

Schedule B6

Terms and Conditions

Industrial and Regional Benefits

(Full IRB)

Prepared by: Vancouver Shipyards Co. Ltd.
2 Pemberton Avenue
North Vancouver
British Columbia, Canada
V7P 2R2

© Vancouver Shipyards Co. Ltd. 2016

NOT PROTECTIVELY MARKED

Approvals

Role	Name	Designation	Signature	Date
Prepared				03 APR 18
Reviewed				03 APR 18
Approved	Susan Jin	Manager, IRB and Value Proposition		03 APR 18

Revision Record

Revision	Pages Affected	Description	Date
0	All	Initial Issue	03 APR 18

NOT PROTECTIVELY MARKED

Table of Contents

1.0 Definitions4

2.0 Statement of Work: IRB Commitments and Responsibilities7

3.0 IRB Reporting7

4.0 Price Changes.....8

5.0 Over-Achievement of IRB Transactions.....9

6.0 Canadian Content Value (CCV).....9

7.0 Eligibility Criteria for IRB Transactions.....10

8.0 IRB Transactions11

9.0 Pooling18

10.0 Valid Orders18

11.0 Banking18

12.0 Import Replacement18

13.0 World Product Mandate.....18

14.0 Public Communications18

15.0 IRB Transaction Alterations.....19

16.0 Verification and Access to Records19

17.0 Information Management20

18.0 Conflict Resolution.....20

19.0 Performance Guarantees20

20.0 Responsibilities of the Parties.....22

21.0 Government Organizations.....22

22.0 Compliance with the Lobbying Act22

23.0 Contingency and/or Success Fees.....23

24.0 List of Approved Eligible Parties.....23

25.0 List of Approved Global Value Chain Platforms.....23

1.0 Definitions

1.1 For the purposes of this Schedule B6, unless the context otherwise requires, the following definitions will apply in addition to those defined in Article 1.1 of the Articles of Agreement and Schedule I:

- 1.1.1 **Accepted IRB Transaction** means an IRB Transaction which has been accepted in writing by the IRB Authority as meeting the IRB Eligibility Criteria;
- 1.1.2 **Achieved IRB Transaction** means all or any part of an Accepted IRB Transaction for which IRB Credits have been awarded by the IRB Authority;
- 1.1.3 **Allowable Investment Framework (IF) Investment** - For cash contributions, an Allowable IF Investment means: a grant; or, a purchase of common or preferred shares. It does not include either the purchase of debentures or a repayable loan. For In-Kind contributions, an Allowable IF Investment means: a licence for intellectual property (authorization to use the licensed material); equipment (equipment, software or systems to develop new or improved goods/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 licence for brand or trademarks);
- 1.1.4 **Appendix** refers to an Appendix to this Schedule B6, unless specified otherwise;
- 1.1.5 **Banked IRB Transaction** means an Accepted IRB Transaction that has not been allocated to any existing IRB obligation and has been registered with Innovation, Science and Economic Development Canada (ISED) and thereby resides in the IRB Bank;
- 1.1.6 **Canadian Company** or **Canadian Corporation** means a commercial enterprise that is incorporated pursuant to the laws of Canada or any province or territory of Canada and which has ongoing business activities in Canada;
- 1.1.7 **Canadian Content Value** or **CCV** is as described in Section 6.0;
- 1.1.8 **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;
- 1.1.9 **Causality** means the Eligibility Criteria of the IRB Policy which stipulates that a proposed IRB Transaction must be brought about, in part, by an IRB Obligation as set forth in Section 7.0;
- 1.1.10 **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; basic and applied research; experimental development; profitability analysis and financing; and, launch advertising;
- 1.1.11 **Consortium** or **Consortia** means a public-private partnership established with the intent of undertaking activities related to research and development, and which shall meet the criteria set out in Subsection 8.5;
- 1.1.12 **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);
- 1.1.13 **Direct IRB Transaction** means an IRB Transaction that is entered into for the performance of any part of the Work under the Subcontract;
- 1.1.14 **Eligibility Criteria** means those criteria outlined in Section 7.0, which an IRB Transaction must meet in order to be an Accepted IRB Transaction;
- 1.1.15 **Eligible Party** means a party which satisfies the Eligibility Criteria of the IRB Policy which stipulates which Persons can be a provider (or donor) of an IRB Transaction, as set forth in Section 7.0;

NOT PROTECTIVELY MARKED

- 1.1.16 **Global Value Chain (GVC) Platform** means a vehicle/craft or major system platform which meets the criteria outlined in Subsection 8.2.4;
- 1.1.17 **Grouped Transaction** means an IRB Transaction that has more than one IRB Recipient. Grouped Transactions may only include activities involving: the purchase of direct goods or services; Canadian suppliers with similar characteristics of product, size and/or region; and, a total Canadian Content Value of not more than 10% of the total IRB Obligation;
- 1.1.18 **Import Replacement** refers to the production/manufacture of a good or the provision of a service in Canada that was formerly manufactured or provided from Non-Canadian sources of supply;
- 1.1.19 **Incrementality** means the Eligibility Criteria of the IRB Policy which stipulates that an Indirect IRB Transaction must involve new work in Canada, as set forth in Section 7.0;
- 1.1.20 **Indirect IRB Transaction** means an IRB Transaction that is entered into for a business activity unrelated to the performance of any part of the Work under the Subcontract;
- 1.1.21 **In-kind Contribution** means a non-monetary contribution, such as services, equipment, intellectual property, etc. In-kind Contributions will be valued by an independent third party who possesses a Chartered Business Valuator designation (or other similar acceptable designation) and who complies with all by-laws, code of ethics and practice standards of the organizational body governing their profession. Valuation reports will be detailed, use all standard, generally-accepted report formats and valuation approaches, and arrive at one conclusion regarding valuation which balances all approaches. The Supplier or its Eligible Party will assume all costs associated with obtaining the in-kind valuation report. The in-kind valuation report is valid for twelve (12) months from the date of the in-kind valuation report;
- 1.1.22 **Investment Framework** or **IF** means the method of assessing, valuing and calculating IRB Credits associated with innovation-related investments made directly with Canadian SMB, as outlined in Subsection 8.6;
- 1.1.23 **Investment Framework Business Plan** means a complete and well-supported plan which: includes an executive summary; provides detailed company information and financial statements; describes the proposed IF project; details the specific IF activities, goals and duration; and, includes key market, risk and due diligence considerations;
- 1.1.24 **IRB Achievement Period** means the period commencing on September 1st, 2010 and ending when the IRB Authority has completed its verification and issuance of IRB Credits for the IRB Transactions reported in the Purchaser's IRB Report to ISEDC. Such end date will be provided by the Purchaser to the Supplier, which the Purchaser anticipates to be twelve (12) months after the last payment received by the Purchaser from Canada under the LLI Prime Contract;
- 1.1.25 **IRB Authority** means the Minister of Industry or any other person designated by the Minister of Industry to act on the Minister's behalf. The IRB Authority is responsible for evaluating, accepting, monitoring, verifying and crediting IRBs;
- 1.1.26 **IRB Commitments** or **IRB Obligations** means the Supplier's contractual obligations to achieve the CCV for IRB Transactions as set forth in Section 2.0;
- 1.1.27 **IRB Credit** means the written notice by the IRB Authority that an Accepted IRB Transaction has been achieved in whole or in part. All Accepted IRB Transactions are subject to reporting, verification and approval before IRB Credit is awarded;
- 1.1.28 **IRB Investment** means an IRB Transaction which consists of an investment within Canada of a verifiable amount of money which fosters the production of goods or the performance of services by Canadian citizens or permanent residents as defined in the Immigration and Refugee Protection Act 2001, c.27, and which meets the criteria set forth in Section 8.8 (General Investment Transactions);
- 1.1.29 **IRB Official** means the Purchaser's IRB Official as designated in Appendix C of the Articles of Agreement, as may be changed by notice by the Purchaser to the Supplier from time to time, who is the Purchaser's representative for the purpose of administering Schedule B6 on behalf of the Purchaser and overseeing the Supplier's IRB activities, including the Supplier's IRB Transactions, IRB Reports, IRB Obligations and evaluation of IRB performance;
- 1.1.30 **IRB Plans** means the following plans prepared by the Supplier and contained in its IRB Proposal: the Company Business Plan, the IRB Management Plan, the Regional Development Plan and the Small and Medium Business Plan;
- 1.1.31 **IRB Proposal** means the IRB proposal submitted by the Supplier as part of its Proposal;
- 1.1.32 **IRB Recipient** means the Canadian entity that is the recipient of the IRB business activity outlined in an IRB Transaction;
- 1.1.33 **IRB Report** means the reporting mechanism as described in Section 3.0;
- 1.1.34 **IRB Reporting Period** means the periods within the IRB Achievement Period upon which the Supplier's IRB reporting will be based. The Supplier's IRB reporting will form a part of the Purchaser's IRB reporting to ISEDC, and therefore the

