 Tier 1C – Core Material

- 4.3.1 Tier 1C consists of the following activities:

- Material – Procurement of AVS Parts or consumables (Contractor); and
- Material – Component Repair and Overhaul (CR&O) lines (Subcontractors, Overhaul activities only (e.g., disassembling/assembling, inspection, lubrication, scheduled repairs, testing, etc.), **not** including unforeseen/unpredictable activities (major repairs, unscheduled parts replacement) as those latter activities are covered under Tier 2A).

- 4.3.2 In consideration of the performance by the Contractor of its

obligations contained in Tier 1C, Canada will, based on the receipt of invoices, pay the Contractor as follows:

- a. For the cost of the AVS parts purchased by the Prime contractor on an LDC basis in **Table 3** will be at Rates and/or Prices agreed to by Canada and with an approved Mark-Up as per the Mark-Up Rate in **Table 7**; and
 - b. For the cost of the Work carried out directly by the Subcontractor on a TMR basis in **Table 3** will be at Rates and/or Prices agreed to by Canada and with an approved Mark-Up as per the Mark-Up Rate in **Table 7**.
- 4.3.3 These amounts (TMR) expressed in **Table 3, Ceilings**, will originate from the winning bidder's financial proposal and will be used to achieve Value for Money (cost containment and reduction goals), with potential for annual Performance Incentive opportunity per paragraph 2.5.

Table 3: Tier 1C – Core Material (insert at Contract Award)

Activities	Contract Year 1 (Ceiling)	Contract Year 2 (Ceiling)	Contract Year 3 (Ceiling)	Contract Year 4 (Ceiling)	Contract Year 5 (Ceiling)
Material (Contractor) – AVS Parts	\$	\$	\$	\$	\$
Maintenance and Material (Subcontractors), includes CR&O Activities – S/C TMR Labour	\$	\$	\$	\$	\$
Total:	\$	\$	\$	\$	\$

- 4.3.4 Any activity considered as an exceptional event not covered by Tier 1C will be managed as an Additional Work Request (AWR) and paid as TMR or LDC in accordance with the Rates and Mark-Ups shown in **Table 7**. The AWR will be managed in accordance with Tier 2A provisions herein.

4.4 Tier 2A – Above Core Material

- 4.4.1 Tier 2A is the placeholder for the following unforeseen/unpredictable procurement activities, should they occur (i.e., not included under Tier 1C):
- a. Material – Procurement of AVS Parts (Contractor) resulting from **Variations of Significance**, if applicable, as described in Section 3 above. For the cost of the AVS parts purchased by the Contractor in **Table 4** will be on an LDC basis with Mark-Up per **Table 7**; and
 - b. Material – Component Repair and Overhaul (CR&O) lines (Sub-contractors, unscheduled

maintenance/repairs/procurement). For the cost of the Work carried out directly by the Subcontractors in **Table 4** on an LDC basis with Mark-Up as per **Table 7**.

Table 4: Tier 2A – Above Core Material (*insert at Contract Award*)

Activities	Contract Year 1	Contract Year 2	Contract Year 3	Contract Year 4	Contract Year 5
Material (Contractor) – AVS Parts	\$	\$	\$	\$	\$
Maintenance and Material (Subcontractors), includes CR&O Unscheduled Activities – S/C TMR Labour	\$	\$	\$	\$	\$
Total:	\$	\$	\$	\$	\$

4.5 Tier 2B – Above Core Activities

4.5.1 Tier 2B is the placeholder for the following unforeseen/unpredictable activities, should they occur:

- Engineering Support (e.g., Capital projects, new task);
- Materiel Support (e.g., Capital projects, parts procurement, new task);
- Augmented Support (e.g., NP & Capital projects, new task);
- Transportation and freight of AVS parts (Contractor & Subcontractors);
- Divestment Activities;
- Travel & Living Expenses;
- Financial Rewards (Performance Incentive); and
- Miscellaneous.

4.5.2 For Work not addressed under any one of the Tiers 1A, 1B, 1C, and 2A, the Work will be assessed as falling under Tier 2B and, as a result, an Additional Work Request (AWR) via a DND 626 Task Authorization Form must be issued and approved by the appropriate authority entities, as described in the Contract Terms and Conditions and Task Authorization process described therein.

4.5.3 Under Tier 2B, for all authorized Work performed on a TMR or LDC basis, with or without Mark-Up, as applicable, in **Table 5** the Contractor will be paid using the Rates and Mark-Ups in **Table 7**.

Table 5: Tier 2B – Above Core Activities (*insert at Contract Award*)

Activities	Contract Year 1	Contract Year 2	Contract Year 3	Contract Year 4	Contract Year 5
Engineering Support (e.g., Capital Project or new task)	\$	\$	\$	\$	\$

Maintenance Support (e.g., Capital Project or new task)	\$	\$	\$	\$	\$
Material Support (e.g., Capital Project or new task)	\$	\$	\$	\$	\$
Transportation – Contractor (Estimated value)	\$	\$	\$	\$	\$
Transportation – Sub- Contractor (Estimated value)	\$	\$	\$	\$	\$
Divestment Activities (Estimated Value)	\$	\$	\$	\$	\$
T&L Expenses ((Estimated Value)	\$	\$	\$	\$	\$
Performance Incentive	\$	\$	\$	\$	\$
VCP	\$	\$	\$	\$	\$
Total:	\$	\$	\$	\$	\$

4.6 Tier 2C – Transition Activities

- 4.6.1 Tier 2C is a placeholder for the Canada and Contractor's identified transition activities and their associated Milestone Payments (Fixed Price elements) leading up to the fulfilment of critical milestones during the Transition Phase (Year 1 of the ISS Contract):
- Activities leading up to Basic Operating Capability (BOC);
 - Activities leading up to Initial Operating Capability (IOC);
 - Activities leading up to Full Operating Capability (FOC); and
 - Miscellaneous.

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Table 6: Tier 2C – Transition Activities (*insert at Contract Award*)

Milestone	Transition Activity #	PWS Ref.	Activities (leading up to Milestone)	Fixed Price (CAD)
BOC	32	4	Establish specialized technical AVS training	\$0
	44	6	Provide warehousing for all GOCCM listed in Annex F	\$0
	48	6	Transfer a prioritized list of repairables (Class A) and consumables (Class C)	\$0
			Activity ???	\$0
			Activity ???	\$0
			Activity ???	\$0
			Sub-Total:	\$0
IOC	36	5	Implement ATE and support equipment transition	\$0
	37	5	Implement Test Equipment for AVS/ATE support	\$0
	39	6	Implement Customer Service Window (Personnel)	\$0
	40	6	Establish Customer Service Window (Accountable and Consumables)	\$0
	49	6	Transfer remaining repairables (Class A) and consumables (Class C)	\$0
			Activity ???	\$0
			Activity ???	\$0
			Activity ???	\$0
			Sub-Total:	\$0
FOC			Activity ???	\$0
			Activity ???	\$0
			Activity ???	\$0
			Sub-Total:	\$0
BoP Tier 2C Total (FY 24/25 only):				\$0

Section 5 – Annual Activity Forecast (AAF) and Additional Work Request (AWR)

5.1 Canada-Issued Contractor's Annual Activity Forecast (AAF)

- 5.1.1 Section 5 provides for a pre-authorized financial level in accordance with (IAW) approved AAF for the Contractor to achieve the required AVS ISS outcomes IAW PWS.
- 5.1.2 The AAF will be created by the Contactor and approved by Canada, which will provide the Contractor pre-approved authorization to carry out work for specific goods and services for Tier 1, Tier 2A and certain other activities and unplanned AWR.
- 5.1.3 Intent of this authorization is to provide the Contractor flexibility, in case of unplanned requirements for low-risk goods and services which may occur during scheduled maintenance that are not covered by the standard tasks under Tier 1 and Tie 2A activities. Intent is also to reduce administrative burden on Canada and the Contractor to allow the Contractor to execute low value, low risk, required repairs and procurements.
- 5.1.4 A DND 626 will be used for Tier 2 unplanned work and have a dollar limit cost ceiling, exclusive of taxes, that the Contractor may not exceed, without additional funding being approved by Canada. Task Authorizations exceeding an approved and funded DND 626 will require approval of the DND TA/PA/CA, through an amendment to the DND 626 approved by the PSPC Contracting Authority (CA).
- 5.1.5 The DND 626 ceiling limit may not be exceeded without an approved amendment to the DND 626 from the PWGSC Contracting Authority amending the ceiling limit.

Section 6 – Contract Periods

6.1 Contract Firm Period

- 6.1.1 The Contract Firm Period is described in Article (*insert at Contract Award*), Contract Terms and Conditions. In consideration of the performance by the Contractor satisfactorily completing its obligations under this Contract, the Contractor will be paid Prices, Labour Rates, LOEs, and Mark-Ups in accordance with **Table 7** contained herein, and the other provisions of this Basis of Payment.

6.2 Contract Option years

- 6.2.1 The Contract Option years (single or bundled) are described in Article (*insert at Contract Award*), Contract Terms and Conditions. If Option years (single or bundled) are to be issued under the Contract upon completion of the Contract Firm Period, this Basis of Payment will be revised, via a Contract Amendment, to add additional Contract Years columns to all necessary tables herein, with all pricing amounts adjusted as applicable. Pricing adjustments

will be managed in accordance with the provisions set forth in Para 7.2 herein. If awarded, Option year(s) (single or bundled) will begin at Contract Year 6, for a subsequent contract duration.

- 6.2.2 Prices, Labour Rates, LOEs, and Mark-Ups for any option period issued after the Contract Firm Period are to be negotiated and Canada-approved prior to issuing Option years (single or bundled), and all **Tables** are to be updated accordingly, as applicable.

6.3 Contract Fleet Sundown Period

- 6.3.1 At the time fleet retirement or End of Fleet Life (EFL) is declared, there may be a period of approximately one to five years (estimation) before the anticipated end of the Contract that could reasonably be expected to have fleet operational impact affecting Fleet YFR, and thus, programmatic adjustments will be required to affect the fleet sundown and retirement.
- 6.3.2 At such time, Rates, Prices, and Mark-Ups contained in the Basis of Payment may require adjustments where appropriate for the reality of the sundown of the fleet to EFL. Collaboration between the Contractor and Canada on Contract Close-Out activities and management thereof will be required. This may be required because of, but not limited to, a drawdown of YFR, fleet size, operational posture / role, etc.
- 6.3.3 Any changes to the Basis of Payment for this period will be negotiated and agreed to by the Parties.

Section 7 – Contractor Rates and Mark-Ups

7.1 Approved Rates (Firm Period)

- 7.1.1 For all authorized Work performed on a TMR and Cost Reimbursable basis, from **01 April 2024 to 31 March 2029** (*exact dates finalized at contract award*), the Contractor will be paid using the negotiated and approved blended Rates as specified in **Table 7 – Contractor Rates and Mark-Ups**. These approved Rates are inclusive of Profit.
- 7.1.2 In addition to those activities where TMR and Cost Reimbursable basis of payment applies, the approved Rates in **Table 7** also apply for Additional Work Requests (AWRs) as applicable.

