Industrial and Technological Benefits (ITB)
Terms and Conditions

October 2016
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1. DEFINITIONS

1.1. Defined terms not otherwise defined in this document have the meaning given to them in the Contract. For the purpose of these ITB Terms and Conditions, unless the context otherwise requires, the following definitions apply:

1.1.1. “Achievement Period” means the period commencing on [insert date] and ending xx years thereafter;

1.1.2. “Allowable Investment” – For cash contributions, an Allowable Investment means a payment to, or a 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. For in-kind contributions, an Allowable Investment means a license for Intellectual Property (authorization to use the licensed material); equipment (equipment, software or systems to develop new or improved goods or services); knowledge transfer (lending of an employee to provide technical or managerial know-how); or, marketing and sales support (lending of an employee to undertake marketing/sales activities and share market intelligence; or, a license 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. “Capitalization” means the total value of a company's issued shares plus the value associated with instruments which 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;

1.1.5. “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;

1.1.6. “Commitment(s)” means the Contractor’s specific undertakings related to its Value Proposition (VP) activities, its Plans and its Transactions, as referenced in Appendix A;

1.1.7. “Credit” means the amount attributed to a Transaction, measured in Canadian
content value (CCV), that 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;

1.1.8. **“Defence Sector”** means businesses engaged in the manufacture and delivery of
products and services for use in government defence and security applications
including: i) ammunition and other munitions; ii) missiles and rockets; iii)
firesarms and other weapons; iv) 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; v)
primarily airborne electro-optical, radar and sonar and other sensor/information
collection systems, and fire control, warning and countermeasures systems and
related components; vi) 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; vii) primarily
airborne communications and navigation systems and other information systems
including processing and dissemination, software, electronics and components;
viii) 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; ix) naval ship-borne
systems (ie mission systems) and components; x) naval ship fabrication, structures
and components; xi) naval ship maintenance, repair and overhaul; xii) combat
vehicles and components; xiii) combat vehicles maintenance, repair and overhaul;
xiv) aircraft fabrication, structures and components; xv) military aircraft
maintenance, repair and overhaul services; xvi) unmanned aerial systems/vehicles
and components; xvii) simulation systems for aircraft; xviii) simulation systems
for naval vessels; xix) simulation systems for land vehicles or other applications;
xx) live personnel and combat training services; xxi) troop support, all as more
particularly described in Appendix E;

1.1.9. **“Designated Regions of Canada”** means the following regions which 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);

1.1.10. **“Direct Transaction”** means a Transaction that is entered into for the
performance of any part of the Work (as detailed in (insert location of Project
SOW and activities);
1.1.11. “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.

1.1.12. “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 product, size and/or region, specify regional and Small and Medium Business content, and will have a total Canadian content value (CCV) of not more than 10 percent of the Obligation contained in Article 3.1.1;

1.1.13. “Indirect Transaction” means a Transaction that is entered into for a business activity not related to the performance of any part of the Work under this Contract;

1.1.14. “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 Contractor or Eligible Donor will assume all costs associated with obtaining the In-Kind Valuation report;

1.1.15. “Intellectual Property” or “IP” means, for the purposes of these Terms and Conditions, all patents, inventions, trade-marks, copyrights, industrial designs, trade secrets, technical information and other intellectual property belonging to or licensed to a company;

1.1.16. “ITB Authority” means the Minister of Innovation, Science and Economic Development or any other person designated by that Minister to act on the Minister's behalf. The ITB Authority is responsible for evaluating, accepting, monitoring, verifying and crediting ITB, and for assessing the Contractor's ITB performance under these Terms and Conditions;

1.1.17. “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;

1.1.18. “Overachievement” means the amount by which the Contractor's Credits, awarded on a Transaction during the Achievement Period, are greater than the original value for that Transaction;

1.1.19. “Plans” means the Plans prepared by the Contractor, that is the company business
plan, the ITB management plan, the regional development plan, and the small and medium business development plan, all dated XXX and all bearing reference number XXX;

1.1.20. “**Post-Secondary Institution**” means an institution or other organizational entity in Canada involved in developing and delivering formal education activities and in awarding academic credentials to people for whom the normal entrance requirement is high school completion. The institution should be available to the general public, be recognized by a province or the Canada Student Loans Program, and offer programs leading to degrees and diplomas that are recognized by the academic community in Canada;

1.1.21. “**Proposal**” means the proposal submitted by the Contractor on (date) bearing reference number (xxx);

1.1.22. “**Public Research Institution**” means a federal or provincial 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;

1.1.23. “**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.