NOT PROTECTIVELY MARKED

IRB Reporting Period shall follow the IRB reporting periods of the Purchaser. The Purchaser will notify the Supplier of the first IRB Reporting Period by issuing a JSS IRB Annual Report request, and subsequent IRB Reporting Periods will be established in the same manner in twelve (12)-month intervals at the end of each reporting period;

- 1.1.35 **IRB Transaction** means a commercial or business activity that is carried out by means of a contract, including any purchase order, sales agreement, license agreement, letter of agreement or other similar instrument in writing, and which has an identified dollar value;
- 1.1.36 **IRB Transaction Sheet** means the document set out in DID IRB 210, found in Schedule D3;
- 1.1.37 **LLI Prime Contract** has the meaning given in Schedule I;
- 1.1.38 **Over-achievement** means the amount by which the Supplier's IRB Credits, awarded on one or all Accepted IRB Transaction(s) during the IRB Achievement Period, are greater than the IRB Commitment as a whole or for the applicable IRB Transaction;
- 1.1.39 **Pooling** refers to the act of applying the IRB Credits achieved on a single IRB Transaction to the IRB Obligations associated with two or more projects;
- 1.1.40 **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;
- 1.1.41 **Project** has the meaning given in Schedule I;
- 1.1.42 **Proposed IRB Transaction** means an IRB Transaction which has been proposed by the Supplier to the IRB Official, but which has not yet been formally accepted in writing by the IRB Authority as meeting the IRB Eligibility Criteria;
- 1.1.43 **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; reinvests its profits into its research activities or into the dissemination of results; and, is funded primarily from public resources and has established processes, systems, procedures and controls in place to ensure achievement of public objectives;
- 1.1.44 **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;
- 1.1.45 **Section or Subsection** refers to a Section or Subsection of this Schedule B6, unless specified otherwise;
- 1.1.46 **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;
- 1.1.47 **Shortfall** means the greatest dollar amount (if any) by which the Supplier's IRB Credits, awarded on Accepted IRB Transactions during the IRB Achievement Period, is less than any applicable IRB Commitments in Subsections 2.1.1, 2.1.2 and 2.1.4;
- 1.1.48 **Small and Medium Business** or **SMB** means a Canadian-based, independently-owned and operated manufacturer or service company with fewer than 250 full-time personnel as of the date of entering into an eligible IRB Transaction. Agents and distributors of foreign goods and services, as well as subsidiaries of firms that are contractors or eligible parties on any other contract with IRB obligations, do not qualify as Small and Medium Business;
- 1.1.49 **Technology and Skills Cooperation** means the granting of a license and/or the transmission of a usable body of knowledge to a Canadian company. Technology and Skills Cooperation is assessed and measured for IRB Credit as set forth in Subsection 8.7;
- 1.1.50 **Venture Capital Fund** or **VCF** means a pooled group of investments directed at assisting the growth of Canadian small

NOT PROTECTIVELY MARKED

businesses, which is managed by a third party and meets the criteria set forth in Subsection 0; and

- 1.1.51 **World Product Mandate** means a long-term supplier relationship between the Supplier or an Eligible Party and a Canadian Company, whereby the Canadian company has been legally authorized to carry out and has sole responsibility for specific activities including the design, development, intellectual property, manufacture and marketing related to the supply of products, components, modules or services destined for the domestic and world markets. The CCV of the product or service is calculated as described in Section 13.0.

2.0 Statement of Work: IRB Commitments and Responsibilities

2.1 By the end of the IRB Achievement Period, the Supplier shall:

- 2.1.1 achieve a minimum of [*150%] of the aggregate Subcontract Price for those Options that are exercised by the Purchaser under the Subcontract in CCV as Direct and Indirect IRB Transactions, which will be recorded as IRB Transactions in Appendix A;
- 2.1.2 achieve a minimum of [*70%] of the amount required pursuant to Subsection 2.1.1 in CCV as Direct IRB Transactions, which will be recorded as IRB Transactions in Appendix A;
- 2.1.3 achieve the following proportions of the amount required pursuant to Subsection 2.1.1 in CCV in the following Designated Regions of Canada:
- 2.1.3.1 Atlantic: [*%]
- 2.1.3.2 Quebec: [*%]
- 2.1.3.3 Northern Ontario: [*%]
- 2.1.3.4 Southern Ontario: [*%]
- 2.1.3.5 West: [*%]
- 2.1.3.6 North: [*%]
- 2.1.3.7 Unidentified: [*%]; and
- 2.1.4 achieve a minimum of [*10%] of the aggregate Subcontract Price for those Options that are exercised by the Purchaser under the Subcontract in CCV as Direct and Indirect Small and Medium Business IRB Transactions, which will be recorded as IRB Transactions in Appendix A.

2.2 The Supplier will submit to the IRB Official:

- 2.2.1 with its IRB Proposal, a list of eligible IRB Transactions which are detailed, fully described and which bring the cumulative total of identified eligible Accepted IRB Transactions and Proposed IRB Transactions to not less than 35% of the amount required pursuant to Subsection 2.1.1, measured in CCV;
- 2.2.2 no later than six (6) months following Contract Award, a list of eligible IRB Transactions which are detailed, fully described and which bring the cumulative total of identified eligible Accepted IRB Transactions and Proposed IRB Transactions to not less than 60% of the amount required pursuant to Subsection 2.1.1, measured in CCV; and
- 2.2.3 no later than twelve (12) months following Contract Award, a list of eligible IRB Transactions which are detailed, fully described and which bring the cumulative total of identified eligible Accepted IRB Transactions and Proposed IRB Transactions to not less than 100% of the amount required pursuant to Subsection 2.1.1, measured in CCV.

2.3 For the purposes of Subsection 2.2 and for the purpose of preparing any IRB Plans, the Supplier is to assume that the Purchaser will exercise all of the Options. If the Purchaser does not exercise all of the Options, the Supplier's obligations in such regards will be reduced accordingly.

2.4 The Purchaser may, on reasonable notice to the Supplier, require the Supplier to update one or more of the IRB Plans from time to time, and any such updated IRB Plans which are accepted by the IRB Official (as acknowledged by the IRB Official in writing) will replace the applicable previous IRB Plan for all purposes of this Schedule B6.