Table 7: Contractor Hourly Rates and Mark-Ups (*insert at Contract Award*)

LABOUR CATEGORY (\$ CAD) (will change to reflect winning bidder's labour categories)	# of PY (where applicable)	Contract Year 1 Hourly Rate	Contract Year 2 Hourly Rate	Contract Year 3 Hourly Rate	Contract Year 4 Hourly Rate	Contract Year 5 Hourly Rate
BoP Tier 1A - Core Embedded Teams						
Cold Lake Customer Supply Window Personnel Rate #1		\$	\$	\$	\$	\$
Cold Lake Customer Supply Window Personnel Rate #2		\$	\$	\$	\$	\$
Cold Lake Customer Supply Window Supervisor		\$	\$	\$	\$	\$
Bagotville Customer Supply Window Personnel Rate #1		\$	\$	\$	\$	\$
Bagotville Customer Supply Window Personnel Rate #2		\$	\$	\$	\$	\$
Bagotville Customer Supply Window Supervisor		\$	\$	\$	\$	\$
Gatineau Contract Representative		\$	\$	\$	\$	\$
BoP Tiers 1B/2B						
Prog Mgmt Rate		\$	\$	\$	\$	\$
Admin Support Rate		\$	\$	\$	\$	\$
Blended Eng Sp Rate		\$	\$	\$	\$	\$
Blended Main Sp Rate		\$	\$	\$	\$	\$
Blended Mat Sp Rate		\$	\$	\$	\$	\$
Mark-Ups						
Material Burden		%	%	%	%	%
Sub-Contractor		%	%	%	%	%
Other Direct Costs		%	%	%	%	%

7.2 Determination and Approval of Rates and Prices (Option Year(s) (Single or

bundled))

- 7.2.1 Rates, Mark-Ups, and Prices for the Option Year(s) (single or bundled) to start after the Contract Firm Period will be re-baselined (negotiated and approved) prior to issuing the Option Year(s) (single or bundled). All Tables will be updated accordingly, reflecting the negotiated and approved Rates, Mark-Ups, and Prices.
- 7.2.3 One (1) year prior to the expected start of an Option Year(s) (single or bundled), the Contractor shall submit a financial proposal to the PWGSC Contracting Authority and PWGSC Price Support Group financial analyst. The proposal will include details on the Contractor's proposed Rates, Prices, Mark-Ups, proposed Profit, and PCBs for the Option Year(s) (single or bundled).
- 7.2.4 The determination and negotiation of Rates, Prices, Mark-Ups, and Profit **for Option Period(s)** will be in accordance with Contract Cost Principles 1031-2 SACC clause and PWGSC departmental profit policy. The Contractor's proposal will be in sufficient detail to meet the needs of review under SACC 1031-2 clause, department profit policy and for Canada to understand the methodology, composition, assumptions, calculations, and roll-up of cost estimates of the financial proposal covering the Option Year(s) (single or bundled). The negotiation and determination of the cost estimates will be as agreed-to by the Contractor, the PWGSC Contracting Authority and the Department of National Defence CF188 AVS Weapon System Manager.
- 7.2.5 The Contractor and PWGSC will engage in rates and pricing negotiation upon receipt of the Contractor's financial proposal. It will be the expectation of the Parties that rates and price negotiation is concluded with Canada-approved Rates, Prices, Mark-Ups, and cost estimates confirmed prior to the start date of Option Year(s) (single or bundled).
- 7.2.6 The updated Basis of Payment, reflecting the Rates, Prices, Mark-Ups, and cost estimates for the Option Year(s) (single or bundled), will be evidenced for administrative purposes, through a contract amendment issued by the PWGSC Contracting Authority.

Section 8 – Specific Considerations

8.1 Considerations under Tier 1C – Core Material and Tier 2A – Above Core Material

- 8.1.1 In consideration of the performance by the Contractor of its obligations contained under Tier 1C and Tier 2A, Canada will, based on the receipt of invoices, pay the Contractor in Canadian dollars as follows:
- a. Procurement of Parts and Goods. For CF188 AVS Parts ordered outside of the Current Inventory, which are procured by the Contractor from other vendors and other OEMs, the Contractor will negotiate vendor Prices periodically and offer Canada the sale of such

parts plus the approved Mark-Up rate, over the negotiated vendor Price as reflected in the purchase order with that vendor, in accordance with **Table 7**, for the applicable contract year.

Section 9 – Other General Provisions

9.1 Cost of Transportation

- 9.1.1 For transportation of Deliverable End Items, the Prices shall include transportation costs from the point of origin to the destination.
- 9.1.2 For Spare Parts, the Contractor shall prepay the transportation costs including the applicable customs charges and the cost of transportation from the Contractor's warehouse to the destination, and claim these costs, with no allowance for Mark-Up, as a separate line item on the monthly consolidated claim for progress payment. The Contractor shall also prepay the transportation costs and include the cost of transportation from and to CF188 AVS units, and claim these costs, with no allowance for Mark-Up, as a separate line item on the monthly consolidated claim for progress payment.
- 9.1.3 For Repairables, the Contractor shall prepay the transportation costs including the applicable customs charges, and the cost of transportation between Contractor's warehouse, and the appropriate authorized repair stations, and claim these costs, with no allowance for Mark-Up, as a separate line item on the monthly consolidated claim for progress payment.
- 9.1.4 The **Estimated** value for Transportation will be in accordance with **Table 6**.

9.2 Travel and Living Expenses

- 9.2.1 A portion of Travel and Living activities that can be forecasted, planned and that predictably occur year over year, such as but not limited to, standing governance meetings, an annual Travel Plan Fixed Price and listing of travels will be negotiated and approved by both Parties. The Travel Plan will apply for each year and for the duration of the Contract Firm Period.
- 9.2.2 The **Estimated** value for yearly planned travel will be in accordance with **Table 6**.
- 9.2.3 All authorized travel and living expenses of the Contractor, categorized under Tier 2B of the Basis of Payment, reasonably and properly incurred in the performance of the Work, supported by appropriate receipts, will be paid by Canada on a cost reimbursement basis, with no allowance for mark-up and/or administrative overhead. All payments are subject to government audit and must not exceed the allowable costs as stated in the National Joint Council Travel Directive. www.njc-cnm.gc.ca.

9.3 GST/HST/QST

- 9.3.1 Good and Services Tax (GST), Harmonized Sales Tax (HST), or Quebec Sales Tax (QST), are not included in the Prices and Rates herein. In cases when it applies, the GST/HST/QST will be shown separately on all invoices and will be paid by Canada. The Contractor agrees to remit to the related Government Tax collection agencies any GST/HST/QST that the Contractor receives from Canada.

9.4 Application of Reimbursement and Credits

- 9.4.1 The Government of Canada Financial Administration Act, section 39 stipulates the following:
- a. "An overpayment shall be credited to the appropriation against which the related expenditure, advance or payment was charged".
- 9.4.2 The DND Financial Administration Manual 1018-1— Managing Public Revenue, paragraph 25 stipulates the following:
- a. "Refunds of expenditures (e.g., recoveries of overpayments, refunds of advance payments, refunds of sales or excise taxes and customs duties) can be credited to the budget that was originally charged only if the refund is received in the same fiscal year as the original charge. Refunds of previous years' expenditures cannot be re-spent."
- 9.4.3 As a result of the above regulations, the Contractor is not authorized to apply to the progress claim invoices any credit related to refunds of previous fiscal year overpayments. In the event of such overpayment, the Contractor will apply to DND for directives on how to proceed for the refund.

9.5 Costing Data Collection

- 9.5.1 To accumulate the necessary costing data that will be used as a baseline for negotiations in the establishment of re-baselined Prices, Labour Rates, LOEs and Mark-Ups for the first and subsequent Option Periods to End of Contract, the Contractor must record costs, separately and in detail for each basis of payment element included in Tiers 1A, 1B, 1C, 2A, and 2B for the duration of the Contract.
- 9.5.2 This cost collection must be based on a Government of Canada approved cost accounting system using the cost and collection principles of the Costing Principle 1031-2, with the intent of ensuring a fair and reasonable allocation of cost against each basis of payment element.
- 9.5.3 The data collected will not be used to apply Rate adjustments against previous years but rather to determine reasonable costing baselines which will result in effective Government of Canada and

Contractor relational sharing contracting.

- 9.5.4 Behaviour from the Contractor conducive to a Collaborative Environment by enabling the Sustainment Enterprise to meet two critical Value for Money requirements (Smart Buyer & Should Cost Determination) under Canada's Sustainment Initiative will be assessed yearly under SPM 3 – Behaviour, detailed in Annex D – PfMS.

9.6 Audit Requirements – Performance Metrics

- 9.6.1 The Contractor's calculations under the Performance Metrics are subject to verifications by government audit, at the Contracting Authority's discretion, before and after payment is made to the Contractor under the Terms and Conditions of this contract.
- 9.6.2 The Contractor shall cooperate fully with Canada during the conduct of any such audit by providing Canada with access to such records and systems as Canada considers necessary to ensure that all credits have been accurately credited to Canada in the Contractor's invoices. If, because of conducting such an audit, Canada determines that the Contractor's records or systems for identifying, calculating, and recording the credits are inadequate, the Contractor shall implement such additional measures as may be required by the Contracting Authority.
- 9.6.3 The Contractor's cost allocation system is subject to verification by government audit, at the discretion of Canada.

Section 10 – Rewards and Remedies

10.1 General

- 10.1.1 The complete description of the CF188 AVS Performance Management Framework (PfMF) is provided in Annex D - Performance Management Specification (PfMS). The PfMS contains the methods and formulas, necessary to calculate the values of the Strategic Performance Measures (SPMs) and their applicability for Performance Incentives. The framework of the PfMS will be used to determine performance scoring results based on submitted performance data, which may recommend a Performance Incentive payment, as applicable.
- 10.1.2 Payments to the Contractor by Canada will be adjusted based on the actual level of performance achieved by the Contractor through applicability and award of a Performance Incentive per Annex D - PfMS and through the governance process in also in Annex D, PfMS.

10.2 Financial Rewards

10.2.1 Annual Performance Incentive

- 10.2.2 All Strategic Performance Measure (SPM) descriptions, calculations and provisions for incentives are described in detail in Annex D – PfMS. Based on successful SPM scores achieved at the end of each annual performance period as defined in Annex D, and approved exclusively by the Government of Canada representatives of the Strategic Performance Review
- 10.2.3 Meeting, a maximum annual Performance Incentive of 2% of the Eligible Base Amount (i.e., Annual amount invoiced less T&L, if applicable) will be awarded to the Contractor if all conditions for award of a Performance Incentive are met in accordance with Annex D – PfMS. An annual Performance Incentive will be made available to the Contractor if and only if the AAF has been successfully negotiated, approved by Canada for subsequent inclusion in the Contract, and paid out if the conditions laid out in Annex D – PfMS are fulfilled.
- 10.2.4 An approved financial reward payment must be invoiced to Canada using the monthly consolidated progress claim process on form PWGSC 1111, using Basis of Payment line item identified as: Performance Incentive. The payment will be made as a single lump-sum amount.
- 10.3 Value Change Proposal (VCP)**
- 10.3.1 All the details of the VCP initiative are described in Appendix 2 – Value Change Proposal to Annex D – PfMS.
- 10.4 VCP Payment**
- 10.4.1 Approved Category B VCPs, defined in Annex D, PfMS, must be incorporated in the Annual Activity Forecast (AAF). The Contractor must invoice Canada in arrears as a separate Line Item on the monthly consolidated progress claim, using the PWGSC 1111 form, indicated on a line item named Value Change Proposal Payment. The progress claim will list each VCP number and indicate the number of each VCP that was applied during the monthly invoice claim period. Canada shall reimburse the Contractor in accordance with the defined Sharing Ratio as determined through the process in Annex D, PfMS - Appendix 2. The payment will be made as a single lump-sum amount.
- 10.4.2 Canada will reimburse the Development and Implementation Costs according to the agreed sharing ratio.
- 10.4.3 The Contractor will be eligible for sharing VCP savings for the period of time agreed to when the VCP was accepted.
- 10.5 Cost Verification**
- 10.5.1 Details of VCP costs and savings must be subject to verification

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by Canada and the Contractor is responsible for maintaining
adequate records to support all aspects of the VCP in
accordance with the Contract's Accounts and Audits clause.