1.1.24. “**Reporting Period**” means each twelve 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 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 the Contract. Subsequent Reporting Periods will follow in consecutive twelve month periods until the end of the Achievement Period;

1.1.25. “**Research and Development (R&D) Activity**” means a scientific investigation that explores the development of new goods and services, new inputs into production, new methods of producing goods and services, or new ways of operating and managing organizations. Specific R&D Activities consist of: standard test/measurement/analysis; test/measurement/analysis report; specific thermo-mechanical analysis methodology development projects; product/process design/engineering; customized product/process/technology development project; related evaluation and feasibility studies; applied research projects for new product concepts, new technology platforms and new test/measurement/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;

1.1.26. **“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;

1.1.27. **“Shortfall”** means the amount by which the Contractor’s Credits, awarded on a
Transaction during the Achievement Period, are less than the original value for
that Transaction;

1.1.28. **“Small and Medium Business” or “SMB”** means a Canadian Company with
fewer than 250 full-time personnel as of the date of entering into a Transaction.
Agents and distributors of foreign goods and services, as well as subsidiaries of
the Contractor or an Eligible Donor on any contract with IRB/ITB obligations, do
not qualify as SMB;

1.1.29. **“Supplier Development”** means the Contractor or an Eligible Donor
undertaking Transactions with Canadian Companies that are not part of its parent
corporation or related subsidiaries;

1.1.30. **“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;

1.1.31. **“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, license agreement, letter of agreement or other similar instrument
in writing, and which has an identified dollar value. A Transaction meets all
eligibility criteria, aligns with the Terms and Conditions with respect to valuation
and Transaction types, and has been formally accepted as such in writing by the
ITB Authority;

1.1.32. **“Value Proposition” or “VP”** means the portion of Commitments and
Transactions, along with any other information, which was submitted in the
Proposal at the time of the Bid; and,

1.1.33. **“World Product Mandate”** means a purchase of goods or services from a
Canadian Company where there is a long term supplier relationship between the
Contractor or an Eligible Donor and the Canadian Company, pursuant to which
the Canadian Company has been legally authorized to carry out and has sole
responsibility for specific activities, including the design, development,
manufacture and marketing related to the supply of products, components,
modules or services destined for domestic and world markets.
2. CANADA'S ITB OBJECTIVES

2.1. Canada has responsibility to set in place programs and policies which ensure Canada’s significant investments in defence-related goods and services generate economic benefit to Canada that has long-term and high-value impacts on Canadian industry, and to establish ITB objectives which 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-based suppliers, through meaningful opportunities for growth and supply chain integration into major global systems suppliers;

2.1.3. strengthened innovation and R&D in Canada, that 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. 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,

2.1.6. encouraging the participation of Canadian SMB as suppliers on major federal procurements and to increase their competitiveness and export market access.

3. STATEMENT OF OBLIGATIONS

3.1. The Contractor will by the end of the Achievement Period:

3.1.1. Achieve Transactions totaling not less than 100 percent of the Contract Price
This Article relates to the contractor's overall Obligation.

3.1.2. Achieve Value Proposition Commitments
This Article would contain the Contractor's VP Commitments, as presented in its Proposal.

3.1.3. Achieve Transactions in the Designated Regions of Canada.
This Article would contain a percentage summary of the Contractor's regional Transactions, as presented in its Proposal. The percentage would be based on: the CCV value of each Region's Transactions identified in the Proposal, divided by the contract price at the time of contract award. The percentages would not
change over the life of the Contract, but their corresponding dollar value may change if there are changes to the contract price.

3.1.4. **Achieve Transactions involving Small and Medium Sized Business (SMB)**
*This Article would contain a percentage summary of the Contractor's SMB Transactions, as presented in its Proposal. The percentage would be based on: the CCV value of SMB Transactions identified in the Proposal, divided by the Contract Price. There would generally be a minimum of 15 percent (TBD on each project).*

3.1.5. **Commit to a phased Transaction identification schedule**
*This Article would contain a specific timeframe (TBD on each project) for identifying all Transactions in the first few years of the Contract. (i.e. identifying at least 60 percent by one year following contract award and identifying 100 percent by three years following contract award).*

3.1.6. **Achieve all identified Transactions**
*This Article references the Contractor's Transactions, which would be listed in Appendix A, and any Credit achievement milestones. The list would be based initially on Transactions presented in the Contractor's Proposal and then be amended periodically as new Transactions are identified.*

3.2. The Contractor will submit to the ITB Authority, through the Contracting Authority, annual reports describing the performance achieved during each Reporting Period. These reports will be submitted sixty (60) calendar days after the end of each Reporting Period. The Contractor will use the format and electronic template provided by the ITB Authority, as outlined in Article 4 (Annual Reporting).

3.2.1. As evidence of the achievement of the Obligations and compliance with the *Lobbying Act*, the Contractor will provide, appended to the annual report, a certificate of compliance, in the form provided in Appendix C, signed by the senior company Comptroller in respect of the Transactions for which there was activity in that Reporting Period. This certificate of compliance also applies to those achievements and activities of Eligible Donors.