2.5 The Supplier will carry out each and every IRB Transaction as per the IRB Transaction Sheet list attached at Appendix A.

3.0 IRB Reporting

3.1 No later than thirty (30) calendar days after the end of each IRB Reporting Period, the Supplier shall submit to the IRB Official an IRB Report in the report format supplied by the IRB Official and as described in this Section 3.0, reporting on its performance

NOT PROTECTIVELY MARKED

against its IRB Obligations during the preceding IRB Reporting Period.

3.2 Each IRB Report shall consist of five parts, as outlined in the following sub-paragraphs and in the format template provided by the IRB Official. For reference purposes, DID IRB 211, found in Schedule D3, is the annual IRB report format provided by Canada to the Purchaser.

3.2.1 Part A must include:

3.2.1.1 an overview and status of the Supplier's Work;

3.2.1.2 a list of all the progress payment requests or invoices (broken down by reporting period and including the amount, date submitted and payment status) which have been submitted by the Supplier to the Purchaser for Work completed since Contract Award; and

3.2.1.3 a description of any material changes to the IRB Management Plan.

3.2.2 Part B must include, for each transaction being reported:

3.2.2.1 an update on any changes to transaction details, such as the CCV percentage or company contact information;

3.2.2.2 a description of significant achievements and activities; and

3.2.2.3 a description of any delays, problems or achievement shortfalls that could impact the achievement of the IRB Obligations, along with a plan of action to resolve.

3.2.3 Part C must include, for each transaction being reported, the CCV value of the IRB achievement claimed for the current reporting period.

3.2.4 Part D must include, for each transaction reported, the CCV value of the IRB achievement claimed to date in all the reporting periods since the beginning of the IRB Achievement Period.

3.2.5 Part E must include:

3.2.5.1 a description of Small and Medium Business and Regional development activities undertaken during the applicable IRB Reporting Period;

3.2.5.2 a list of IRB Transactions which have been cancelled, added or substantially altered during the applicable IRB Reporting Period with the approval of the IRB Authority, and their status vis-à-vis Subcontract amendment;

3.2.5.3 a Certificate of Compliance related to the Supplier's achievement of IRB Commitments in the form attached as Appendix C signed by the senior company comptroller in respect of the IRB Transactions for which there was activity in that IRB Reporting Period. This Certificate of Compliance also covers any IRB achievements of the Supplier's Eligible Parties; and

3.2.5.4 a Certificate of Compliance related to the Lobbying Act in the form attached as Appendix D signed by the senior company official with the authority to bind the Supplier. The Supplier shall obtain the equivalent Certificate of Compliance from the Supplier's Eligible Parties.

3.3 After receipt of the Supplier's IRB Report, the IRB Official will review the IRB Report and IRB Transactions noted therein and compile the Purchaser's annual IRB report for submission to the IRB Authority. If the IRB Authority issues IRB Credits to the Purchaser for the Supplier's IRB Transactions, then the IRB Official will in turn communicate the result of such IRB Credits to the Supplier. The Supplier acknowledges that only the IRB Authority may issue IRB Credits and that same will not be issued until after the IRB Authority has received and assessed the Purchaser's annual IRB report for the applicable period that includes the Supplier's IRB Transactions.

4.0 Price Changes

4.1 If an Option Price is increased or decreased, the Subcontractor's IRB Commitments in Subsections 2.1.1, 2.1.2 and 2.1.3 shall be correspondingly either increased or decreased to reflect this change.

4.2 If an amendment, or the aggregate value of multiple amendments, to the LLI Prime Contract equals or exceeds \$5 million CAD, the Purchaser's IRB commitments under the LLI Prime Contract may be increased to take such amendment(s) into consideration and the Purchaser may be required to submit proposed IRB transactions to the IRB Authority valued at not less than the agreed

NOT PROTECTIVELY MARKED

percentage as applied to the increase. Under such circumstances, the Supplier shall submit to the IRB Official, within 30 calendar days of a request from the Purchaser, Proposed IRB Transactions valued at the agreed percentage as applied to the increase in value of the LLI Prime Contract attributable to the Supplier's Work.

5.0 Over-Achievement of IRB Transactions

- 5.1 The Supplier may achieve a CCV for any IRB Transaction in excess of the value stated in the IRB Transactions without prior approval. When an Over-achievement occurs in an IRB Transaction, then, with written notice to the IRB Official and an acknowledgement by the IRB Authority, the Over-achievement may be applied against any shortfall or unidentified portion of the IRB Transactions, as long as the Regional and Small and Medium Business Commitments are achieved. An Over-achievement in one Region will not be applied to reduce a shortfall in another Region.
- 5.2 The Parties agree that any total Over-achievement can be carried over to any future NSS subcontract jointly selected by the Parties with IRB obligations, subject to final approval of the carry-over by the IRB Authority.

6.0 Canadian Content Value (CCV)

6.1 The CCV of any Direct and Indirect IRB Transaction shall be determined by the Net Selling Price Method or the Cost Aggregate Method described below.

6.1.1 Net Selling Price Method: A product or service which bears a substantiated selling price may have its CCV calculated as follows:

- 6.1.1.1 begin with the total selling price of the product or service
- 6.1.1.2 subtract any costs incurred as set out in Subsection 6.2.

6.1.2 Cost Aggregate Method: Any product or service that cannot be assigned a substantiated selling price may have its CCV calculated as the aggregate of the following:

- 6.1.2.1 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 equipment in the factory of the manufacturer in Canada;
- 6.1.2.2 the cost of parts or materials which the IRB Authority can verify as being of Canadian origin, in that they have been exported from Canada and subsequently imported into Canada as parts or finished goods;
- 6.1.2.3 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 equipment, to the extent that such costs are not included in the foregoing paragraph; and
- 6.1.2.4 such part of the following costs (not including GST, HST, all provincial sales taxes, excise taxes, royalties and license fees paid outside of Canada) as are reasonably attributable to the production or implementation of the equipment, service or activity:
 - (i) wages and salaries paid for direct and indirect production and non-production labour in Canada paid to Canadians or to permanent residents as defined in the Immigration and Refugee Protection Act 2001, c.27;
 - (ii) materials used in the Work but not incorporated in the final products;
 - (iii) light, heat, power and water;
 - (iv) workers compensation, employment insurance and group insurance premiums, pension contributions and similar expenses incurred with respect to labour referred to above in Section 6.1.2.4.1;
 - (v) taxes on land and buildings in Canada;
 - (vi) fire and other insurance premiums relative to production inventories and the production plant and its equipment, paid to a company authorized by the laws of Canada or any province to carry on business in Canada or such province;
 - (vii) insurance purchased specifically from a company authorized by the laws of Canada or any province to carry on business in Canada or such province;
 - (viii) rent of factory or office premises paid to a registered owner in Canada;

NOT PROTECTIVELY MARKED

- (ix) maintenance and repairs to buildings, machinery and equipment used for production purposes that is executed in Canada;
- (x) tools, dies, jigs, fixtures and other similar plant equipment items of a non-permanent nature that have been designed, developed or manufactured in Canada;
- (xi) engineering and professional services, experimental work and product or process development work executed and completed in Canada;
- (xii) pertinent miscellaneous factory and office expenses, 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)% of the total capital outlay incurred for buildings in Canada owned by the producer of the work;
- (xiii) personal travel expenses, including Canadian carriers, accommodations and meals, for travel associated with Direct IRB activities in the Subcontract;
- (xiv) fees paid for services not elsewhere specified; and,
- (xv) pre-tax net profit upon which Canadian taxes are paid or are payable.