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Security Classification / Classification de sécurité UNCLAS

SECURITY REQUIREMENTS CHECK LIST (SRCL)
LISTE DE VÉRIFICATION DES EXIGENCES RELATIVES À LA SÉCURITÉ (LVERS)

PART A - CONTRACT INFORMATION / PARTIE A - INFORMATION CONTRACTUELLE		
1. Originating Government Department or Organization / Ministère ou organisme gouvernemental d'origine DND		2. Branch or Directorate / Direction générale ou Direction DAEPM(FT)
3. a) Subcontract Number / Numéro du contrat de sous-traitance	3. b) Name and Address of Subcontractor / Nom et adresse du sous-traitant	
4. Brief Description of Work / Brève description du travail CF188 Avionics Optimized Weapon System Support, Full In-Service support, with all elements from program management, maintenance, supply chain management to disposal.		
5. a) Will the supplier require access to Controlled Goods? Le fournisseur aura-t-il accès à des marchandises contrôlées?		<input type="checkbox"/> No / Non <input checked="" type="checkbox"/> Yes / Oui
5. b) Will the supplier require access to unclassified military technical data subject to the provisions of the Technical Data Control Regulations? Le fournisseur aura-t-il accès à des données techniques militaires non classifiées qui sont assujetties aux dispositions du Règlement sur le contrôle des données techniques?		<input checked="" type="checkbox"/> No / Non <input type="checkbox"/> Yes / Oui
6. Indicate the type of access required / Indiquer le type d'accès requis		
6. a) Will the supplier and its employees require access to PROTECTED and/or CLASSIFIED information or assets? Le fournisseur ainsi que les employés auront-ils accès à des renseignements ou à des biens PROTÉGÉS et/ou CLASSIFIÉS? (Specify the level of access using the chart in Question 7. c) (Préciser le niveau d'accès en utilisant le tableau qui se trouve à la question 7. c)		<input type="checkbox"/> No / Non <input checked="" type="checkbox"/> Yes / Oui
6. b) Will the supplier and its employees (e.g. cleaners, maintenance personnel) require access to restricted access areas? No access to PROTECTED and/or CLASSIFIED information or assets is permitted. Le fournisseur et ses employés (p. ex. nettoyeurs, personnel d'entretien) auront-ils accès à des zones d'accès restreintes? L'accès à des renseignements ou à des biens PROTÉGÉS et/ou CLASSIFIÉS n'est pas autorisé.		<input checked="" type="checkbox"/> No / Non <input type="checkbox"/> Yes / Oui
6. c) Is this a commercial courier or delivery requirement with no overnight storage? S'agit-il d'un contrat de messagerie ou de livraison commerciale sans entreposage de nuit?		<input checked="" type="checkbox"/> No / Non <input type="checkbox"/> Yes / Oui
7. a) Indicate the type of information that the supplier will be required to access / Indiquer le type d'information auquel le fournisseur devra avoir accès		
Canada <input checked="" type="checkbox"/>	NATO / OTAN <input type="checkbox"/>	Foreign / Étranger <input checked="" type="checkbox"/>
7. b) Release restrictions / Restrictions relatives à la diffusion		
No release restrictions Aucune restriction relative à la diffusion <input checked="" type="checkbox"/>	All NATO countries Tous les pays de l'OTAN <input type="checkbox"/>	No release restrictions Aucune restriction relative à la diffusion <input type="checkbox"/>
Not releasable À ne pas diffuser <input checked="" type="checkbox"/>		
Restricted to: / Limité à : <input checked="" type="checkbox"/>	Restricted to: / Limité à : <input type="checkbox"/>	Restricted to: / Limité à : <input checked="" type="checkbox"/>
Specify country(ies): / Préciser le(s) pays : USA/Canada	Specify country(ies): / Préciser le(s) pays :	Specify country(ies): / Préciser le(s) pays : Canada/USA
7. c) Level of information / Niveau d'information		
PROTECTED A PROTÉGÉ A <input checked="" type="checkbox"/>	NATO UNCLASSIFIED NATO NON CLASSIFIÉ <input type="checkbox"/>	PROTECTED A PROTÉGÉ A <input checked="" type="checkbox"/>
PROTECTED B PROTÉGÉ B <input checked="" type="checkbox"/>	NATO RESTRICTED NATO DIFFUSION RESTREINTE <input type="checkbox"/>	PROTECTED B PROTÉGÉ B <input checked="" type="checkbox"/>
PROTECTED C PROTÉGÉ C <input type="checkbox"/>	NATO CONFIDENTIAL NATO CONFIDENTIEL <input type="checkbox"/>	PROTECTED C PROTÉGÉ C <input type="checkbox"/>
CONFIDENTIAL CONFIDENTIEL <input checked="" type="checkbox"/>	NATO SECRET NATO SECRET <input type="checkbox"/>	CONFIDENTIAL CONFIDENTIEL <input checked="" type="checkbox"/>
SECRET SECRET <input checked="" type="checkbox"/>	COSMIC TOP SECRET COSMIC TRÈS SECRET <input type="checkbox"/>	SECRET SECRET <input checked="" type="checkbox"/>
TOP SECRET TRÈS SECRET <input type="checkbox"/>		TOP SECRET TRÈS SECRET <input type="checkbox"/>
TOP SECRET (SIGINT) TRÈS SECRET (SIGINT) <input type="checkbox"/>		TOP SECRET (SIGINT) TRÈS SECRET (SIGINT) <input type="checkbox"/>



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UNCLAS**PART A (continued) / PARTIE A (suite)**

8. Will the supplier require access to PROTECTED and/or CLASSIFIED COMSEC information or assets?

Le fournisseur aura-t-il accès à des renseignements ou à des biens COMSEC désignés PROTÉGÉS et/ou CLASSIFIÉS?

☒ No ☐ Yes
Non Oui

If Yes, indicate the level of sensitivity:

Dans l'affirmative, indiquer le niveau de sensibilité :

9. Will the supplier require access to extremely sensitive INFOSEC information or assets?

Le fournisseur aura-t-il accès à des renseignements ou à des biens INFOSEC de nature extrêmement délicate?

☒ No ☐ Yes
Non Oui

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

Document Number / Numéro du document :

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

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

RELIABILITY STATUS
COTE DE FIABILITÉCONFIDENTIAL
CONFIDENTIELSECRET
SECRETTOP SECRET
TRÈS SECRETTOP SECRET – SIGINT
TRÈS SECRET – SIGINTNATO CONFIDENTIAL
NATO CONFIDENTIELNATO SECRET
NATO SECRETCOSMIC TOP SECRET
COSMIC TRÈS SECRETSITE ACCESS
ACCÈS AUX EMPLACEMENTS

Special comments:

Commentaires spéciaux :

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

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

10. b) May unscreened personnel be used for portions of the work?

Du personnel sans autorisation sécuritaire peut-il se voir confier des parties du travail?

☐ No ☒ Yes
Non Oui

If Yes, will unscreened personnel be escorted?

On DND premises, unscreened pers. may only

Dans l'affirmative, le personnel en question sera-t-il escorté?

access public/reception zones

☒ No ☐ Yes
Non Oui**PART C - SAFEGUARDS (SUPPLIER) / PARTIE C - MESURES DE PROTECTION (FOURNISSEUR)****INFORMATION / ASSETS / RENSEIGNEMENTS / BIENS**

11. a) Will the supplier be required to receive and store PROTECTED and/or CLASSIFIED information or assets on its site or premises?

Le fournisseur sera-t-il tenu de recevoir et d'entreposer sur place des renseignements ou des biens PROTÉGÉS et/ou CLASSIFIÉS?

☐ No ☒ Yes
Non Oui

11. b) Will the supplier be required to safeguard COMSEC information or assets?

Le fournisseur sera-t-il tenu de protéger des renseignements ou des biens COMSEC?

☒ No ☐ Yes
Non Oui**PRODUCTION**

11. c) Will the production (manufacture, and/or repair and/or modification) of PROTECTED and/or CLASSIFIED material or equipment occur at the supplier's site or premises?

Les installations du fournisseur serviront-elles à la production (fabrication et/ou réparation et/ou modification) de matériel PROTÉGÉ et/ou CLASSIFIÉ?

☐ No ☒ Yes
Non Oui**INFORMATION TECHNOLOGY (IT) MEDIA / SUPPORT RELATIF À LA TECHNOLOGIE DE L'INFORMATION (TI)**

11. d) Will the supplier be required to use its IT systems to electronically process, produce or store PROTECTED and/or CLASSIFIED information or data?

Le fournisseur sera-t-il tenu d'utiliser ses propres systèmes informatiques pour traiter, produire ou stocker électroniquement des renseignements ou des données PROTÉGÉS et/ou CLASSIFIÉS?

☐ No ☒ Yes
Non Oui

11. e) Will there be an electronic link between the supplier's IT systems and the government department or agency?

Disposera-t-on d'un lien électronique entre le système informatique du fournisseur et celui du ministère ou de l'agence gouvernementale?

☒ No ☐ Yes
Non Oui

Contract Number / Numéro du contrat

W8485-22AVS2

Security Classification / Classification de sécurité
UNCLAS**PART C - (continued) / PARTIE C - (suite)**

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

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

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

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

SUMMARY CHART / TABLEAU RÉCAPITULATIF

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

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

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

☒ No ☐ Yes
Non Oui

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

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

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

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

☒ No ☐ Yes
Non Oui

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

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

Solicitation No. - N° de l'invitation
W8485-22AVS2/B
Client Ref. No. - N° de réf. du client
W8485-22AVS2

Amd. No. - N° de la modif.
File No. - N° du dossier
006bg.W8485-22AVS2

Buyer ID - Id de l'acheteur
006bg
CCC No./N° CCC - FMS No./N° VME

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Annex G

CF-18 Avionics In-Service Support

Industrial and Technological Benefits

Terms and Conditions

Solicitation No. - N° de l'invitation
W8485-22AVS2/B
Client Ref. No. - N° de réf. du client
W8485-22AVS2

Amd. No. - N° de la modif.
File No. - N° du dossier
006bg.W8485-22AVS2

Buyer ID - Id de l'acheteur
006bg
CCC No./N° CCC - FMS No./N° VME

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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 February 21, 2022 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

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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 [tbc project by project];
- 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. “Defence Sector”** means businesses engaged in the manufacture and delivery of products and services for use in government defence and security applications including but not limited to the following: ammunition and other munitions; missiles and rockets; firearms and other weapons; military systems deployed in space, space launch vehicles, land-based systems for the operation, command and control of space launch vehicles or systems deployed in space and related components; primarily airborne electro-optical, radar and sonar and other sensor/information collection systems, and fire control, warning and countermeasures systems and related components; primarily land-based or man-portable electro-optical, radar and sonar and other sensor/information collection systems, and fire control, warning and countermeasures systems and related components; primarily airborne communications and navigation systems and other information systems including processing and dissemination, software, electronics and components; primarily land based, man portable or non-platform specific communications and navigation systems and other information systems
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including processing and dissemination, software, electronics and components; naval ship-borne systems (e.g. mission systems) and components; naval ship fabrication, structures and components; naval ship maintenance, repair and overhaul; combat vehicles and components; combat vehicles maintenance, repair and overhaul; aircraft fabrication, structures and components; military aircraft maintenance, repair and overhaul services; unmanned aerial systems or vehicles and components; simulation systems for aircraft; simulation systems for naval vessels; simulation systems for land vehicles or other applications; live personnel and combat training services; and troop support, all as more particularly described in Appendix I (Defence Sector Definitions);

- 1.1.12. “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);
- 1.1.13. “Direct Transaction”** means a Transaction that is entered into for Work under the Contract, as detailed in Annex A (Statement of Work under the Contract);
- 1.1.14. “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;
- 1.1.15. “Export”** means sales of domestic services and goods, produced developed, or manufactured in Canada and leaving the country for a foreign destination;
- 1.1.16. “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;

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- 1.1.17. “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;
- 1.1.18. “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 under the Contract);
- 1.1.19. “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);
- 1.1.20. “Intellectual Property” or “IP”** means all patents, inventions, trade-marks, copyrights, industrial designs, trade secrets, technical information, and other Intellectual Property belonging to or licensed to a company;
- 1.1.21. “ITB Annual Report”** has the meaning set out in Article 4 of this Annex;
- 1.1.22. “ITB Authority”** means the Minister of Industry or any other person designated by that Minister to act on the Minister's behalf. The ITB Authority is responsible for evaluating, accepting, monitoring, verifying, and crediting ITB, and for assessing the Contractor's ITB performance under these Terms and Conditions;
- 1.1.23. “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.
- 1.1.24. “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;