4. **ANNUAL REPORTING**

4.1. Each annual report will consist of five parts, as outlined below, using the template attached in Appendix C.

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 on the Project during the Reporting Period, including major highlights and schedule changes.
4.1.1.2. Progress Payments:

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

4.1.1.3. Plans:

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

4.1.1.4. Value Proposition Overview:

- A detailed overview of each of the Contractor’s VP Commitments, the related activities during the Reporting Period and a cumulative summary of the achievement status of each.
- 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, tbd on each project] 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, for each Transaction being reported:

4.1.2.1. An update on any changes to details, such as the CCV percentage or Recipient contact information;

4.1.2.2. A description of significant achievements and activities, particularly those associated with Transactions involving multipliers; and

4.1.2.3. A description of any delays, problems or achievement Shortfalls, along with a plan of action to resolve them.

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

4.1.3.1. The CCV of the achievements claimed for the current Reporting Period.

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

4.1.4.1. The CCV of the achievements claimed to date in all the Reporting Periods since the beginning of the Achievement Period.
4.1.5. Part E must include:

4.1.5.1. SMB and regional development activities:
   • Overview and highlights of activities undertaken during the Reporting Period;

4.1.5.2. New, changed or cancelled Transactions:
   • A list of Transactions which have been cancelled, added or substantially altered during the Reporting Period with the approval of the ITB Authority, and their status vis-à-vis Contract amendment; and

4.1.5.3. A certificate of compliance related to the Contractor’s achievements and compliance with the Lobbying Act, signed by the senior company comptroller in respect of the Transactions for which there was activity in that Reporting Period. This certificate of compliance also covers all achievements of Eligible Donors.

5. CONTRACT PRICE CHANGES

5.1. In the event that the Contract Price is increased or decreased, the Contractor’s Obligations in Article 3.1 will correspondingly be either increased or decreased.

5.2. If the Contract Price increases after the [third] year following the Effective Date of the Contract, the Contractor will submit to the ITB Authority Transactions valued at 100 percent of the increase, measured in CCV, within one (1) year of the date of the increase.

6. OVERACHIEVEMENT OF COMMITMENTS

6.1. The Contractor may achieve Credits for any Transaction in excess of its original value. When an Overachievement occurs, it may be applied against a Shortfall on another Transaction in this Contract or towards meeting the identification milestones in Article 3, as long as the relevant regional, SMB and VP Commitments are achieved. Applying an Overachievement requires the prior written approval of the ITB Authority.

7. TRANSACTION TYPES

7.1. Transactions may be Direct Transactions or Indirect Transactions.

7.2. Transactions may involve the purchase of goods or services from a Canadian supplier. These Transactions are valued for Credit by calculating the CCV of the purchases, in accordance with Article 9.

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

7.2.1.1. the portion of the Transaction’s CCV that is equal to or less than $1,000,000 will be deemed to have 100 percent CCV for reporting and verification purposes;

7.2.1.2. any portion of the Transaction’s CCV that is over $1,000,000 will use the actual CCV as calculated using Article 9.

7.2.2. World Product Mandate: When an Indirect Transaction involves a World Product Mandate and where the CCV of the product is verified to be seventy (70) percent or greater, the CCV will be deemed to be 100 percent for reporting and verification purposes.

7.3. Transactions may also involve Allowable Investments within Canada.

7.3.1. The full CCV of any Allowable Investment Transaction, including both the initial investment and any multiplied or future sales Credits, are part of the Obligations. If the Contractor fails to achieve an Allowable Investment Transaction, the full CCV of this Obligation at the multiplied value will be made up with other Transactions, as detailed in Article 15, Transaction alterations.

7.3.2. The specific requirements and Credit valuation approaches for different types of Allowable Investment Transactions are outlined below.

7.3.3. Post-Secondary and Public Research Institution Transactions

7.3.3.1. A Transaction involving a contribution to a Post-Secondary or Public Research Institution will receive a Credit multiplier of five (5) if it involves: a cash contribution to a Post-Secondary Institution for research or the establishment of research chairs; a contribution to advanced technology skill development at a Post-Secondary Institution; or, collaborative research undertaken with a Public Research Institution.

7.3.4. Consortium Transactions

7.3.4.1. A Transaction may involve an Allowable Investment to a consortium, which meets the following membership criteria:

- the Contractor or an Eligible Donor;
- a minimum of one (1) Canadian Company, and;
- a minimum of one (1) Post-Secondary Institution or Public Research Institution.

7.3.4.2. Valuation for Credit purposes:
• An initial value will be calculated, and will be the sum of the following:
  - the value of cash contributions from the Contractor or an Eligible Donor to the consortium; and, the value of cash contributions from 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. The Contractor or Eligible Donor will demonstrate how its involvement contributed to the contributions of the other consortium members.

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

• The value of any in-kind contributions would then be added, based on an In-Kind Valuation. In-kind contributions to a consortium are not eligible for the Credit multiplier.

• The following will not be eligible for Credit:
  - Any contribution made to the consortium by Post-Secondary Institutions or Public Research Institutions; and
  - Any contribution made directly into the consortium by any level of government.