6.2 Costs or Business Activities that are ineligible for IRB Credit:

- 6.2.1 the value of materials, labour and services imported into Canada;
- 6.2.2 in the case of Indirect IRB Transactions, the value of raw materials and Semi-Processed Goods exported from Canada;
- 6.2.3 the value of any living, relocation costs and remuneration paid to non-Canadians for work on the Project;
- 6.2.4 the amount of all Canadian Excise Taxes, Import Duties, Federal and Provincial Sales Taxes, Goods and Services Taxes, Harmonized Sales Taxes and other Canadian duties;
- 6.2.5 the value of goods and services with respect to which IRB Credit has been received or is being claimed by the Supplier or its Eligible Parties as an IRB to Canada under any other IRB obligation or agreement;
- 6.2.6 any proposal or bid preparations costs;
- 6.2.7 all transportation or travel costs not covered under Sections 6.1.2.3 or 6.1.2.4(xiii);
- 6.2.8 obligations of the Federal Government (e.g. government furnished equipment);
- 6.2.9 license fees paid by the Canadian IRB Recipient and any on-going royalty payments;
- 6.2.10 IRB Transactions claimed by the Supplier that pertain to its influence or that of one of its Eligible Parties over any country's purchasing agent/department;
- 6.2.11 interest costs associated with letters of credit or other financial instruments to support IRB Transactions;
- 6.2.12 fees paid to lobbyists (as per the *Lobbying Act*) for lobbying; and
- 6.2.13 fees paid to third-party consultants or agents for work related to obtaining IRB Credit against the Subcontract. This includes, but is not limited to, providing advice on the IRB Policy, preparation of IRB Transactions and/or reports, representing the interests of the Supplier to the IRB Official or to the IRB Authority, and/or searching for potential recipient firms.

7.0 Eligibility Criteria for IRB Transactions

- 7.1 **Causality** - each IRB Transaction shall be one which was brought about by either the Supplier or one of its Eligible Parties, due in part to a current or anticipated IRB Obligation. It shall not be one which probably would have been entered into if an IRB obligation had not existed or been anticipated. Causality may be demonstrated to a specific project or more broadly to a company's IRB obligation in general.
- 7.1.1 The Supplier or its Eligible Party must demonstrate Causality by providing a detailed statement on Causality, which outlines the steps and timelines involved in its decision about a procurement or investment activity and which clearly shows the link between the steps and decision on a business activity and Canada's IRB Policy as reflected in the Supplier's current or anticipated IRB Obligation.
 - 7.1.2 The Supplier or its Eligible Parties will provide evidence of Causality in support of its detailed statement referred to in Subsection 7.1.1. Evidence of Causality is written documentation and may include, but not be limited to: subcontract documentation, correspondence, meeting documents, corporate presentations, etc.

NOT PROTECTIVELY MARKED

- 7.1.3 The Supplier or its Eligible Party should provide as much detailed documentary evidence as possible, at the time of submitting a Proposed IRB Transaction to the IRB Official. Failure to provide sufficient evidence of Causality, in accordance with established ISEDC's IRB guidelines at the date of award of the Subcontract may result in the IRB Transaction being rejected.
- 7.2 **Timing** - IRB Transactions shall be implemented within the IRB Achievement Period.
- 7.2.1 IRB Transactions, or substitute IRB Transactions, that are identified after the dates on which IRB Plans are submitted or updated pursuant to Subsection 2.4 must meet the IRB Eligibility Criteria and they should only involve work occurring after the date of identification of the IRB Transaction to the IRB Authority.
- 7.3 **Incrementality** – IRB Transactions shall involve new work in Canada.
- 7.3.1 Should an IRB Transaction involve the purchase of goods or services from an existing Canadian supplier to the Supplier or its Eligible Party, the incremental method of calculating the IRB Credits will apply, as follows:
- 7.3.1.1 A three-year average of previous purchases is calculated, based on the three years immediately preceding the date of identification of the IRB Transaction to the IRB Authority; and
- 7.3.1.2 IRB Credit will be awarded only on those purchase amounts which exceed the three year average, in each of the IRB Reporting Periods.
- 7.3.2 The incremental method of calculation outlined in Subsection 7.3.1 does not apply and incrementality is assumed in cases where the product or service being purchased in the IRB Transaction:
- 7.3.2.1 involves Direct Work;
- 7.3.2.2 is substantially different than what was previously purchased;
- 7.3.2.3 involves a different end use (market sale, application, etc) than what was previously purchased; or,
- 7.3.2.4 follows a competitive process to re-select the Canadian supplier.
- 7.4 **Eligible Party** - IRB Transactions shall be undertaken by an Eligible Party as defined and named in the Subcontract.
- 7.4.1 An Eligible Party is the Supplier, its parent corporation, and all the parent's subsidiaries, divisions and subdivisions.
- 7.5 **Validation of Eligibility**
- 7.5.1 Wherever possible, the IRB Authority will confirm IRB Transaction eligibility prior to a proposed IRB Transaction being accepted into the Subcontract. As the Supplier plans, negotiates and concludes proposed IRB activities, the Supplier is encouraged to retain and submit all of the records and documentation necessary to demonstrate eligibility.
- 7.5.2 The IRB Authority will have the right to validate, within one hundred and twenty (120) calendar days of the submission of a Proposed IRB Transaction to the IRB Official, the criteria associated with IRB Transaction eligibility.
- 7.5.3 Notwithstanding any validation pursuant to Subsection 7.5.2, the IRB Authority may submit to the Supplier via the IRB Official at any time a written notice of the IRB Transactions that the IRB Authority wishes to validate. Once this written notice is submitted, the Supplier shall have ninety (90) calendar days to submit a package of information and documentation in support of their eligibility claims. The Supplier is strongly encouraged to respond in a timely manner as it is responsible to ensure that the information received by the IRB Authority is accurate and complete.
- 7.5.4 Should the Supplier be unable during the ninety (90) calendar days validation period to demonstrate IRB eligibility, pursuant to Subsection 7.5.3, the IRB Authority may inform the Supplier via the IRB Official in writing that the IRB Transaction will not be eligible for IRB Credit and a substitute IRB Transaction will be sought from the Supplier.
- 7.5.5 The Supplier should note that all IRB Transactions are subject to reporting, verification and approval before IRB Credits are confirmed. Should new information arise during verification that seriously calls into question the eligibility of an IRB Transaction, the IRB Authority may review and investigate as soon as possible.
- 8.0 IRB Transactions**
- 8.1 Direct IRB Transactions**
- 8.1.1 Direct IRB Transactions are those achieved through the provision of the goods and services required under the Subcontract or any of the subcontracts to deliver the Ship.
- 8.1.2 Canadian resources should be utilized to the maximum extent possible to develop, produce, integrate and deliver the

Ship.