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- 1.1.25. “Overachievement”** means the amount by which the Contractor’s Credits, awarded during the Achievement Period, are greater than the Obligation;
- 1.1.26. “Plans”** means the Plans prepared by the Contractor, that is the company business Plan, the ITB management Plan, the regional development Plan, the Small and Medium Business development Plan, and the gender and diversity Plan, all dated *xx* and all bearing reference number *xx* *[from the contractor’s proposal]*;
- 1.1.27. “Post-Secondary Institution”** means a higher education institution or other organizational entity in Canada that is eligible to receive funding from at least one of the three federal granting councils (the Social Science and Humanities Research Council, the Natural Science and Engineering Research Council, or the Canadian Institutes of Health Research). For informational purposes only: Information on the federal granting councils can be found on the Government of Canada website: http://science.gc.ca/eic/site/063.nsf/eng/h_FEE7261A.html;
- 1.1.28. “Proposal”** means the proposal submitted by the Contractor on *day, month, year* bearing reference number *xx*;
- 1.1.29. “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;
- 1.1.30. “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;
- 1.1.31. “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;
- 1.1.32. “Research and Development” or “R&D”** means a scientific investigation that
-

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explores the development of new goods and services, new inputs into production, new methods of producing goods and services, or new ways of operating and managing organizations. Specific R&D activities consist of standard test, measurement, or analysis; test, measurement, or analysis reports; specific thermo-mechanical analysis methodology development projects; product, process design, or engineering; customized product, process, or technology development project; related evaluation and feasibility studies; applied research projects for new product concepts, new technology platforms and new test, measurement, or analysis; basic scientific research for creating better understanding and insights in new phenomena; research to advance scientific knowledge with or without a specific practical application in view; and support work in engineering, design, operations research, mathematical analysis, computer programming, data collection, testing, or research;

- 1.1.33. “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;
- 1.1.34. “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;
- 1.1.35. “Shortfall”** means the amount by which the Contractor’s Credits, awarded during the Achievement Period, are less than the Obligation;
- 1.1.36. “Skills Development and Training”** means a specific activity intended to enhance, or address a gap in, Canadian workforce skills and training capability or capacity through a cash or in-kind contribution (e.g. equipment or a knowledge transfer);
- 1.1.37. “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;
- 1.1.38. “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;

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- 1.1.39. “Tier One Supplier”** means a company that performs a specific portion of the Work directly for the Contractor, producing or servicing a major subassembly or major component that is installed or used in the platform or system being procured under this Contract;
- 1.1.40. “Transaction”** means a commercial or business activity involving the Contractor or an Eligible Donor and a Recipient, that is carried out by means of a contract, sales agreement, licence agreement, letter of agreement or other similar instrument in writing, and which has an identified dollar value;
- 1.1.41. “Value Proposition” or “VP”** means the portion of Commitments and Transactions, along with any other information, which was submitted in the Proposal; and
- 1.1.42. “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.

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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%) 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

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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 and/or not less than sixty percent (60%)]* as Direct Transactions, measured in CCV;
- 3.1.2.2.** achieve not less than *[number] percent (xx%)* of the Contract Price, including options, *[to be inserted from the Contractor's Proposal]* as Transactions involving Supplier Development, measured in CCV, in the following KICs;
- Aerospace Systems and Components
 - Defence Systems Integration
 - In-Service Support
 - Artificial Intelligence
 - Cyber Resilience
- 3.1.2.3.** achieve not less than *[number] percent (xx%)* of the Contract Price, including options, *[to be inserted from the Contractor's Proposal]* as Transactions involving Research and Development, measured in CCV, in the following KICs;
- Aerospace Systems and Components
 - Defence Systems Integration
 - In-Service Support
 - Artificial Intelligence
 - Cyber Resilience
- 3.1.2.4.** achieve not less than *[number] dollars (\$xx)* of the Contract Price, including options, *[to be inserted from the Contractor's Proposal and/or not less than two hundred and fifty thousand dollars (\$250,000)]* as Transactions involving Skills Development and Training, measured in CCV, within the following KICs;
- Aerospace Systems and Components
 - Defence Systems Integration
 - In-Service Support
 - Artificial Intelligence

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- Cyber Resilience

- 3.1.3.** Achieve Transactions in the Designated Regions of Canada, as specified in Appendix A (Value Proposition Commitments, Plans and Transactions) and representing no less than the following:

[Note: Percentages below are calculated based on the CCV of Transactions identified in the VP Offer, divided by the Contract Price at the time of signing this Contract. The percentages will not change over the life of this Contract, but their corresponding dollar value may change if there are changes to the Contract Price.]

- 3.1.3.1.** Atlantic region: [number] percent (xx%);
- 3.1.3.2.** Quebec region: [number] percent (xx%);
- 3.1.3.3.** Northern Ontario region: [number] percent (xx%);
- 3.1.3.4.** Southern Ontario region: [number] percent (xx%);
- 3.1.3.5.** Western region: [number] percent (xx%); and
- 3.1.3.6.** Northern region: [number] percent (xx%).

- 3.1.4.** Achieve not less than [number] percent (xx%) [to be inserted from the Contractor's VP Offer and not less than five percent (5%)] of the Contract Price [for the CCV of SMB Transactions identified in the Contractor's VP Offer, whichever is higher] in CCV for Transactions involving SMBs, as specified in Appendix A (Value Proposition Commitments, Plans and Transactions).

- 3.1.5.** Carry out each and every Transaction as set out in the Transaction list attached at Appendix A (Value Proposition Commitments, Plans and Transactions), as amended from time to time.

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

- 3.2.1.** these reports must be submitted sixty (60) calendar days after the end of each Reporting Period;
- 3.2.2.** the Contractor must use the format and electronic template provided by the ITB Authority, as outlined in Article 4; and
- 3.2.3.** 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

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Contractor is required to provide certificates of compliance signed by each Eligible Donor.

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

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

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

4. ANNUAL REPORTING

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

4.1.1. Part A must include:

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

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

4.1.1.2. Progress payments:

- A list of all the progress payment claims that have been submitted to the Contracting Authority for Work completed since the Effective Date of the Contract, broken down by Reporting Period and including the amount, date submitted and payment status.

4.1.1.3. Plans:

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

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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.
- Confirmation that the following five capacity to Export conditions remain in place:
 - signing authorities to pursue international sales from Canada;
 - access to Intellectual Property rights needed to Export from Canada;
 - World Product Mandate [or exclusive authority] to Export the product/service outside of Canada;
 - a management team in place to pursue international sales from Canada; and
 - human and financial resources set aside and in use to pursue international market opportunities from Canada.

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:

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

4.1.5.2. New, changed or cancelled Transactions:

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

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

5. CONTRACT PRICE CHANGES

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

6.

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.

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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 initial 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

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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.
-

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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.

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7.5. Research and Development Transactions

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

7.5.1.1. a cash contribution to a Post-Secondary Institution for research or the establishment of research chairs or Collaborative Research undertaken with a Post-Secondary or Public Research Institution.

7.5.2. At the discretion of the ITB Authority, Contractors may be asked to submit a copy of the formal Collaborative Research written agreement covering the roles and responsibilities of the parties to the ITB Authority prior to approval of the Transaction.

7.5.3. The following will not be eligible for Credit

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

7.5.4. Valuation for Credit purposes

7.5.4.1. An initial value shall be calculated based on the cash contributions;

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

7.5.4.3. The value of any in-kind contributions would then be added, based on an In-Kind Valuation.

7.6. Consortium Transactions

7.6.1. An Allowable Investment into a consortium shall receive a Credit multiplier of five (5) times if it involves:

7.6.1.1. the Contractor or an Eligible Donor;

7.6.1.2. a minimum of one (1) Canadian Company as a Recipient; and

7.6.1.3. a minimum of one (1) Post-Secondary Institution or Public Research Institution as a Recipient.

7.6.2. The Contractor or Eligible Donor shall demonstrate how its contribution

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contributed to those of the other consortium members.

- 7.6.3.** At the discretion of the ITB Authority, Contractors may be asked to submit a copy of the formal consortium written agreement covering the roles and responsibilities of the parties to the ITB Authority prior to approval of the Transaction.
- 7.6.4.** The following will not be eligible for Credit
- 7.6.4.1.** any contribution made to the consortium by Post-Secondary Institutions or Public Research Institutions; and
 - 7.6.4.2.** any contribution made directly into the consortium by any level of government.
- 7.6.5.** Valuation for Credit purposes
- 7.6.5.1.** An initial value will be calculated and will be the sum of the value of the cash contributions from the Contractor or an Eligible Donor to the consortium and the combined value of contributions from all other consortium members, up to a maximum value equal to that of the contribution of the Contractor or an Eligible Donor, which have been leveraged by the Contractor or Eligible Donor's participation in the consortium;
 - 7.6.5.2.** once the initial value is established, it will be multiplied by five (5); and
 - 7.6.5.3.** the value of any in-kind contributions are then added, based on an In-Kind Valuation.
- 7.6.6.** Other consortium criteria
- 7.6.6.1.** The combined total investment of non-Canadian Companies in the consortium will not exceed fifty percent (50%) of the total investment in the consortium.
 - 7.6.6.2.** In cases where an Eligible Donor participates in the same consortium as the Contractor, separate transaction sheets will be submitted that describe the Contractor's and the Eligible Donor's respective contributions to the consortium.

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- 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

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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 1.1.37.

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.

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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

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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.

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

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- 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

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- 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;

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- 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;

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- 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** R&D activities performed in Canada;
- 9.1.2.4.12** miscellaneous factory and office expenses paid in Canada, such as: administrative and general expenses; depreciation with respect to production machinery and permanent plant equipment and the installation costs of such machinery and equipment; and a capital allowance not exceeding five percent (5%) of the total capital outlay incurred for buildings in Canada owned by the producer of the work;
- 9.1.2.4.13** 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

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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;

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- 9.2.13.** interest costs associated with letters of credit or other financial instruments to support Transactions;
- 9.2.14.** fees paid to lobbyists (as per the *Lobbying Act*, R.S.C. 1985, c. 44 (4th Supp.)); and
- 9.2.15.** fees paid to third-party consultants or agents for work related to obtaining Credit against this Contract. This includes, but is not limited to, providing advice on the ITB/IRB policy; preparation of proposed Transactions or reports; representing the interests of the Contractor to the ITB Authority; or searching for potential Recipients.

10. STRATEGIC PLANS

- 10.1.** Contractors are encouraged to address their ITB Obligations in a strategic manner, considering how the Contractor's broad corporate plans and vision for Canada might translate in Transactions.
- 10.2.** At the discretion of the ITB Authority, Contractors that hold IRB/ITB Obligations in Canada may be asked to submit a strategic plan to the ITB Authority and to meet to review, discuss, or update it. The Contractor's strategic plan should include:
- a description of the Manufacturer's broad corporate Plans and overarching strategic vision for Canada over the medium term (3–5 years) and long term (5+ years);
 - how these corporate Plans and vision may translate into Transactions;
 - an overview of the Contractor's current and anticipated obligations to Canada;
 - ITB relationships with Eligible Donors and other major Contractors; and
 - notice of potential Transactions that will request Pooling.
- 10.3.** If Manufacturer has multiple ITB Obligations totaling less than one (1) billion dollars, it may also submit a Strategic Plan to the ITB Authority; however, neither the ITB Authority nor the Contractor will be required to meet to discuss the Strategic Plan.