7.3.4.3. Other Criteria

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

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

7.3.5. Investment framework (IF) Transactions

7.3.5.1. A Transaction may involve a long-term and innovation-related contribution made directly to a Canadian SMB. IF Transactions will meet the following criteria:

- must be linked to Research and Development (R&D) Activities and/or Commercialization Activities in Canada;
must be undertaken by the Contractor or an Eligible Donor with a Canadian SMB. For the purposes of the IF Transaction, the Contractor/Eligible Donor and Recipient cannot be the same company;

must meet the Transaction eligibility criteria, as outlined in Article 8;

must be an Allowable Investment;

must 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, substantially in the form attached in Appendix D.

7.3.5.2. Credit valuation:

- Allowable Investments 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.

- The following Credit multipliers will be applied to the value of the Allowable Investment:
  
  - Cash for R&D Activities or license for IP – nine (9)
  - Cash to purchase, or in-kind transfer of, equipment – seven (7)
  - In-kind transfer of knowledge and/or marketing/sales support – four (4)

- The total issued Credits associated with an IF Transaction will not exceed twenty-five (25) percent of the Obligation, specified in Article 3.1.1.

7.3.5.3. Timeline for Credit award:

- 50 percent of Credits will be awarded once the Allowable Investment is made according to the business plan, then reported to and verified by the ITB Authority. The remaining 50 percent of Credits will be apportioned over the remaining years of the Transaction, as annual reporting requirements are achieved.

- 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.
7.3.6. **General investments**

7.3.6.1. Transactions may take the form of a general Allowable Investment to a Canadian Company for its business purposes.

7.3.6.2. Valuation for Credit purposes:

- Credit is based on the CCV of future sales achieved by the Recipient as a result of the Allowable Investment.
  - Eligible future sales are limited to work that is not associated with this Contract and to work that is not counted for Industrial and Regional Benefits (IRB) or ITB credit on any other contract or agreement.
  - Eligible future sales will be pro-rated by multiplying the resulting future sales by the ratio of the Contractor’s Allowable Investment in the Recipient, relative to either: i) the Recipient’s Capitalization at the time the investment was made (in cases of purchase of non-controlling shares); or ii) the combined total contributions made by all parties in the activity (in all other cases).

- In the case of a cash Allowable Investment, the value of the Allowable Investment itself will also be credited, once the Recipient’s future sales achievement surpasses the amount of the Allowable Investment.

- 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 training and infrastructure set-up to exploit the technology. The value of the in-kind Allowable Investment itself will not be credited.

7.3.6.3. 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.

7.3.6.4. 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.
7.3.6.5. General Allowable Investments will be assessed as to whether they:

- help provide a capability that does not already exist in Canada;
- develop joint ventures 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.

7.3.6.6. In-kind contributions related to technology and skills transfer will involve technology and skills that are proprietary, current, complete and exploitable, with all required permits and assistance, sufficient to allow the Recipient to participate in the design, development and manufacture of products or processes and exploit domestic and foreign markets. The Contractor or Eligible Donor will make available, upon request by the ITB Authority, any licensing agreement with the Recipient.

7.3.7. Venture Capital Fund (VCF) Transactions

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

7.3.7.2. VCF criteria:

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

- A high percentage of a chosen VCF’s investment activity will be with small businesses involved in the development, manufacture or commercialization of advanced technology products or services in one or more of the following sectors:
  
  - Life sciences (biotechnology, medical devices and pharmaceuticals);
  - Health;
  - Advanced materials;
  - Advanced manufacturing;
  - Environment;
  - Information and communications technologies; and,
  - Aerospace and defence.

- Canadian small businesses receiving the VCF investment will be privately held and have 50 employees or less in service based industries
or 100 employees or less in manufacturing based industries at the commencement of the investment. In the event that a small business decides to make an initial public offering, no further Credit will be granted by the ITB Authority for that company within the VCF Transaction.

- Initial investments by the VCF manager, including co-investments, in eligible small businesses will not exceed $1,000,000.

7.3.7.3. Valuation for Credit purposes:

- The Credit multiplier for VCF investments is five (5). Credit may be claimed for the initial contribution once the Contractor or Eligible Donor deposits it to the VCF. Credit for the remaining multiples may be claimed when the VCF manager assigns the funds to a Canadian small business as defined above.

- The VCF funds must remain with the Recipient for a minimum of three (3) years, starting from the date the funds are placed. Failure to do so will result in the immediate deduction of all Credits for the Transaction.

- The multiplied Credit related to VCF investments will not exceed 5 percent of the Obligation value in Article 3.1.1.

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 ITB or Industrial and Regional Benefit (IRB) obligation to Canada. It will not be one which probably would have been entered into if an obligation had not existed or been anticipated. Causality may be demonstrated to a specific project or more broadly to a company’s obligations in general.

8.1.1.1. The Contractor or an Eligible Donor must demonstrate causality by providing a detailed statement on causality using the space provided in the transaction sheet template attached at Appendix B. The statement will 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 IRB/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 B.
8.1.2. **Timing** - Transactions will be implemented within the Achievement Period.