8.2 Indirect IRB Transactions

- 8.2.1 Indirect IRB Transactions are those achieved through business activities not related to the Work.
- 8.2.2 Indirect IRB Transactions shall involve a level of technology that is generally the same or higher than that of the Work, with applications in support of objectives outlined in Subsection 20.1.1.
- 8.2.3 Indirect IRB Transactions must have a Canadian Content Value (CCV) of no less than 30 percent of the total value of the IRB Transaction.
- 8.2.4 Global Value Chain (GVC):
- 8.2.4.1 GVC are those business activities which are related to the provision of goods and services on an Eligible GVC Platform and, while being Indirect Transactions, may be counted towards fulfilling a Direct IRB Commitment.
- 8.2.4.2 GVC Platform
- (i) An IRB GVC Platform is a vehicle/craft or tier 1 major sub-system, used for a particular purpose or which performs a specific mission. It has various stages in the supply chain which are connected by the division of production and aftermarket support among many global firms, leveraging each partner's core competencies.
- (ii) To be eligible, an IRB GVC Platform must:
- be the same or similar (in nature and complexity) to the platform being procured by Canada under the Ship;
 - have the same or greater market potential, measured by estimated market value, size and/or timeframe, as the platform procured by Canada under a Ship;
- (iii) GVC Platforms should also offer significant opportunities for:
- technological advancement and growth in the level of system integration;
 - regional and SMB participation; and,
 - high-value and long-term activities related to acquisition and/or in-service support.
- (iv) The Supplier or its Eligible Party must clearly describe how any proposed GVC Platform(s) meets the criteria in Subsection 8.2.4.2(ii) and the extent to which it fulfills the goals outlined in Subsection 8.2.4.2(iii). The Supplier or its Eligible Party should provide complete details and documentation in support of the eligibility of any proposed GVC Platform.
- (v) A list of approved GVC Platforms is found in Section 25.0. The IRB Authority reserves the right to seek validation of the eligibility of the GVC Platforms found in Section 25.0, as outlined in Subsection 7.5.
- 8.2.4.3 GVC Transactions
- (i) Activities associated with GVC Platforms include, but are not limited to, pre-commercialization activities (e.g. collaborative technology development and demonstration projects), production activities (e.g. definition, design, and manufacturing) and In Service Support activities.
- (ii) Even though a proposed GVC Transaction may be counted towards meeting a Direct IRB requirement, this does not negate the need for the GVC Transaction to meet all of the IRB Eligibility Criteria, including those related to Causality and Incrementality.

8.3 Small and Medium Business (SMB) Transactions

- 8.3.1 An IRB Transaction where an SMB is the IRB Recipient, and the SMB's product or service has a CCV of at least seventy (70) percent, will have its IRB Credit credited as follows:
- 8.3.1.1 the portion of the IRB Transaction's CCV value that is equal to or less than \$1,000,000 CAD will be deemed to have 100 percent CCV for reporting and verification purposes;
- 8.3.1.2 any portion of the IRB Transaction's CCV value that is over \$1,000,000 CAD will use the actual CCV as calculated using Section 6.0 (Canadian Content Value).

8.4 **Post-Secondary and Public Research Institution Transactions**

8.4.1 A multiplier of five (5) is permitted on IRB Transactions involving: cash contribution input to Canadian universities for university research or the establishment of university chairs; investments in advanced technology skill development through publicly operated Post-Secondary Institutions; and, collaborative research undertaken with Public Research Institutions.

8.5 **Consortium Transactions**

8.5.1 In any instance where the Supplier or its Eligible Party invests in research and development through a Consortium, the method of crediting such investments will be as detailed in this Section.

8.5.2 Scope: A Consortium shall consist of:

8.5.2.1 the Supplier or its Eligible Party;

8.5.2.2 a minimum of one (1) Canadian Company, and;

8.5.2.3 a minimum of one (1) Canadian Post-Secondary Institution or Public Research Institution.

8.5.2.4 Involvement of non-Canadian company(s) in the Consortium shall be permitted. The combined total investment from non-Canadian companies shall not exceed fifty (50) percent of the Consortium value.

8.5.2.5 The Supplier shall not be able to claim its Consortium members as Eligible Parties to the Subcontract.

8.5.2.6 In cases where an existing Eligible Party to the Subcontract participates in the same Consortium as the Supplier, separate IRB Transaction Sheets shall be submitted that describe both the Supplier's and the Eligible Party's involvement in the Consortium. Both the Supplier and the Eligible Party may only claim the IRB Credits associated with the contributions that each has leveraged into the Consortium. At no time shall the Supplier and Eligible Party be able to claim for the same contribution(s).

8.5.2.7 Contributions to the Consortium may take the form of cash or in-kind contributions. In the case of in-kind contributions, the value of these shall be determined by an assessment to be undertaken by a Third Party to the Subcontract solely at the cost of the Supplier.

8.5.2.8 The future sales that may arise from the Consortium will not be counted for IRB Credit within the Consortium Transaction. Should the Supplier procure goods and services from the Consortium, the purchase will be considered as a separate IRB Transaction and no multiplier will be applied.

8.5.2.9 When a Consortium IRB Transaction is submitted, the Supplier must identify the manner that it proposes to calculate the regional distribution. The Supplier may opt to make regional commitments based on where funding for the Consortia originates as a proportion of the total Canadian funding. Alternatively, the Supplier may opt to make regional commitments based on where the work associated with the Consortium is taking place. In either situation, once the Supplier selects a regional calculation, the Supplier will be held to this selection.

8.5.2.10 In addition to demonstrating that its investment in the Consortium meets all of the IRB Eligibility Criteria, the Supplier shall also be responsible for demonstrating how its involvement in the Consortium leveraged the investments from the other parties involved. In order to receive IRB Credit for funds invested by other companies, the Supplier must demonstrate that the additional funds invested into the Consortium were the result of the Supplier's participation. The Supplier will not receive any IRB Credit for contributions already existing in the Consortium prior to their participation.

8.5.2.11 The Supplier will not receive any IRB Credit on any contributions leveraged by other parties and applied to other IRB obligations. In cases where multiple contractors with IRB obligations are involved in the same Consortium, each of these contractors may be eligible to receive IRB credit for their own contribution and that of the members they can demonstrate they attracted to the Consortium.

8.5.3 Valuation for IRB Credit Purposes:

8.5.3.1 An initial value will first be calculated, and shall be the sum of the following:

(i) the value of cash contributions from the Supplier to the Consortium; and,

(ii) the value of cash contributions from other eligible participants, up to a maximum value equal to that of

NOT PROTECTIVELY MARKED

the Supplier's contribution, which have been demonstrably leveraged by the Supplier's participation in the Consortium.

- 8.5.3.2 Once the initial value is established, the Supplier shall receive a five (5x) times multiplier on it.
- 8.5.3.3 The value of any in-kind contributions would then be added. In-kind contributions are not eligible for a multiplier.
- 8.5.3.4 IRB Transaction sheets related to a Consortium should be stated in the multiplied value of the proposed contributions. This multiplied value is part of the Supplier's total IRB Commitment.
- 8.5.3.5 If the Supplier fails to achieve an Accepted IRB Transaction involving a Consortium, the full multiplied value of its IRB Commitment shall be made up with other IRB activities that meet the IRB Eligibility Criteria. Substitute IRB Transactions will not automatically be subject to a multiplier.

8.5.4 Timing:

- 8.5.4.1 IRB Credit can be claimed when both the Supplier and the member(s) make their contributions to the Consortium.
- 8.5.4.2 All Consortium-related IRB Credits claimed by the Supplier are subject to reporting, verification and written approval by the IRB Authority before IRB Credits are approved.

8.5.5 The following will not be eligible for IRB Credit

- 8.5.5.1 contributions made to the Consortium by Post-Secondary Institutions or Public Research Institutions; and,
- 8.5.5.2 direct contributions into the Consortium made by any level of government.