11. POOLING

- 11.1.** Pooling refers to the act of splitting the Credits achieved on a single Transaction and applying each portion to one of two or more ITB obligations.
- 11.2.** Pooled Transactions must meet the following criteria:
- 11.2.1.** meet all of the Transaction eligibility criteria as described in Article 8 (Transaction Eligibility Criteria) of this Annex and align with this Annex;

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- 11.2.2.** have a value of not less than fifty million dollars (\$50,000,000), measured in CCV; and
- 11.2.3.** have strategic and long-term impacts on the Recipient, including but not limited to R&D support; first purchase of innovative Canadian technologies; World Product Mandate; global value chain activities; consortia activities; SMB activities; and/or technology advancement.
- 11.3.** The Contractor must describe and document how any proposed transaction for pooling meets the criteria in Article 11.2.
- 11.4.** A portion of a pooled Transaction may be applied to this Contract. The Contractor shall report on the pooled Transaction through the annual reporting process and schedule agreed to with the ITB Authority at the time of pooled Transaction approval.
- 11.5.** If a portion of a pooled Transaction originates in the bank and Credits have already been confirmed, the value of those Credits will transfer to this Contract, if the Eligible Donor criterion is met. In addition, any uncredited Transaction value, measured in CCV, will also be transferred to this Contract and be subject to the annual reporting and verification processes and the remedies in these Terms and Conditions.
- 11.6.** For informational purposes only: Pooling guidelines are available on the ITB website (www.canada.ca/itb).

12. BANKING

- 12.1.** The Contractor may apply bank transactions to this Contract up to a total value of fifty percent (50%) of the Obligation cited in Article 3.1.1, measured in CCV.
- 12.2.** Any bank transaction applied to this Contract, or portion thereof, shall clearly state that it originated from the bank and be the same in description and details as the approved bank transaction. The bank transaction must meet the Eligible Donor criteria outlined in Article 8.1.4.
- 12.3.** The Contractor may submit bank Overachievements to the bank arising from Transactions in this Contract. For the purposes of banking, a bank overachievement is the amount of Credit achieved that exceeds the Obligation in Article 3.1.1 and where the Contractor has:
 - 12.3.1.** completed its Obligations in Article 3.1 at least one Reporting Period before the

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end of the Achievement Period;

12.3.2. elected to continue business activities on selected Indirect Transactions and to continue its annual reporting process until the end of the Achievement Period; and

12.3.3. applied to bank, within one (1) year after the final notification of Credits from the ITB Authority, those overachieved portions of the selected Indirect Transactions.

12.3.4. applied to bank only those bank overachievements that:

12.3.4.1. were achieved between the start date of the first Reporting Period after all Obligations were completed and the end date of the Achievement Period; or

12.3.4.2. reflect the achievement of all portions of a pooled Transaction (if applicable).

12.4. With respect to any bank transaction involving a bank overachievement, the bank account holder is deemed to be the donor for the purposes of assessing the Eligible Donor criteria.

12.5. A bank transaction involving a bank overachievement, or any portion thereof, is not eligible to be re-banked at a later date as part of a subsequent bank overachievement.

12.6. Trading and/or transfer between companies of bank transactions is not permitted.

12.7. For informational purposes only: Banking guidelines are available on the ITB website (www.canada.ca/itb).

13. PUBLIC COMMUNICATIONS

13.1. The Contractor, its Eligible Donors, and Recipients are strongly encouraged to be as transparent as possible regarding the Obligations, Commitments and specific Transactions, making them publicly available whenever possible.

13.2. The Contractor and the ITB Authority shall jointly coordinate public communications related to the Transactions. The two parties shall also collaborate to identify success stories associated with specific Transactions.

13.3. The Contractor consents to public announcements regarding the Project, made by or on behalf of the ITB Authority, which are related to Obligations, Commitments and

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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

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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.

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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

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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 outlined in Article 18.

17. CONFLICT RESOLUTION

- 17.1.** The ITB Authority and the Contractor acknowledge that they have entered into a long-term relationship, with the goal that the Contractor achieves the Obligations and Commitments stated herein, delivers long-term economic benefits to Canada and carries out these Terms and Conditions.
- 17.2.** Guiding this long-term relationship are common values and approaches, such as mutual accountability, open communication, mutual respect and effective collaboration. The relationship will involve officials at the project level (e.g. ITB and contract managers) and at the management level (e.g. departmental and executive officials). Discussions will be frequent and ongoing over the life of the Contract.
- 17.3.** In the event that a disagreement arises between the ITB Authority and the Contractor regarding an ITB matter, each party will bring their concerns forward to the other for discussion and resolution. Parties are encouraged to raise concerns first at the project level. Should discussions at the project level fail to resolve the issue, the parties are then encouraged to engage at the management level.

18. REMEDIES

- 18.1.** The long-term relationship between the Contractor and ITB Authority is supported by several processes aimed at promoting regular, ongoing engagement between the two parties. These processes include the Transaction identification schedule outlined in Article 3 and the annual reporting process outlined in Article 4. Taken together, these and other monitoring measures are aimed at encouraging positive engagement, use of best practices and the successful completion of the Contractor's Obligations in this Contract.
- 18.2.** Notwithstanding the terms of this Contract that provide remedies in the event of default by the Contractor, one or more of the following remedies may be exercised in the event of default under these Terms and Conditions. Some or all remedies may apply, but combined will not exceed ten percent (10%) of the overall Contract Price. In the event of a default by the Contractor of its obligations pursuant to these Terms and Conditions, the remedies contained in this Article are in addition to, and not in substitution for, any remedies provided elsewhere in the Contract.

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18.3. Holdback/Stop Payment

18.3.1. If the contractor has failed to meet any of its Obligations contained in Article 3.1.5, the ITB Authority shall notify the Contractor in writing of such deficiency and Canada may apply a holdback (the Holdback) from any claim for payment then due or payable under the contract.

18.3.2. With respect to the Holdback, a cure period of sixty (60) calendar days (the Cure Period), beginning on the date of notification to the Contractor by the ITB Authority, will apply before the Holdback takes effect.

18.3.2.1. Within the Cure Period, the Contractor may take corrective action by providing to the ITB Authority a corrective action plan to remedy the deficiency. If the plan is accepted by the ITB Authority, no Holdback will be made.

18.3.2.2. If, after the Cure Period, the plan has not been accepted pursuant to Article 18.3.2, the accrual of the Holdback will be equal to ten percent (10%) of the progress payments 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 3.1.5 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

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that results in the highest liquidated damages.

- 18.4.2.** If the Contractor fails to achieve any of the VP Obligations in Article 3.1.2 by the end of the Achievement Period, after taking into account the provisions of Article 6, Canada may in its sole discretion require the Contractor to pay to Canada as liquidated damages twenty percent (20%) of the total deficiency, less the amount of any Holdback.
- 18.4.3.** In the event that a deficiency is comprised of more than one of the Obligations in Article 3.1.2 the Contractor shall be liable in respect to Article 18.4.1 under all deficiencies on an additive basis.
- 18.4.4.** The obligation of the Contractor to pay liquidated damages, if such obligation exists, pursuant to Article 18.4.1 or 18.4.2, will be triggered by notice by either the Minister or the Deputy Minister of Public Works and Government Services to the Contractor, stating that the Contractor is in default under the Contract for failure to achieve the identified Obligations within the Achievement Period and that Canada is demanding payment of liquidated damages in accordance with this Article.

18.5. Contract Termination

- 18.5.1.** In the event that the Contract is terminated for default pursuant to Section xx of General Conditions xx, the ITB Authority shall notify the Contractor and the Contractor shall identify Transactions within 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 one hundred and eighty (180) days of the date of termination, in its sole discretion, elect either:
- 18.5.2.1.** to take action to achieve all identified Transactions 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.

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18.5.4. The parties agree that Canada's right under Section xx of General Conditions xx to terminate this Contract for default will not apply to a failure to meet the Contractor's Obligations under these Terms and Conditions, unless the Contractor fails or neglects, within sixty (60) days of the ITB Authority's demand to do so, to satisfy any of the material Obligations listed below:

18.5.4.1. pay the liquidated damages amounts required by Article 18.4; and

18.5.4.2. satisfy its VP Obligations described in Article 3.1.2.

18.5.5. The Parties agree that:

18.5.5.1. the Obligations contained in Article 18.5.1 constitute material obligations under the Contract; and

18.5.5.2. the Obligations contained in Article 18.5.1 will survive termination of this Contract.

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

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

18.6. Letter of Credit

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

18.6.2. The letter of credit will be:

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- 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.

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- 18.7.2.** The Contracting Authority in accordance with this Article, will have the right to holdback, drawback, deduct and set off from and against the monies owing at any time by Canada to the Contractor, any amounts owing under this Contract.
- 18.7.3.** Nothing in this Article shall be interpreted as limiting the rights and remedies which the Contracting Authority may otherwise have in relation to any breach of the Contract by the Contractor.
- 18.7.4.** Actual damages which would be sustained by Canada in the event of a breach by the Contractor of the Obligations in this Contract would be commercially impracticable or extremely difficult to compute or ascertain and, therefore, the provisions for liquidated damages are agreed to be a fair and reasonable best estimate of such actual damages, and the manner provided herein for the enforcement and collection of liquidated damages is agreed to be fair and reasonable.

19. RESPONSIBILITIES OF THE PARTIES

- 19.1.** The award of this Contract to the Contractor resulted from a procurement process in which the Contractor committed to fulfill the Obligations set out in Article 3.
- 19.2.** It is the responsibility of the Contractor to ensure that it can complete the Transactions and that these are not limited by applicable laws, regulations, policies or standards.

20. COMPLIANCE WITH THE *LOBBYING ACT*

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

21. CONTINGENCY AND SUCCESS FEES

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

22. LIST OF APPROVED ELIGIBLE DONORS

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006bg
CCC No./N° CCC - FMS No./N° VME

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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>

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APPENDIX B: TEMPLATE – TRANSACTION SHEET
(Electronic copy available from the ITB Authority)

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

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APPENDIX C: TEMPLATE – ANNUAL REPORT

(Electronic copy available on ITB website)

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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]

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Plans:

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

Value Proposition Overview:

Please provide a detailed overview of each VP Commitment and related activity during the Reporting Period, along with a cumulative summary of the achievement status of each. Please provide an update on the international Export strategy, including details on the progress of target market activities and documentation demonstrating that the five capacity to Export conditions remain in place, as outlined in Article 4.1.1. Proposed length of response is 4-5 lines for each item, accompanied by the documentation as indicated.

PART B, C and D – Transactions

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

PART E – Additional Information

SMB and Regional Development Activities:

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

New, Changed or Cancelled Transactions:

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

Certificate of compliance:

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

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

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

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

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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

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**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: _____

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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

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NAME AND TITLE OF SENIOR COMPTROLLER

AT: _____

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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: _____

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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</i>	

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<i>sale to Country A. The new application or end use could be the purchase of the same military tripods from the Canadian supplier, but instead of mounting to Gun A for sale to Country A, they are mounted to Gun A for sale to Country B, or they are mounted to Gun B for sale to Country B.</i>	<i>The ITB Authority at its discretion will determine if the proposed Transaction is incremental taking the information provided into account.</i>
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APPENDIX I: DEFENCE SECTOR DEFINITIONS

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

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

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

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

Excluded here are sales relating to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Those are to be reported under the category for:

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

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

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

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

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

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

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

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

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

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

- 'Combat Vehicles Maintenance, Repair and Overhaul'.

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

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

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

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

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

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

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

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

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

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

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

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

Live Personnel and Combat Training Services: This category includes sales related to the provision by operations in Canada of live training services to *military personnel* such as in relation to combat

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training, including military airborne training services and any similar land or maritime training services;
and military marksmen and sniper training.

Excluded are sales of products and services related to:

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

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

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

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

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

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APPENDIX J: 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

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well as in commercial sectors. For the purposes of this definition, the term 'emissions' refers to the following greenhouse gases: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), 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,

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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

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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.