8.1.2.1. Transactions that are identified after the Effective Date of the Contract must only involve work occurring after the date that the Transaction was proposed to the ITB Authority.

8.1.3. **Incrementality** – Transactions will 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 which exceed the three 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 (market sale, application, etc) for what was previously purchased; or,
- follows a competitive process to re-select the Canadian supplier.

8.1.3.3. The Contractor or an Eligible Donor will demonstrate incrementality by providing a statement on incrementality for every proposed Indirect Transaction, using the template attached at Appendix B. The Contractor or an Eligible Donor will also provide supporting evidence of incrementality as indicated in the template.

8.1.4. **Eligible Donor** - Transactions will be undertaken by the Contractor or an Eligible Donor.

8.1.4.1. For proposed Eligible Donors that are Canadian Companies with less than 500 employees, the Canadian Company will 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 B. 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.

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

8.1.4.3. 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.

8.1.4.4. A list of approved Eligible Donors for the Contract is found in Article 23.

8.1.5. **Other Eligibility Criteria** –

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

8.1.5.2. Level of Technology – Indirect Transactions will involve a level of technology that is the same or higher than that of the Project, with applications in Canadian advanced technology industries.

8.1.5.3. CCV – Indirect Transactions will have a CCV of no less than 30 percent 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 will 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. 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 (CCV)**

9.1. CCV is that portion of the value of a product or service that involves Canadian costs. For the purposes of valuing Transactions and their associated Credits, only the CCV of a Canadian Company’s product or service is counted. The CCV of a Transaction is determined by using either the net selling price method or the cost aggregate method.
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:

9.1.1.1. Begin with the total selling price of the product or service;

9.1.1.2. Minus the applicable customs duties, excise taxes, Goods and Services Taxes (GST), Harmonized Sales Taxes (HST) and all provincial sales taxes; and,

9.1.1.3. Minus any ineligible costs, as detailed in Article 9.2.

9.1.1.4. 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 (i.e. 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:

- 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;

- materials of Canadian origin used in the work but not incorporated in the final products;

- utilities paid in Canada, such as light, heat, power and water;
• 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;

• taxes on land and buildings in Canada;

• 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 to carry on business in Canada or such province;

• rental for factory or office premises in Canada paid to a registered owner in Canada;

• maintenance and repairs that are executed in Canada to buildings, machinery and equipment used for production purposes;

• tools, dies, jigs, fixtures and other similar plant equipment items of a non-permanent nature that have been designed, developed or manufactured in Canada;

• engineering and professional services, experimental work and product or process development work executed and completed in Canada by Canadians or permanent residents;

• Research and Development Activities performed in Canada;

• 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 (5) percent of the total capital outlay incurred for buildings in Canada owned by the producer of the work;

• travel expenses, including Canadian carriers, accommodations and meals, for travel by Canadians or permanent residents that are specifically associated with Direct Transactions in the Contract;

• fees paid for services performed by Canadians or permanent residents in Canada not elsewhere specified; and

• 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. the value of materials, labour and services imported into Canada;

9.2.2. in the case of an Indirect Transaction, the value of raw materials and Semi-processed Goods exported from Canada;

9.2.3. the value of any remuneration, living costs, travel expenses and relocation costs paid to non-Canadians for work on the Project;

9.2.4. the amount of all Excise Taxes, Import Duties, Federal and Provincial Sales Taxes, Goods and Services Taxes, Harmonized Sales Taxes and other duties;

9.2.5. the value of any royalties and license fees paid by the Contractor or an Eligible Donor to a person, company or entity outside of Canada;

9.2.6. 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;

9.2.7. any proposal or bid preparations costs;

9.2.8. all transportation or travel costs not covered under Articles 9.1.2.3 or 9.1.2.4;

9.2.9. the cost of government furnished equipment (equipment supplied by Canada to be used in the production process; for example, tooling, jigs, dies, production equipment);

9.2.10. license fees paid by the Recipient and any on-going royalty payments;

9.2.11. Transactions claimed by a Contractor that pertain to its influence or that of an Eligible Donor over any country’s purchasing agent/department;

9.2.12. interest costs associated with letters of credit or other financial instruments to support Transactions;

9.2.13. fees paid to lobbyists (as per the Lobbying Act); and

9.2.14. 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 and/or reports; representing the interests of the Contractor to the ITB Authority; and/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 and/or update it.

10.3. The Contractor’s strategic plan would include:

10.3.1. A description of the Contractor’s broad corporate plans and overarching strategic vision for Canada over the medium-term (3-5 years) and long-term (5+ years);

10.3.2. How these corporate plans and vision may translate into Transactions;

10.3.3. An overview of the Contractor’s current and anticipated obligations to Canada; and,

10.3.4. ITB partnerships with Eligible Donors and major suppliers.

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 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;

11.2.2. have a value of not less than $50 million, 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; Small and Medium Business 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 will 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 the Contract and be subject to the annual reporting and verification.
processes and the remedies in these Terms and Conditions.