8.6 Investment Framework (IF) Transactions

- 8.6.1 IRB Transactions may involve R&D or Commercialization investments made directly by the Supplier with a Canadian SMB. The methods of assessing, valuing and crediting these investments are detailed in this Section.
- 8.6.2 Proposed IF activities may be reviewed, approved and awarded by the IRB Authority using the following gate process:
 - 8.6.2.1 Gate 1 - Term Sheet Eligibility
 - 8.6.2.2 Gate 2 - Investment Valuation
 - 8.6.2.3 Gate 3 - Determination of IRB Credits and Transaction Sheet Approval
 - 8.6.2.4 Gate 4 - Monitoring and Award of IRB Credit
- 8.6.3 Gate 1, Term Sheet Eligibility - Proposed IF activities must meet all six of the following eligibility criteria:
 - 8.6.3.1 Investment must be linked to Research and Development (R&D) and/or Commercialization activities, as defined in the Subcontract;
 - 8.6.3.2 Investment must be with a Canadian SMB, as defined in the Subcontract;
 - 8.6.3.3 Investment must meet the IRB Eligibility Criteria, as defined in the Subcontract;
 - 8.6.3.4 Investment must be an Allowable IF Investment, as defined in the Subcontract;
 - 8.6.3.5 IF activity must have a duration of at least five (5) continuous years, beginning at the date the investment is made; and,
 - 8.6.3.6 A complete IF Business Plan, as defined in the Subcontract, must be submitted by the Supplier to the IRB Official for transmission to the IRB Authority.
- 8.6.4 Gate 2, Investment Valuation – Eligible IF activities will be valued, using the following methods:
 - 8.6.4.1 Eligible cash investments will be taken at face value.
 - 8.6.4.2 Eligible in-kind investments will be valued by an independent third party, as outlined in Subsection 1.1.21.
- 8.6.5 Gate 3, Determination of IRB Credits – The following multipliers will be applied to the value of the eligible IF investment:
 - 8.6.5.1 Cash for R&D activities; or, License for IP – nine (9)

NOT PROTECTIVELY MARKED

- 8.6.5.2 Cash to purchase, or in-kind transfer of, Equipment – seven (7)
- 8.6.5.3 In-kind transfer of Knowledge and/or Marketing/Sales Support – four (4)
- 8.6.6 Gate 4, Monitoring and Award of IRB Credits –
- 8.6.6.1 The multiplied IRB credits resulting from an IF activity will be awarded along the following timeline:
- 50 percent up front, once the investment activity is made according to the IF Business Plan, reported to the IRB Authority, and verified by the IRB Authority;
 - 50 percent apportioned over the remaining years of the IF project, as annual IF reporting requirements are met substantially as detailed in the IRB Transaction Sheet.
- 8.6.6.2 The Supplier will be deemed as having met each year's annual IF reporting requirements once the Supplier:
- reports on its IF activities through the established IRB reporting requirements outlined in Section 3.0; and,
 - includes in its IRB Report a specific and complete IF activity report, using the template provided in Appendix B of the this Schedule B6, "Annual IF Activity Report."
- 8.6.7 The total issued IRB Credits associated with IF activities cannot exceed twenty-five (25) percent of the value calculated pursuant to Subsection 2.1.1.
- 8.6.8 The investment must be made within twelve (12) months from the date of either: the final IRB transaction approval from the IRB Authority (cash investment); or, the third party valuation report (in-kind investment).
- 8.6.9 The investment must remain with the SMB for at least five (5) continuous years and be used for the purposes outlined in the IF Business Plan.
- 8.6.10 IRB Credits may be disallowed or revoked by the IRB Authority in any of the following circumstances:
- 8.6.10.1 failure to provide a detailed, complete and accurate "Annual IF Activity Report" in each year of the IF project;
- 8.6.10.2 removal, in whole or in part, of the IF investment from the SMB prior to the end of five continuous years; or
- 8.6.10.3 use of the IF investment for purposes inconsistent with those outlined in the IF Business Plan.
- 8.7 Technology and Skills Cooperation Transactions**
- 8.7.1 IRB Transactions may take the form of direct Technology and Skills Cooperation and shall meet the following criteria:
- 8.7.1.1 technology shall be in a form that is sufficiently complete to allow the Canadian recipient to apply the knowledge to existing or new products or processes;
- 8.7.1.2 technology shall be proprietary, current and at a level of technology equivalent to or higher than that used on the Project;
- 8.7.1.3 all required licenses or permits to facilitate the sale of products/services domestically or for export shall be included;
- 8.7.1.4 the transferor shall make available all engineering and technical advice and assistance required to exploit and keep current the transferred technology and all related information (drawings, methods of application, etc.);
- 8.7.1.5 the Canadian Company shall have access to domestic and foreign markets and have the resources to exploit the technology in these markets;
- 8.7.1.6 the technology shall be exploitable in terms of the capability (financial and technical) of the Canadian Company to use and keep it current; and
- 8.7.1.7 the Supplier shall make available, upon request by the IRB Authority, the licensing agreement with the Canadian recipient. Failure to do so may result in the technology and skills cooperation IRB Transaction being rejected. Redaction of any highly sensitive proprietary information of the owner of the technology which is required to remain confidential by that owner will be considered on a case by case basis.

NOT PROTECTIVELY MARKED

8.7.2 The Technology and Skills Cooperation shall be measured in Canadian Content Value of the future sales, export sales or Import Replacement, of goods or services by the Canadian Company as a result of the Technology and Skills Cooperation. In addition, the Supplier may be credited for reasonable costs incurred as a result of the Technology and Skills Cooperation once the achievement in future sales surpasses the cost of the Technology and Skills Cooperation. Reasonable costs incurred include:

- 8.7.2.1 training costs;
- 8.7.2.2 set-up of infrastructure needed to exploit the technology; and
- 8.7.2.3 any others as deemed reasonable by the IRB Authority.

8.7.3 IRB activities in the form of Technology and Skills Cooperation with Canadian Companies may include, but not be limited to, activities such as:

- 8.7.3.1 participation in the design, development and manufacture of new or improved systems;
- 8.7.3.2 the provision of new process technologies that will enhance Canadian industry by improving their capabilities in present product lines and enhance their export potential; and
- 8.7.3.3 the provision of licenses which will allow Canadian Companies to manufacture new or existing components of major systems for export sale and Import Replacement.

8.8 General Investment Transactions

8.8.1 IRB Transactions can involve activities such as investment in Canada. These investments shall meet the IRB Eligibility Criteria and shall be made by the Supplier or its Eligible Party and placed directly with a Canadian recipient.

8.8.2 The Supplier will be credited the CCV of future sales achieved by the IRB Recipient as a result of the specific investment. In addition, the Supplier will also be credited for the amount of the investment itself, once the Recipient's future sales achievement surpasses the amount of the initial investment. The credited future sales will be prorated by multiplying the applicable sales to the ratio of the Supplier's own direct investment in the Canadian company relative to the Canadian company's Capitalization at the time the investment was made once the accepted IRB Credits surpasses the amount of the total investment.

8.8.3 Credited Future Sales =

$$\text{Applicable Sales} \times \frac{\text{Supplier's own direct investment in Canadian Recipient}}{\text{Canadian Recipient's Capitalization at the time the investment was made}}$$

8.8.4 The investment shall not be in the form of a loan or for the purchase of debentures.

8.8.5 The investment made by the Supplier or its Eligible Parties shall remain placed with the Canadian Recipient for a minimum of three (3) years, starting from the date the investment is placed with the Recipient. Failure to do so, except for reasons beyond the Supplier's control will result in the immediate clawback of all IRB approved IRB Credits for the IRB Transaction by the IRB Authority. No further IRB Credits will be approved for that particular transaction.

8.8.6 In the event the Supplier or an Eligible Party invests in its own Canadian facilities, the investment and the incremental sales resulting from that investment may be eligible for IRB Credit, assuming the investment meets the IRB Eligibility Criteria. Consideration will be given to whether the investment results in a benefit to Canada and that it does not result in overcapacity, shutdowns of existing companies or losses of prospective sales by existing companies in Canada.