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Annex G

CF-18 Avionics In-Service Support

Industrial and Technological Benefits (ITB)

**Value Proposition
Bidder Instructions**

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1 INTRODUCTION

- 1.1 On February 5, 2014, the Government of Canada announced the Defence Procurement Strategy (DPS). One of the 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 CF-18 Avionics In-Service Support project (the Project) is to maintain strong Canadian industrial participation for direct sustainment, support supplier development activities, while seeking Research & Development and Skills Development and Training commitments, with a focus on Key Industrial Capabilities (KICs), such as Artificial Intelligence, Cyber Resilience, Aerospace Systems and Components, Defence Systems Integration, and In-Service Support. 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 2 – Solicitation Process of the procurement's evaluation plan.
- 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 Two (2) electronic copies of the Proposal are 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 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 or address any gaps in Canadian workforce skills and training capability.
- 3.6 Exports: Canada's Defence Sector is export intensive, and a key ITB objective is to strengthen Canada's success in tapping traditional and non-traditional export markets to share in long-term jobs and growth that result from success in foreign markets. The Bidder is encouraged to demonstrate that it and its suppliers can leverage the Project into future export success from Canada.
- 3.7 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.
- 3.8 Small and Medium Businesses (SMBs): It is an objective of Canada to encourage the participation of SMBs as suppliers on major federal procurements and to increase their competitiveness and export market access. Canadian SMBs should have the opportunity to participate in the Project.

4 Mandatory Requirements

- 4.1 There are seven (7) mandatory requirements that the Bidder must meet in its Proposal. The omission of any part of the following seven (7) 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 one hundred 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 sixty percent (60%) of the Contract Price (including options) in Direct Transactions, measured in CCV.
- 4.1.3 Requirement Three: The Bidder must commit to achieving not less than five percent (5%) of the Contract Price (including options) in SMB Transactions, measured in CCV.
- 4.1.4 Requirement Four: The Bidder must commit to achieving not less than two hundred and fifty thousand dollars (\$250,000) in Skills Development & Training Transactions, measured in CCV and in the Key Industrial Capabilities (KICs) of Aerospace Systems and Components, Artificial Intelligence, Cyber Resilience, Defence Systems Integration, and In-Service Support..
- 4.1.5 Requirement Five: In its Proposal, the Bidder must:
- 4.1.5.1 specify its Bid Price, not including taxes and rounded to the nearest dollar;
 - 4.1.5.2 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;
 - 4.1.5.3 commit to identifying, one (1) year 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,
 - 4.1.5.4 commit to identifying, three (3) 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 (100%) percent of the Contract Price (including options), measured in CCV.
- 4.1.6 Requirement Six: The Bidder must accept and comply with all of the ITB Terms and Conditions.
-

4.1.7 Requirement Seven: The Proposal must contain the following components, each of which is more particularly described in Section 5:

- 4.1.7.1 Company business Plan;
- 4.1.7.2 ITB management Plan;
- 4.1.7.3 Regional development Plan;
- 4.1.7.4 Small and Medium business development Plan;
- 4.1.7.5 Gender and diversity Plan;
- 4.1.7.6 Detailed sheets for proposed Transactions being submitted by the Bidder, accompanied by a summary chart of them; and
- 4.1.7.7 Mandatory requirements certificate, as set out in Appendix A, signed by a duly authorized company official.
- 4.1.7.8 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 4.1.7. The Plans will be assessed during the evaluation, based on quality and risk, as outlined in Section 3.1 of the Evaluation Plan.
- 5.2 Each Plan 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 Company business Plan

5.4.1 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.

5.4.2 The Bidder's company business Plan should contain the following information:

- 5.4.2.1 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;
- 5.4.2.2 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;
- 5.4.2.3 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);
- 5.4.2.4 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
- 5.4.2.5 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.

5.5 ITB management Plan

5.5.1 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.

5.5.2 The ITB management Plan should include the following information:

- 5.5.2.1 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;
- 5.5.2.2 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;
- 5.5.2.3 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;
- 5.5.2.4 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
- 5.5.2.5 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.

5.6 Regional development Plan

5.6.1 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.

5.6.2 The Regional development Plan should include the following information:

- 5.6.2.1 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;
- 5.6.2.2 A description of the Bidder's business rationale for its regional approach;
- 5.6.2.3 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;
- 5.6.2.4 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
- 5.6.2.5 A description of how regional considerations are factored into the Bidder's ITB decision-making processes.

5.7 Small and Medium Business (SMB) development Plan

5.7.1 The purpose of the SMB development Plan is to demonstrate the Bidder's commitment to providing opportunities, assistance and encouragement to

SMBs in Canada. The anticipated length of the Plan is approximately five to seven (5-7) pages.

5.7.2 The SMB development Plan should include the following information:

- 5.7.2.1 Identification and description of the Bidder's proposed Transactions involving SMBs in Canada, the total of which, or fifteen percent (15%) of the Contract Price, whichever is higher will become Obligations to be achieved under Article 3 of the ITB Terms and Conditions;
- 5.7.2.2 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 SMBs Transactions;
- 5.7.2.3 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 SMBs;
- 5.7.2.4 A description of how SMB considerations are factored into the Bidder's ITB decision-making processes; and
- 5.7.2.5 A description of any initiatives and/or assistance (at a broad corporate level or specific to the Project) that would be provided to SMBs 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.

5.8 Gender and diversity Plan

- 5.8.1 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.
- 5.8.2 The gender and diversity Plan may include, but is not limited to, the following items:

- 5.8.2.1 Any public statements that the Bidder has released promoting diversity, inclusion, and equality within its organizations;
- 5.8.2.2 Any of the Bidder's existing corporate no-tolerance policies related to discrimination against designated groups as defined in the *Employment Equity Act*;
- 5.8.2.3 Any of the Bidder's existing or planned training to educate its workforce on diversity and inclusion;
- 5.8.2.4 Any of the Bidder's other planned corporate activities to increase or promote diversity and inclusion in its workforce;
- 5.8.2.5 Any available statistics on the proportion of designated groups employed in the Bidder's firm at the senior management and working level; and
- 5.8.2.6 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*.

5.9 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. The Bidder is encouraged to use this template, to promote administrative consistency and ease.
- 5.9.2 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.

- 5.9.3 The Bidder should include a forecast plan for the Transactions due [1] and [3] 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.
- 5.9.4 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.
- 5.9.5 Identifying a Transaction for the purposes of Section 4.1.5 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.
- 5.9.6 In the event that the Bidder identifies Transactions in its Proposal valued at more than any minimum requirement stated in the Bidder Instructions:
- 5.9.6.1 no additional points will be scored in the rated evaluation, above those outlined in the Evaluation Plan; and
- 5.9.6.2 the Obligation values in Article 3 of the Terms and Conditions will be increased to match the total value of those Transactions.
- 5.9.7 Instructions for transaction sheets:
- 5.9.7.1 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 I*)

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

5.9.7.3 Donor information (*information regarding the proposed Donor on the Project*)

5.9.7.4 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.*)

5.9.7.5 Valuation and time phasing (*specify the overall CCV values as applicable, plus the detailed commitment schedule broken out by twelve (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.

5.9.7.6 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*)
 - Defence related (*yes, no or dual-use*)
 - R&D (*yes or no*)
 - Supplier development (*yes or no*)
 - Skills Development and Training (*yes or no*)
 - Export (*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*)

5.9.7.7 Consortium member information (*if applicable*);

5.9.7.8 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. Guidance is provided in the ITB website Info Bulletin "Preparing a transaction sheet". Include all details, documentation and certificates in the Proposal*)

5.9.7.9 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*)

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

5.10 Mandatory requirements certificate

5.10.1 The Bidder must submit with its Proposal the mandatory requirements certificate (Appendix A), completed with their company name and Bid Price, and signed and dated by a company official duly authorized to bind the 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 should 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 in the Key Industrial Capabilities (KICs) of Aerospace Systems and Components, Artificial Intelligence, Cyber Resilience, Defence Systems Integration, and In-Service Support. 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 The Proposal should include the Bidder's Commitment to achieve Transactions involving Research & Development in the Key Industrial Capabilities (KICs) of Aerospace Systems and Components, Artificial Intelligence, Cyber Resilience, Defence Systems Integration, and In-Service Support . 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 The Proposal should include the Bidder's Commitment to achieve Transactions involving Skills Development & Training in the Key Industrial Capabilities (KICs) of Aerospace Systems and Components, Artificial Intelligence, Cyber Resilience, Defence Systems Integration, and In-Service Support . The Commitment should be expressed as a dollar value and measured in CCV. Should the Bidder be awarded the Contract, this Commitment will become an Obligation 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,

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File No. - N° du dossier
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Buyer ID - Id de l'acheteur
006bg
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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 Transactions valued at not less than sixty percent (60%) of the Contract Price, (including options) as Direct Transactions, measured in CCV, to be achieved within the Achievement Period.	Article 3.1.2
3. Commits to achieving not less than five percent (5%) of the Contract Price, (including options) in Small and Medium Business Transactions, measured in CCV, to be achieved within the Achievement Period.	Article 3.1.4
4. Commits to achieving not less than two hundred and fifty thousand (\$250,000) in Skills Development & Training Transactions, measured in CCV, to be achieved within the Achievement Period and in the Key Industrial Capabilities (KICs) of Aerospace Systems and Components, Artificial Intelligence, Cyber Resilience, Defence Systems Integration, and In-Service Support.	Article 3.1.2
5. Identifies its Bid Price (not including taxes and rounded to the nearest dollar)	
5(a). Identifies Transactions equal in total to not less than thirty percent (30%) its Bid Price, measured in CCV.	
5(b) Commits to identifying, one (1) year 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 3.3.1
5(c) Commits to identifying, three (3) 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 3.3.2
6. Accepts all of the ITB Terms and Conditions.	All articles and appendices.
7. Has submitted all the following required components of a Proposal:	

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<ul style="list-style-type: none">• Company business plan;• ITB management plan;• Regional development plan;• Small and medium business development plan;• Gender and diversity plan• Detailed Transaction sheets, accompanied by a summary chart of all them	Appendix A
<ul style="list-style-type: none">• This Mandatory Requirements certificate, duly completed, signed and dated.	

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

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Appendix B - Rated criteria certificate

The Bidder, _____, declares and certifies that, through this Proposal for the CF-18 Avionics In-Service Support Project, the Bidder makes the following Commitments, in response to the rated criteria outlined in Section 6:

Rated Criteria	Bidder Commitment Above Minimum Requirement	Maximum Threshold	Terms and Conditions Commitment
Supplier Development		100%	
Commitment	%		Article 3.1.2.2
Identified Transactions	%		
	<i>Article 3.1.2.2 will include the percentage value of either the commitment or the identified Transactions, whichever is higher</i>		
Research and Development		25%	
Commitment	%		Article 3.1.2.3
Identified Transactions	%		
	<i>Article 3.1.2.3 will include the percentage value of either the commitment or the identified Transactions, whichever is higher</i>		
Skills Development and Training		\$750,000	
Commitment	\$		Article 3.1.2.4
Identified Transactions	\$		
	<i>Article 3.1.2.4 will include the dollar 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

Solicitation No. - N° de l'invitation
W8485-22AVS2/B
Client Ref. No. - N° de réf. du client
W8485-22AVS2

Amd. No. - N° de la modif.
File No. - N° du dossier
006bg.W8485-22AVS2

Buyer ID - Id de l'acheteur
006bg
CCC No./N° CCC - FMS No./N° VME

Annex G

CF-18 Avionics In-Service Support

Industrial and Technological Benefits (ITB)

Value Proposition Evaluation Plan

Solicitation No. - N° de l'invitation
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- 1 INTRODUCTION
- 2 MANDATORY REQUIREMENTS
- 3 MINIMUM ASSESSMENT VALUES
- 4 RATED EVALUATION
- 5 PROCESS

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 responsive or not responsive. The Proposal will be deemed responsive if it: i) meets all of the mandatory requirements outlined in Section 2; and, ii) meets the minimum assessment values outlined in Section 3.
- 1.3. All responsive bids will then be evaluated based on rated criteria, as outlined in Section 4.
- 1.4. The results of the evaluation will be conveyed to the Contracting Authority. The results will then be integrated into the overall bid evaluation results, as outlined in section [XX] of the CF-18 Avionics In-Service Support project's (the Project) evaluation plan.
- 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</i>	Mandatory requirements certificate is duly signed and submitted.