11.6. Pooling guidelines are available on the ITB Website (www.ic.gc.ca/itb).

12. BANKING

12.1. The Contractor may apply bank transactions to this Contract up to a total value of 50 percent of the Obligation cited in Article 3.1.1, measured in CCV.

12.2. Any bank transaction applied to this Contract, or portion thereof, will clearly state that it originated from the bank and be the same in description and details as the approved bank transaction. The bank transaction must meet the Eligible Donor criteria outlined in Article 8.1.4.

12.3. The Contractor may submit bank overachievements to the bank arising from Transactions in this Contract. For the purposes of banking, a bank overachievement is the amount of Credit achieved that exceeds the Obligation in Article 3.1.1 and where the Contractor has:

   12.3.1. Completed its Obligations in Article 3.1.1 through 3.1.4 early on the Contract, before the end of the Achievement Period;

   12.3.2. elected to continue business activities on selected 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 Transactions.

   12.3.4. Apply to bank only those bank overachievements that:

      12.3.4.1. Were achieved between the date of early completion of the Obligations and the end date of the Achievement Period.

      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. Banking guidelines are available on the ITB Website (www.ic.gc.ca/itb).

13. PUBLIC COMMUNICATIONS
13.1. The Contractor, its Eligible Donors and/or Recipients are 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 will jointly coordinate public communications related to the Transactions. The two parties will also collaborate to identify success stories associated with specific Transactions.

13.3. The Contractor consents to public announcements regarding the Project, made by or on behalf of the ITB Authority, which are related to Obligations, Commitments and Transactions. These announcements would include company names, general descriptions of the work being proposed and approximations of CCV. In these cases, the ITB Authority will make all reasonable efforts to ensure that the Contractor has the opportunity to participate in the announcement and/or the preparation of any related materials. The Contractor will 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 will 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 will 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 will submit corporate and transactional business information to the ITB Authority in the implementation of these Terms and Conditions and/or through a strategic plan, some of which may contain information that is sensitive and confidential to the Contractor. The ITB Authority will 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 will not release or disclose outside the Government of Canada any of the Contractor’s commercially confidential business information.

14.3.1. Data may be used by the ITB Authority for internal policy analysis purposes. Certain relevant information may also be shared, subject to applicable laws and processes, with other government organizations and agencies with whom the ITB Authority collaborates in the administration of the ITB policy.

15. TRANSACTION ALTERATIONS

15.1. The Contractor will not alter the Transactions listed in Appendix A 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, 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 Value Proposition Proposal submitted by the Contractor in its bid submission. For greater clarity, a Transaction in one VP evaluation criteria area must be replaced by a new Transaction under the same VP evaluation criteria area; and,

15.2.5. the proposed substitute Transaction would not have lowered the Contractor’s VP score as determined in the original selection process.

15.3. Mutual Abatement and Trading

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

15.4. If, during the term of the 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 will immediately notify the ITB Authority through the Contracting Authority. The Contractor will 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 shall 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.

16. **VERIFICATION AND ACCESS TO RECORDS**

16.1. The Contractor will implement the procedures and practices as described in the ITB Management Plan.

16.2. The Contractor will keep proper records and all documentation relating to the Transactions attached to this Contract, including invoices and proof of payments. The Contractor will 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 sixty (60) calendar days of being notified by the ITB Authority. The Contractor will 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.

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 will provide such additional information as may be required by the ITB Authority.

16.5. Where it cannot be verified that a Transaction has been achieved as claimed, that portion of the Transaction which cannot be verified will be considered as not having been achieved and the ITB Authority will give notice to the Contractor of the Shortfall through the Contracting Authority.

16.6. If the ITB Authority determines that a significant deficiency in the Contractor’s achievements exists such that the ITB Authority believes that the Contractor will not meet its Obligations, the ITB Authority may give, through the Contracting Authority, notice to the Contractor and request the Contractor to submit a proposal showing how the
Contractor plans to correct the deficiency. The Contractor will 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 request the Contracting Authority to terminate the Contract.

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 (i.e. ITB and contract managers) and at the management level (i.e. 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. If these discussions fail to reach a satisfactory resolution, either party is then free to make use of the broader dispute resolution process outlined in Article [XX] of the Contract.

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 10 percent 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.

Below is a summary of the remedies:
Holdback/Stop Payment [TBD on each project]
Holdbacks/stop payment would typically apply throughout the course of the contract, in those circumstances where the schedule for identifying Transactions, the achievement of Credit milestones, and/or the achievement of VP milestones is not met. Holdbacks will be a percentage of the milestone payment and would be released progressively as the deficiency is extinguished.

Liquidated Damages [TBD on each project]
Liquidated Damages would typically apply at the end of the contract in those circumstances where achievement of Obligations has not been met. The value of the liquidated damage will be based on 10 percent [TBD on each project] of the highest deficiency in any one of the following areas: 100 percent, regions, and SMB. The value of the liquidated damage will be based on 20 percent [TBD on each project] of the cumulative deficiency in each of the VP areas.