8.8.7 The capital associated with the purchase of a Canadian Company that is considered a 'going concern' is not an eligible investment for IRB purposes. If the investment is for a Canadian Company that has availed itself of the Canadian bankruptcy laws, then the investment can be considered for IRB purposes.

8.8.8 Investment transactions may also include:

- 8.8.8.1 the establishment or enhancement of a Canadian facility or project which will develop Canada's advanced technology industries, and provide a capability that does not already exist in Canada. Consideration will be given to whether the transaction results in overcapacity, shutdowns of existing companies or losses of prospective sales by existing companies in Canada;
- 8.8.8.2 the development of joint ventures with Canadian firms, which will contribute to their long-term viability and increase sales in both domestic and international markets.

NOT PROTECTIVELY MARKED

8.9 Venture Capital Fund Transactions

8.9.1 In any instance where the Supplier or its Eligible Party is not placing an investment directly with a Canadian Recipient, and is utilizing a third party to manage such investments, the method of crediting such investments will be as detailed in this Clause. Any organization which manages investments such as, but not limited to, Banks, Trust Companies, Venture Capital Funds, and Investment Companies, will not be an Eligible Party to the Subcontract, but will be deemed a third party. A portion of a Supplier's investment may come from the placement of funds into a Venture Capital Fund (VCF) directed at assisting the growth of Canadian small businesses through their development and exploitation of new technologies. The multiplied IRB credit related to these investments shall not exceed 5% of the IRB Commitment Value. Contributions in support of Canadian small business are permitted within the following parameters:

8.9.2 Timing:

8.9.2.1 IRB Credit can be claimed when:

- (i) the Supplier makes a financial contribution to a qualifying VCF. Only the face value of the contribution, measured in Canadian dollars, can be sought as an IRB at this time; and,
- (ii) the VCF Manager invests funds with a Canadian small business and the funds remain placed with the Canadian 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 clawback of all IRB credits claimed or approved for the IRB Transaction by the IRB Authority.

8.9.2.2 All VCF related IRB Credits claimed by the Supplier are subject to verification and approval by the IRB Authority before IRB Credits are accepted.

8.9.3 Scope:

8.9.3.1 (Privately held) small business recipients of the VCF investment shall have 50 employees or less (service based industries) or 100 employees or less (manufacturing based industries) at the commencement of the investment.

8.9.3.2 Initial investments by the VCF Manager, including co-investments, in eligible small businesses cannot exceed \$1 million CAD.

8.9.3.3 Small business recipients will generally be involved in the development, manufacture or commercialization of a technologically advanced product or service in one of the following sectors:

- Life sciences (biotechnology, medical devices and pharmaceuticals) Health
- Advanced materials
- Advanced manufacturing
- Environment
- Information and communications technologies, and
- Aerospace, defence and marine

8.9.3.4 Only Canadian registered and managed VCFs (or Third Parties) which support the above industrial sectors will be acceptable. The Supplier will have to provide evidence that a high percentage of a chosen fund's investment activity is with companies that are in the above sectors.

8.9.3.5 IRB Transaction sheets related to qualifying VCF transactions are stated in the multiplied value of the proposed contributions to the VCF. This multiplied value is part of the Supplier's total IRB Commitment, and as such is subject to the performance guarantees stipulated in the Subcontract.

8.9.3.6 If the Supplier fails to achieve an Accepted IRB Transaction involving a VCF, the full 'multiplied' value of its IRB Commitment shall be made up with other IRB activities that meet the IRB Eligibility Criteria. Substitute IRB Transactions will not automatically be subject to a multiplier.

8.9.4 Multiplier for IRB Credit purposes:

8.9.4.1 The multiplier for IRB Credit purposes is 5:1. The IRB Credit will be given for the initial contribution at the time of the deposit to the VCF by the Supplier. The IRB Credit that makes up the remaining multiples will be offered when the VCF Manager or Third Party Investment Manager assigns the funds to a Canadian small

NOT PROTECTIVELY MARKED

business and the funds remain placed with the Canadian Recipient for a minimum of three (3) years, starting from the date the funds are placed. The maximum multiplied IRB Credit for the Work is five (5) % of the IRB Commitment Value.

8.9.5 Limitation to Venture Capital Funds

8.9.5.1 Once a small business reaches the initial public offering stage, meaning the first offering by way of prospectus of securities by a private company to the public, no further IRB credit will be granted by the IRB Authority for further VCF investment to the Canadian small business.

9.0 Pooling

9.1 Pooled IRB Transactions must meet the following criteria:

- 9.1.1 meet all of the IRB Eligibility Criteria as described in Section 7.0;
- 9.1.2 have a value of over \$50 million CAD, measured in CCV; and
- 9.1.3 have strategic and long term impacts on the Canadian IRB Recipient, including but not limited to: R&D support; first purchase of innovative Canadian technologies; unique market leadership; world product mandate; global value chain activities; consortia activities; small and medium business activities; and/or technology advancement.

9.2 The Supplier must clearly describe and document how any proposed IRB Transaction for Pooling meets the criteria in Subsection 9.1.

9.3 The receipt, storage and protection of corporate business information included in a Strategic Plan is governed by applicable federal laws and processes, such as the *Access to Information Act*, the *Privacy Act* and the *Library and Archives of Canada Act*.

10.0 Valid Orders

10.1 The extent to which each IRB Transaction will qualify will be based on and limited to valid orders and/or contracts delivered by the end of the IRB Achievement Period.

11.0 Banking

- 11.1 Banked IRB Transactions may comprise up to a total of 50% of the IRB Commitment value.
- 11.2 The entire CCV of a Banked IRB Transaction, not a portion thereof, must be applied to a single IRB Transaction under the Subcontract.
- 11.3 Each transaction must clearly state that it is a Banked IRB Transaction. The Banked IRB Transaction must contain the exact information as submitted to the IRB Bank.
- 11.4 Trading and/or transfer between companies of banked transactions is not permitted.

12.0 Import Replacement

12.1 Import Replacements due to the transference of work into Canada will be counted for IRB purposes.

13.0 World Product Mandate

13.1 If a product designed, developed and manufactured by a Canadian company is the subject of a World Product Mandate, where it is a long term relationship between the Supplier or an Eligible Party and a Canadian company, whereby the Canadian company has been legally authorized to carry out the aforementioned specific activities, and is identified as such in an Indirect IRB Transaction, and where the CCV of the product is verified to be seventy (70) percent or greater, the full contract value of the transaction will be deemed to be CCV.

14.0 Public Communications

14.1 The Supplier, its Eligible Parties and/or IRB Recipients are encouraged to be as transparent as possible regarding its IRB Plans, obligations and specific IRB Transactions, making them publicly available whenever possible.

14.2 In the above efforts at transparency, the Supplier, the Purchaser and the IRB Authority will jointly coordinate public communications related to the Supplier's IRB activities associated with the Subcontract and will also collaborate to identify IRB impact and success stories associated with IRB activities.

NOT PROTECTIVELY MARKED

- 14.3 The Supplier consents to public announcements regarding the Project, made by or on behalf of the Minister of Industry or the Purchaser, that are related to i) IRB Obligations and ii) those IRB Transactions which involve business activities with a signed contract or Memorandum of Understanding between the Supplier and the IRB Recipient. These announcements would include company names, general descriptions of the work being proposed and approximations of CCV. In these cases, the Supplier will have the opportunity to participate in the announcement and/or the preparation of any related materials.
- 14.4 For all other public communications regarding the IRB activities associated with the Subcontract, 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 inform the other, and seek resolution of, any objections to the content or timing of the proposed announcement.
- 14.5 Nothing in this Section 14.0 shall be interpreted as preventing the fulfillment by any company involved in an IRB Obligation or activity of its reporting obligations under applicable securities laws.