<i>percent (100%) or the total CCV of identified Transactions whichever is higher], to be achieved within the Achievement Period.</i>	
2. Bidder commits to achieving Transactions valued at not less than sixty percent (60%) of the Contract Price, (including options) in Direct Transactions, measured in CCV.	Mandatory requirements certificate is duly signed and submitted
3. Bidder commits to achieving not less than five percent (5%) of the Contract Price, (including options) in Transactions involving Small and Medium Business, measured in CCV.	Mandatory requirements certificate is duly signed and submitted.
4. Bidder commits to achieving not less than two hundred and fifty thousand dollars (\$250,000) in Transactions involving Skills Development & Training, measured in CCV and in the Key Industrial Capabilities (KICs) of Aerospace Systems and Components, Artificial Intelligence, Cyber Resilience, Defence Systems Integration, and In-Service Support.	Mandatory requirements certificate is duly signed and submitted.
5. 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.
5a. 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.	CCV value of each Transaction in the Proposal is totalled, then compared against the Bid Price. Mandatory requirements certificate is duly signed and submitted.
5b. Bidder commits to identifying one (1) year 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%) of the Contract Price (including options), measured in CCV.	Mandatory requirements certificate is duly signed and submitted.
5c. Bidder commits to identifying three (3) years after the Effective Date of the Contract, Transactions that detailed, fully described and bring the cumulative total of identified Transactions to one hundred percent (100%) the Contract Price (including options), measured in CCV.	Mandatory requirements certificate is duly signed and submitted.

6. Bidder accepts all of the ITB Terms & Conditions.	Mandatory requirements certificate is duly signed and submitted.
7. Bidder submits all the required components in its Proposal: <ul style="list-style-type: none">• Company Business Plan• ITB Management Plan• Regional Development Plan• Small and Medium Business Development Plan• Gender and diversity Plan• Detailed transaction sheets, accompanied by a summary chart of all Transactions.• Signed Mandatory requirements certificate	Presence of each required component in the Proposal and the Mandatory requirements certificate is duly signed and submitted.

3. MINIMUM ASSESSMENT VALUES

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

3.1.1. The Bidder's 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.

3.1.2. 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.

3.1.3. 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	SUPERIOR Plan contains detailed responses to four or more of the requested items in Section 5.4 to 5.7, both inclusive, as applicable, of the Bidder Instructions. The Plan demonstrates that many of Canada's ITB Objectives will be met.
3	GOOD Plan contains detailed responses to three of the requested items in Section 5.4 to 5.7, both inclusive, as applicable, of the Bidder Instructions. The Plan demonstrates that several of Canada's ITB Objectives will be met.
2	POOR Plan contains detailed responses to two of the requested items in Section 5.4 to 5.7, both inclusive, as applicable, of the Bidder Instructions. The Plan demonstrates that some of Canada's ITB Objectives will be met.
1	VERY WEAK Plan contains detailed response to one or less of the requested items in the Section 5.4 to 5.7, 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

- 3.1.4. 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.
- 3.1.5. 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	SUPERIOR 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.

VALUE	PLAN - RISK ASSESSMENTS
3	GOOD 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	POOR 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	VERY WEAK 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

- 3.1.6. 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.
- 3.1.7. The Bidder must achieve or exceed a final Plans assessment value of thirty-two (32) (out of a possible sixty-four (64)).

EXAMPLE:

Plan	Quality (A)	Risk (B)	Assessment Value (C) (C) = (A) x (B)
Company Business Plan	4	3	12
ITB Management Plan	2	3	6
Regional Development Plan	4	4	16
SMB Development Plan	4	2	8
Final plans assessment value			42

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. The Bidder should 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:

- 4.1.1.1. The Bidder with the highest commitment will receive thirty (30) points. All other Bidders will be prorated down. Formula: Bidder's Commitment divided by the highest bidder commitment, multiplied by 30 points:

Supplier Development	Bidder 1	Bidder 2	Bidder 3
Commitment	33%	25%	15%
Points	$33/33 \times 30 = 30$	$25/33 \times 30 = 23$	$15/33 \times 30 = 14$

- 4.1.1.2. No points will be awarded for the Bidder's Commitment in Supplier Development above one hundred percent (100%) of the Contract price

4.1.1.3. The Bidder will be awarded additional points to their Supplier Development score if the Bidder identifies Transactions above ten percent (10%) of the total Supplier Development Commitment, provided the Transactions are detailed and fully described and in the Key Industrial Capabilities (KICs) of Aerospace Systems and Components, Artificial Intelligence, Cyber Resilience, Defence Systems Integration, and In-Service Support.

4.1.1.3.1. The Bidder will receive one (1) point for each one percent (1%) of the total Supplier Development Commitment identified beyond the minimum ten percent (10%), up to a maximum of ten (10) points.

4.1.2. The Bidder should identify a Commitment to achieve Transactions involving Research & Development activities, measured in CCV, as described in Section 6.1.2 of the ITB Bidder Instructions. The Bidder will be scored on its Commitments involving Research & Development as follows:

4.1.2.1. The Bidder with the highest commitment will receive thirty (30) points. All other Bidders will be prorated down. Formula: Bidder's Commitment divided by the highest bidder commitment, multiplied by 30 points

4.1.2.2. No points will be awarded for the Bidder's Commitment in Research & Development below five percent (5%) or above twenty five percent (25%) of the Contract price

4.1.2.3. The Bidder will be awarded additional points to their Research & Development score if the Bidder identifies Transactions above ten percent (10%) of the total Research & Development Commitment, provided the Transactions are detailed and fully described and in the Key Industrial Capabilities (KICs) of Aerospace Systems and Components, Artificial Intelligence, Cyber Resilience, Defence Systems Integration, and In-Service Support.

4.1.2.3.1. The Bidder will receive one (1) point for each one percent (1%) of the total Research & Development Commitment identified beyond the minimum ten percent (10%), up to a maximum of ten (10) points.

4.1.3. The Bidder should identify a Commitment to achieve Transactions involving Skills Development & Training activities, measured in CCV, as described in Section 6.1.3 of the ITB Bidder Instructions. The Bidder will be scored on its Commitment involving Skills Development & Training as follows:

4.1.3.1. The Bidder with the highest commitment will receive ten (10) points. All other Bidders will be prorated down. Formula: Bidder's Commitment divided by the highest bidder commitment, multiplied by 10 points

4.1.3.2. No points will be awarded for the Bidder's Commitment in Skills Development & Training below two hundred and fifty thousand dollars (\$250,000) or above seven hundred and fifty thousand dollars (\$750,000)

4.1.3.3. The Bidder will be awarded additional points to their Skills Development & Training score if the Bidder identifies Transactions above two hundred and fifty thousand dollars (\$250,000) of the total, provided the Transactions are detailed and fully described and in the Key Industrial Capabilities (KICs) of Aerospace Systems and Components, Artificial Intelligence, Cyber Resilience, Defence Systems Integration, and In-Service Support.

4.1.3.3.1. The Bidder will receive one (1) point for each fifty thousand dollars (\$50,000) identified beyond the minimum two hundred and fifty thousand dollars (\$250,000), up to a maximum of ten (10) points.

4.2. Any identified Transactions in 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.
 - 4.2.2.1. In the event that the Bidder identifies Transactions in its Proposal valued at more than one hundred percent (100%) of the Contract Price, no additional points will be earned in the rated evaluation, above those outlined in the Evaluation Plan. Additionally in this event, the Obligation values in Article 3.1.1 of the Terms and Conditions would be increased to match the total value of those Transactions.
- 4.3. One identified Transaction may be aligned 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.

Example of rated evaluation scoring:

Criteria	Available Points	Basis of Evaluation
Supplier Development	40	

Commitment	30	Commitment on signed rated criteria certificate
Identified Transactions	10	Justification and CCV on transaction sheets; Percentage on signed rated criteria certificate
Research & Development	40	
Commitment	30	Commitment on signed rated criteria certificate
Identified Transactions	10	Justification and CCV on transaction sheets; Percentage on signed rated criteria certificate
Skills Development & Training	20	
Commitment	10	Commitment on signed rated criteria certificate
Identified Transactions	10	Justification and CCV on transaction sheets; Dollar value on signed rated criteria certificate
Total Points	100	

4.4. 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 xx percent of the total available score for the Project's overall bid evaluation.

5. PROCESS

- 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.
- 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.

Annex G- Scoring Approach/ Annexe G-Approche de la notation -W8485-22AVS2/B

10 VP Points

Value Proposition - Evaluation Criteria	Value Proposition Weighting	Identified Transactions	Min	Max	Notes
Direct	0	0	60%	N/A	<ul style="list-style-type: none"> No points
Supplier Development	30	10	N/A	100%	<ul style="list-style-type: none"> Pro-rated In KIC
Research & Development	30	10	N/A	25%	<ul style="list-style-type: none"> Pro-rated In KIC
Skills Development & Training	10	10	\$250K	\$750K	<ul style="list-style-type: none"> Pro-rated In KIC

- KICs:** Aerospace Systems and Components, Artificial Intelligence, Cyber Resilience, Defence Systems Integration, In-Service Support
- The Bidder will receive one (1) point for each one percent (1%) identified beyond the minimum ten percent (10%), up to a maximum of ten (10) points.

10 VP Points

Proposition de valeur – Critères d'évaluation	Pondération de la proposition de valeur	Transactions déterminés	Min	Max	Notes
Directe	0	0	60%	N/A	<ul style="list-style-type: none"> aucun points
Développement des sources d'approvisionnement	30	10	N/A	100%	<ul style="list-style-type: none"> au prorata dans CIC
Recherche et développement	30	10	N/A	25%	<ul style="list-style-type: none"> au prorata dans CIC
Développement des compétences et à la formation	10	10	250K \$	750K \$	<ul style="list-style-type: none"> au prorata dans CIC

- CICs :** systèmes et composantes aérospatiaux, intelligence artificielle, cyberrésilience, intégration des systèmes de défense, et soutien en service
- Le soumissionnaire recevra un (1) point pour chaque un pour cent (1%) qui dépasse le pourcentage minimal de dix pour cent (10 %), jusqu'à un maximum de dix (10) points.

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ANNEX H

W8485-22AVS2 Standard Forms



TASK AUTHORIZATION
AUTORISATION DES TÂCHES

[illegible]

Instructions for completing DND 626 - Task Authorization

Contract no.

Enter the PWGSC contract number in full.

Task no.

Enter the sequential Task number.

Amendment no.

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

Increase/Decrease

Enter the increase or decrease total dollar amount including taxes.

Previous value

Enter the previous total dollar amount including taxes.

To

Name of the contractor.

Delivery location

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

Delivery/Completion date

Completion date for the task.

for the Department of National Defence

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

Services

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

Cost

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

GST/HST

The GST/HST cost as appropriate.

Total

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

Applicable only to PWGSC contracts

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

Note:

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

Instructions pour compléter le formulaire DND 626 - Autorisation des tâches

N° du contrat

Inscrivez le numéro du contrat de TPSGC en entier.

N° de la tâche

Inscrivez le numéro de tâche séquentiel.

N° de la modification

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

Augmentation/Réduction

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

Valeur précédente

Inscrivez le montant total précédent, y compris les taxes.

À

Nom de l'entrepreneur.