Contract Termination [TBD on each project]
Contract termination could be used in circumstances where the Contractor has failed to satisfy certain pre-identified, major Obligations.

Letter of Credit [TBD on each project]
A letter of credit could be used in those circumstances where Canada requires additional guarantees that Liquidates Damages would be paid.

Performance Incentives [TBD on each project]
Performance incentives could be used throughout the course of the Contract to encourage timely achievement of Credits. In cases where achievement milestones are not met, the Contractor could be disfavored with respect to Contract tenure and profits.

For those remedies outlined above that apply to a specific project, below is the contractual language that would be present in the Terms and Conditions.

18.3. Holdback/Stop Payment [TBD on each project]

18.3.1. If the Contractor has failed to meet any of its Obligations contained in Article 3.1.5 and 3.1.6, the ITB Authority will notify the Contractor in writing, through the Contracting Authority, 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 delivered, or if delivered, has
not been accepted pursuant to Article 18.3.2.1, then the following amounts of subsequent claims for payment will be withheld:

- For Obligations contained in Article 3.1.2, the Holdback will be equal to 20 percent of each deficiency; and
- For all other Obligations, the Holdback will be equal to 10 percent of the greatest deficiency.

18.3.2.3. The Holdback 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 will 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 \([TBD\ on\ each\ project]\)

18.4.1. If the Contractor fails to achieve any of the Obligations in Article 3.1.1, 3.1.3, 3.1.4 and/or 3.1.6 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 10 percent \([TBD\ on\ each\ project]\) 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 3.1.6, the Contractor will be liable only for the deficiency that arises under the Obligation that results in the highest liquidated damages.

18.4.2. If the Contractor fails 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 20 percent \([TBD\ on\ each\ project]\) of the total deficiency, less the amount of any Holdback.

18.4.2.1. In the event that a deficiency is comprised of more than one of the Obligations in Articles 3.1.2, the Contractor will be liable in respect to Article 18.4.2 under all deficiencies on an additive basis.

18.4.3. 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 [TBD on each project]

18.5.1. Default by the Contractor - In the event that this Contract is terminated for default pursuant to Section X of General Conditions Y, the ITB Authority will notify the Contractor, and the Contractor will identify Transactions within [X] months of the date of termination equal to 100 percent of the value of Contract Price.

18.5.1.1. The Contractor will then, within [X] days of the date of termination, in its sole discretion, elect either:

- To take action to achieve all identified Transactions with [X] years; or,
- 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.

18.5.1.2. For the purposes of Article 18.5.1.1, the amount of liquidated damages shall 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 18.5.1.1 shall apply.

18.5.1.3. The parties agree that Canada’s right under Section X of General Conditions Y to terminate the Contract for default shall 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:

(TBD on each project)
- Pay the liquidated damages amounts required by Article 18.4; and
- Satisfy its VP Obligations described in Article 3.1.2.

18.5.1.4. The Parties agree that: the obligations contained in Article 18.5.1.3 constitute material obligations under the Contract; and, the obligations contained in Article 18.5.1.1 shall survive termination of the Contract.

18.5.2. Termination for Convenience - In the event that this Contract is terminated for convenience pursuant to Section X of General Conditions Y, the Contractor will have no further obligations and liabilities under these Terms and Conditions, including any liabilities arising from VP Obligations. In the event of partial termination of the Contract under Section X of General Conditions Y, 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 \([TBD on each project]\)

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

18.6.2. The letter of credit will be:

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

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

- the achievement of the Obligations; and
- six 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 Contracting Authority to the issuing bank, stating that the Contractor is in default under the 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 \([TBD on each project]\)  
\([Should performance incentives be included in the contract, they will be described in the main body of the Contract].\)
18.8. 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.

18.9. Nothing in this Article will 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.

18.10. 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. **CHANGES TO THE PLANS**

19.1. The Contractor may propose revisions to the Plans. Any proposed revisions must be agreed to by the ITB Authority in writing. Revisions will be made by administrative amendment, executed by the Contracting Authority.

20. **RESPONSIBILITIES OF THE PARTIES**

20.1. 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, Statement of Obligations.

20.2. 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.

21. **COMPLIANCE WITH THE LOBBYING ACT**

21.1. 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.

22. **CONTINGENCY AND/OR SUCCESS FEES**

22.1. 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.

22.2. 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.

23. LIST OF APPROVED ELIGIBLE DONORS

23.1. 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 – a detailed list and tabular chart to be attached, based on the Contractor’s Proposal and then updated throughout the Achievement Period.