Expédiez à

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

Date de livraison/d'achèvement

Date d'achèvement de la tâche.

pour le ministère de la Défense nationale

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

Services

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

Prix

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

TPS/TVH

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

Total

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

Ne s'applique qu'aux contrats de TPSGC

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

Nota :

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



Claim for Progress Payment Demande de paiement progressif

If necessary, use form PWGSC-TPSGC 1112 to record detail costs

Si nécessaire, utiliser le formulaire PWGSC-TPSGC 1112 pour inscrire les coûts détaillés

Contractor's Name and Address Nom et adresse de l'entrepreneur	Claim No. N° de la demande	Date YYYY-MM-DD / AAAA-MM-JJ	Contract Price - Prix contractuel
	File No. - N° du dossier		Contract Serial No. N° de série du contrat
Contractor's Procurement Business Number (PBN) Numéro d'entreprise-approvisionnement (NEA) de l'entrepreneur		Financial Code(s) - Code(s) financier(s)	

Contractor's Report of Work Progress (if needed, use additional sheets)

Compte rendu de l'avancement des travaux par l'entrepreneur (si nécessaire, utiliser des feuilles supplémentaires)

Period of work covered by the claim Période des travaux visée par la demande ▶	Current Claim Demande courante		Previous Claims Demandes précédentes		Total to Date Total à date (A + B)
	(A)	Tax Rate Taux de taxe	(B)	Tax Rate Taux de taxe	
Description: (Expenditures must be claimed in accordance with the basis and/or method of payment of the contract) Description : (Les dépenses doivent être réclamées conformément à la base de paiement et (ou) à la méthode de paiement du contrat).		%		%	
		%		%	
		%		%	
		%		%	
		%		%	
		%		%	
		%		%	
		%		%	
		%		%	
		%		%	
		%		%	
		%		%	
Contractor's GST No. N° de TPS de l'entrepreneur	Subtotal Sous-total				
Contractor's QST No. No. de TVQ de l'entrepreneur	Applicable taxes Taxes applicables				
	Total				
Less holdbacks on expenditures only (Applicable taxes excluded) Moins les retenues sur les dépenses uniquement (Taxes applicables en sus)					

Total Amount of Claim (including applicable taxes)
Montant total de la demande (incluant les taxes applicables)

Percentage of the work completed Pourcentage des travaux achevés	%	Current Claim Demande courante ▶	Amount due Montant dû
---	---	-------------------------------------	--------------------------

Claim No.
N° de la demande

Contract Serial No.
N° de série du contrat

CERTIFICATE OF CONTRACTOR

I certify that:

- All authorizations required under the contract have been obtained. The claim is consistent with the progress of the work and is in accordance with the contract.
- Indirect costs have been paid for or accrued in the accounts.
- Direct materials and the subcontracted work have been received, accepted and either paid for or accrued in the accounts following receipt of invoice from supplier/subcontractor, and have been or will be used exclusively for the purpose of the contract.
- All direct labour costs have been paid for or accrued in the accounts and all such costs were incurred exclusively for the purpose of the contract;
- All other direct costs have been paid for or accrued in the accounts following receipt of applicable invoice or expense voucher and all such costs were incurred exclusively for the purpose of the contract; and
- No liens, encumbrances, charges or other claims exist against the work except those which may arise by operation of law such as a lien in the nature of an unpaid contractor's lien and in respect of which a progress payment and/or advance payment has been or will be made by Canada.

Contractor's Signature - Signature de l'entrepreneur

Check the box if the claim is being made with respect to advance payment provisions included in the basis of payment of the contract.

☐

This claim, or a portion of this claim, is for an advance payment.

I certify that:

- The funds received will be used solely for the purpose of the contract and attached is a complete description of the purpose to which the advance payment will be applied.
- The amount of the payment is established in accordance with the conditions of the contract.
- The contractor is not in default of its obligations under the contract.
- The payment is related to an identifiable part of the contractual work.

Contractor's Signature - Signature de l'entrepreneur

CERTIFICATES OF DEPARTMENTAL REPRESENTATIVES

Scientific/Project/Inspection Authority: I certify that the work meets the quality standards required under the contract, and its progress is in accordance with the conditions of the contract.

Inspection Authority (all other contracts): I certify that the quality of the work performed is in accordance with the standards required under the contract.

Signature of Scientific / Project / Inspection Authority
Signature de l'autorité scientifique ou responsable du projet / de l'inspection

Contracting Authority: I certify that, to the best of my knowledge, the claim is consistent with the progress of the work and is in accordance with the contract. This claim, however, may be subject to further verification and any necessary adjustment before final settlement.

Contracting Authority Signature de l'autorité contractante

Client's - (must sign the interim claim): I certify that the claim is in accordance with the contract.

Client Signature du client

Client's Authorized Signing Officer - (must sign the final claim): I certify that all goods have been received and all services have been rendered, that the work has been properly performed and that the claim is in accordance with the contract.

Client Signature du client

ATTESTATION DE L'ENTREPRENEUR

J'atteste que :

- Toutes les autorisations exigées en vertu du contrat ont été obtenues. La demande correspond à l'avancement des travaux et est conforme au contrat.
- Les coûts indirects ont été réglés ou portés aux livres.
- Les matières directes et les travaux de sous-traitance ont été reçus, et le tout a été accepté et payé, ou encore porté aux livres après réception de factures envoyées par le fournisseur ou le sous-traitant; ces matières et ces travaux ont été ou seront utilisés exclusivement aux fins du contrat.
- Tous les coûts de la main-d'oeuvre directe ont été réglés ou portés aux livres et tous ces coûts ont été engagés exclusivement aux fins du contrat.
- Tous les autres coûts indirects ont été réglés ou portés aux livres après réception des factures ou pièces justificatives pertinentes et tous ces coûts ont été engagés exclusivement aux fins du contrat.
- Il n'existe aucun privilège ni demande ou imputation à l'égard de ces travaux sauf ceux qui pourraient survenir par effet de la loi, notamment le privilège d'un entrepreneur non payé à l'égard duquel un paiement progressif et/ou un paiement anticipé a été ou sera effectué par le Canada.

Title - Titre

Date (YYYY-MM-DD / AAAA-MM-JJ)

Cocher la case si la demande est faite en rapport avec les dispositions relatives aux paiements anticipés qui se trouvent dans la base de paiement du contrat.

Cette demande, ou une partie de cette demande, est pour un paiement anticipé.

J'atteste que :

- Les fonds reçus ne serviront uniquement qu'aux fins du contrat; ci-joint est une description complète des fins auxquelles le paiement anticipé sera utilisé.
- Le montant du paiement est établi conformément aux conditions du contrat.
- L'entrepreneur n'a pas manqué à ses obligations en vertu du contrat.
- Le paiement porte sur une partie identifiable des travaux précisés dans le contrat.

Title - Titre

Date (YYYY-MM-DD / AAAA-MM-JJ)

ATTESTATIONS DES REPRÉSENTANTS DU MINISTÈRE

Autorité scientifique ou responsable du projet / de l'inspection :

J'atteste que les travaux sont conformes aux normes de qualité exigées en vertu du contrat et que leur avancement est conforme aux conditions du contrat.

Responsable de l'inspection (tous les autres contrats) : J'atteste que la qualité des travaux exécutés est conforme aux normes exigées en vertu du contrat.

Autorité contractante : J'atteste, au meilleur de ma connaissance, que la demande correspond à l'avancement des travaux et est conforme au contrat. Toutefois, cette demande pourrait faire l'objet d'une autre vérification et de tout rajustement nécessaire avant le règlement final.

Title - Titre

Date (YYYY-MM-DD / AAAA-MM-JJ)

Signataire autorisé du client - (doit signer la demande provisoire) : J'atteste que la demande est conforme au contrat.

Title - Titre

Date (YYYY-MM-DD / AAAA-MM-JJ)

Signataire autorisé du client - (doit signer la demande finale) : J'atteste que tous les biens ont été reçus, que tous les services ont été rendus, que tous les travaux ont été exécutés convenablement, et que la demande est conforme au contrat.

Title - Titre

Date (YYYY-MM-DD / AAAA-MM-JJ)

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Client Ref. No. - N° de réf. du client
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Amd. No. - N° de la modif.
File No. - N° du dossier
006bg.W8485-22AVS2

Buyer ID - Id de l'acheteur
006bg
CCC No./N° CCC - FMS No./N° VME

Annex I -Commercial General Liability Insurance

1. The Contractor must obtain Commercial General Liability Insurance, and maintain it in force throughout the duration of the Contract, in an amount usual for a contract of this nature, but for not less than \$2,000,000 per accident or occurrence and in the annual aggregate.
2. The Commercial General Liability policy must include the following:
 - a. Additional Insured: Canada is added as an additional insured, but only with respect to liability arising out of the Contractor's performance of the Contract. The interest of Canada should read as follows: Canada, as represented by Public Works and Government Services Canada.
 - b. Bodily Injury and Property Damage to third parties arising out of the operations of the Contractor.
 - c. Products and Completed Operations: Coverage for bodily injury or property damage arising out of goods or products manufactured, sold, handled, or distributed by the Contractor and/or arising out of operations that have been completed by the Contractor.
 - d. Personal Injury: While not limited to, the coverage must include Violation of Privacy, Libel and Slander, False Arrest, Detention or Imprisonment and Defamation of Character.
 - e. Cross Liability/Separation of Insureds: Without increasing the limit of liability, the policy must protect all insured parties to the full extent of coverage provided. Further, the policy must apply to each Insured in the same manner and to the same extent as if a separate policy had been issued to each.
 - f. Blanket Contractual Liability: The policy must, on a blanket basis or by specific reference to the Contract, extend to assumed liabilities with respect to contractual provisions.
 - g. Employees and, if applicable, Volunteers must be included as Additional Insured.

- h. Employers' Liability (or confirmation that all employees are covered by Worker's compensation (WSIB) or similar program)
- i. Broad Form Property Damage including Completed Operations: Expands the Property Damage coverage to include certain losses that would otherwise be excluded by the standard care, custody or control exclusion found in a standard policy.
- j. Notice of Cancellation: The Contractor will provide the Contracting Authority thirty (30) days prior written notice of policy cancellation or any changes to the insurance policy.
- k. If the policy is written on a claims-made basis, coverage must be in place for a period of at least 12 months after the completion or termination of the Contract.
- l. Owners' or Contractors' Protective Liability: Covers the damages that the Contractor becomes legally obligated to pay arising out of the operations of a subcontractor.
- m. Non-Owned Automobile Liability - Coverage for suits against the Contractor resulting from the use of hired or non-owned vehicles.
- n. Advertising Injury: While not limited to, the endorsement must include coverage piracy or misappropriation of ideas, or infringement of copyright, trademark, title or slogan.
- o. All Risks Tenants Legal Liability - to protect the Contractor for liabilities arising out of its occupancy of leased premises.
- p. Amendment to the Watercraft Exclusion to extend to incidental repair operations on board watercraft.
- q. Sudden and Accidental Pollution Liability (minimum 120 hours): To protect the Contractor for liabilities arising from damages caused by accidental pollution incidents.
- r. Litigation Rights: Pursuant to subsection 5(d) of the [Department of Justice Act](#), S.C. 1993, c. J-2, s.1, if a suit is instituted for or against Canada which

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the Insurer would, but for this clause, have the right to pursue or defend on behalf of Canada as an Additional Named Insured under the insurance policy, the Insurer must promptly contact the Attorney General of Canada to agree on the legal strategies by sending a letter, by registered mail or by courier, with an acknowledgement of receipt.

For the province of Quebec, send to:

Director Business Law Directorate,
Quebec Regional Office (Ottawa),
Department of Justice,
284 Wellington Street, Room SAT-6042,
Ottawa, Ontario, K1A 0H8

For other provinces and territories, send to:

Senior General Counsel,
Civil Litigation Section,
Department of Justice
234 Wellington Street, East Tower
Ottawa, Ontario K1A 0H8

A copy of the letter must be sent to the Contracting Authority. Canada reserves the right to co-defend any action brought against Canada. All expenses incurred by Canada to co-defend such actions will be at Canada's expense. If Canada decides to co-defend any action brought against it, and Canada does not agree to a proposed settlement agreed to by the Contractor's insurer and the plaintiff(s) that would result in the settlement or dismissal of the action against Canada, then Canada will be responsible to the Contractor's insurer for any difference between the proposed settlement amount and the amount finally awarded or paid to the plaintiffs (inclusive of costs and interest) on behalf of Canada.