<table>
<thead>
<tr>
<th>Transaction # and Version</th>
<th>Title</th>
<th>Description</th>
<th>Donor</th>
<th>Recipient</th>
<th>CCVS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Sub-totals for direct, indirect, regional, SMB and VP criteria</td>
</tr>
</tbody>
</table>
APPENDIX B – TEMPLATE – TRANSACTION SHEET

Transaction sheet
(Electronic copy available)

Certificate of causality
(Electronic copy available)

Incrementality checklist
(Electronic copy available)

Certificate of Eligible Donor
(Electronic copy available)
APPENDIX D – IF BUSINESS PLAN TEMPLATE
(Electronic copy available from the ITB Branch)

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.

<table>
<thead>
<tr>
<th>Template IF Business Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Protected B (when completed)</strong></td>
</tr>
<tr>
<td><strong>IF Transaction title:</strong></td>
</tr>
<tr>
<td><strong>Donor:</strong></td>
</tr>
<tr>
<td><strong>SMB Recipient:</strong></td>
</tr>
<tr>
<td><strong>Date:</strong></td>
</tr>
</tbody>
</table>

**Description of IF activity:**
*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.*

*Anticipated length: 8-10 paragraphs.*

**Market Assessment:**
*Provide an outline of the opportunity, market size, key competitors, sales strategy and the donor/SMB Recipient’s competitive advantage.*

*Anticipated length: 3-5 paragraphs*

**Company profile of SMB:**
*Provide a description of the SMB’s operations, product lines, corporate structure and ownership.*
Certification and signatures

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

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

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

Donor

________________________________________
Signature

________________________________________
Name and Title of Senior Officer

SMB Recipient

________________________________________
Signature

________________________________________
Name and Title of Senior Officer
APPENDIX E – DEFENCE SECTOR DEFINITIONS
[to be adjusted for each project, to align with Article 1]

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

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

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

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

Excluded here are sales relating to:

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

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

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

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

Military Systems Deployed in Space, Space Launch Vehicles, Land-based Systems for the Operation, Command and Control of Space Launch Vehicles or Systems Deployed in Space; and Related Components: This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services:
• Relating to primarily military systems deployed in space (e.g. satellites, spacecraft, and space robotic systems) and their sub-systems and components; as well as space launch vehicles.
• Related design, engineering and production of earth-based systems used for the operation, Command & Control of military systems deployed in space and space launch vehicles (e.g. ground stations, satellite tracking systems, and launch facilities).

Primarily Airborne Electro-Optical, Radar, Sonar and Other Sensor/Information Collection Systems; Fire Control, Warning and Countermeasures Systems, and Related Components: This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services relating to Primarily Airborne:
• Electro-optical systems (e.g. image intensification night-vision systems, thermal imaging systems, lasers), radars, dipping sonar, other sensors, and fire-control systems used to aid weapons in target acquisition, tracking and engagement;
• Warning systems (e.g. technologies that detect enemy radars, enemy laser targeting systems, and approaching threats such as missiles); and
• Countermeasures (e.g. electronic jamming equipment, smoke screens, flares to counter heat-seeking missiles).
• Other related aircraft avionics systems.

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

Primarily Land-Based or Man-Portable Electro-Optical, Radar, Sonar and Other Sensor/Information Collection Systems; Fire Control, Warning and Countermeasures Systems, and Related Components: This category includes sales related to production as well as research, development, design, engineering, testing and evaluation services relating to Primarily Land-based or Man-Portable:
• Electro-optical systems (e.g. image intensification night-vision systems, thermal imaging systems, lasers), radars, sonar, other sensors, and fire-control systems used to aid weapons in target acquisition, tracking and engagement;
• Warning systems (e.g. technologies that detect enemy radars, enemy laser targeting systems, and approaching threats such as missiles); and
• Countermeasures (e.g. electronic jamming equipment, smoke screens, flares to counter heat-seeking missiles).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Those are to be reported under the category for:

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

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

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

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

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

Excluded are sales relating to combat vehicle-based weapons systems such as guns and missiles launchers as such sales should be reported under the ‘Firearms and Other Weapons’ category.
Sales relating to associated projectiles like tank gun rounds or missiles should be reported separately under the ‘Ammunition and Other Munitions’ or ‘Missiles and Rockets’ categories as appropriate.

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

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

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

- ‘Combat Vehicles Maintenance, Repair and Overhaul’.

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

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

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

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

**Military Aircraft Maintenance, Repair and Overhaul Services**: This category includes sales relating to maintenance, repair and overhaul activities (carried out under contract) in relation to military aircraft, engines and accessories; as well as for related training activities.
Unmanned Aerial Systems/Vehicles (UAS/V) and Components: This category includes sales related to production, research, development, design, engineering, testing and evaluation services relating to:

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

Excluded are sales relating to missiles; or to weapon systems (e.g., guns, missile launchers) and ammunition, munitions, and missiles carried on/delivered by unmanned aerial systems/vehicles. Such sales should be reported under either the category for: ‘Firearms and Other Weapons’ or under the category for ‘Missiles & Rockets’.

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

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

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

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

Excluded are sales of products and services related to:

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

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

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

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

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