15.0 IRB Transaction Alterations

- 15.1 The Supplier shall not alter the IRB Commitments listed in Appendix A unless:
- 15.1.1 the Supplier has submitted a proposal to the IRB Authority through the Purchaser, with respect to the alteration; and,
 - 15.1.2 the IRB Authority through the Purchaser has given written approval to the Supplier and requested the Purchaser to amend the Subcontract accordingly.
- 15.2 The Supplier may propose alterations to or substitutions for any of the IRB Transaction(s) listed in Appendix A, and the IRB Authority may accept these requests provided that in the judgment of the IRB Authority:
- 15.2.1 the circumstances requiring the change are exceptional and likely to result in undue hardship upon the Supplier if a change is not made;
 - 15.2.2 the obligations of the Subcontract under the Statement of Work are maintained, i.e., the overall Regional and Small and Medium Business Commitments are maintained;
 - 15.2.3 the proposed alterations or substitutions meet the IRB Eligibility Criteria stated in the Subcontract and support the objectives outlined in Subsection Subsection 20.1.1; and
 - 15.2.4 the proposed substitute IRB Transaction(s) has a total CCV not less than the IRB Transaction to be replaced.
- 15.3 Mutual Abatement and Trading
- 15.3.1 Mutual Abatement means a reduction of the Supplier's IRB Obligations in exchange for the reduction of a Canadian company's obligations to a foreign offset authority.
 - 15.3.2 Mutual Abatement is not permitted.
 - 15.3.3 Trading of IRB Obligations, or of IRB Credits, is not permitted.

16.0 Verification and Access to Records

- 16.1 The Supplier shall implement the IRB procedures and practices as described in the IRB Management Plan. Any changes to the IRB Management Plan are subject to approval by the IRB Authority.
- 16.2 The Supplier shall keep proper records and all documentation relating to the IRB Transactions attached to the Subcontract, including invoices, proof of payments, etc. The Supplier shall not, without the prior written consent of the IRB Authority, dispose of any such records or documentation until the expiration of two (2) years after the Purchaser has received its final payment under the LLI Prime Contract, or until settlement of all outstanding claims and disputes under the LLI Prime Contract, whichever is later. All such records and documentation shall at all times during the aforementioned retention period be open to verification, inspection and examination by the IRB Authority and the IRB Official, or the delegate of either, who may make copies thereof and take extracts therefrom.
- 16.3 In addition, the IRB Authority may request the Supplier provide copies of all such information be sent to him/her via mail or courier for a random sample of IRB Transactions, as he/she may from time to time request.
- 16.4 If the IRB Authority determines that the information contained in the IRB Report and certified by the Certificate of Compliance shall be verified, the Supplier shall undertake to provide the IRB Authority with access, at all reasonable times, and within sixty (60) calendar days of being notified, to its accounts and records relating thereto and shall, by obtaining similar undertakings in the subcontracts of all Eligible Parties, arrange for the same in respect of any subcontracts and suppliers carrying out the work.

NOT PROTECTIVELY MARKED

- 16.5 Where, subsequent to the verification action taken pursuant to this Section, the IRB Authority determines that the records are insufficient to verify the Supplier's achievements in respect of any IRB Commitment, the Supplier shall provide such additional information as may be required by the IRB Authority.
- 16.6 Where it cannot be verified that an IRB Transaction has provided the IRB claimed, that portion of the IRB Transaction which cannot be verified will be considered as not having been achieved and the IRB Authority will give Notice to the Supplier of the shortfall through the Purchaser.
- 16.7 If the IRB Official determines that a significant Shortfall in the Supplier's total IRB Commitment exists and if the IRB Official believes that the Supplier will not meet any of its IRB Commitments, the IRB Official may give notice to the Supplier and request the Supplier to submit a proposal showing how the Supplier plans to correct such deficiencies. The Supplier will submit its proposal within forty-five (45) calendar days of receipt of such notice. If the proposal is not acceptable to the IRB Official, the IRB Official may escalate this issue pursuant to the dispute resolution process described in the General Conditions.

17.0 Information Management

- 17.1 The Supplier's overall, aggregate information related to IRB Obligations, activities and achievements is considered by the IRB Authority to be information available to Parliament and the public.
- 17.2 The receipt, storage and protection of the Supplier's specific corporate and transactional business information, which is provided to the IRB Authority in the context of the Subcontract, is governed by applicable federal laws and processes, such as the *Access to Information Act*, the *Privacy Act* and the *Library and Archives of Canada Act*.
- 17.3 This data may be used by the IRB Authority for internal policy analysis purposes. Certain relevant information may also be shared, subject to applicable laws and processes, with other government organizations with whom the IRB Authority collaborates in the administration of the IRB Policy, such as the Regional Development Agencies.

18.0 Conflict Resolution

- 18.1 The Purchaser and the Supplier acknowledge that they have entered into a contractual relationship, with the goal that the Supplier achieves the IRB Obligations stated herein, delivers long-term economic benefits to Canada and effectively carries out the terms and conditions of the Subcontract.
- 18.2 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., IRB 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 Subcontract.
- 18.3 In the event that a disagreement arises between the Purchaser and the Supplier regarding an IRB 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 described in the General Conditions.

19.0 Performance Guarantees

- 19.1 The relationship between the Supplier and the Purchaser is supported by several processes aimed at promoting regular, ongoing engagement between the two parties. These processes include the IRB identification schedule outlined in Section 2 and the reporting process outlined in Section 3. Taken together, these and other monitoring measures are aimed at encouraging positive engagement, use of best practices and the successful and early completion of the Supplier's IRB Obligations in the Subcontract.
- 19.2 Written notification of non-compliance:
- 19.2.1 If the Supplier fails to meet its obligations under Subsection 2.2.2, or if it otherwise becomes apparent to the IRB Official that the Supplier is unlikely to meet one or more of its IRB Obligations, a written notice of non-conformance may be issued by the IRB Official to the Supplier requiring corrective action to fulfil the applicable requirement(s).
- 19.2.2 With respect to the written notification of non-conformance outlined in Subsection 19.2.1., a grace period of thirty (30) calendar days, beginning on the date of receipt of notification from the IRB Official, shall pass before any additional written notification of non-conformance will be issued, with a further grace period of thirty (30) calendar days. Within this up to 60 day period, the Supplier must present a plan of corrective action.
- 19.2.3 Should the Supplier have not taken corrective action within thirty (30) calendar days following the second (2nd) written

NOT PROTECTIVELY MARKED

notification of non-conformance, the IRB Official reserves the right to escalate the issue with senior executives to seek to remedy the situation pursuant to the dispute resolution process described in the General Conditions.

19.3 Payment Holdback:

19.3.1 If the Supplier does not meet the requirement stated in Subsection 2.2.3, a failure notification may be issued by the IRB Official to the Supplier, following which the Supplier will have 30 days to present and obtain the Purchaser's agreement (acting promptly and reasonably) to a remedial plan that will remedy the failure. If an acceptable remedial plan is not in place within that 30 day period, then the Purchaser may retain a holdback of five percent (5%) from payments under the Subcontract (in addition to any other holdbacks permitted under the Subcontract) until such a remedial plan has been approved by the IRB Official (acting promptly and reasonably). Any funds held back pursuant to this Subsection 19.3.1 may be withheld by the Purchaser until the Supplier has satisfied the requirements in the approved remedial plan.

19.4 Failure to achieve the IRB Commitments:

19.4.1 In respect of the failure to achieve any of the IRB Commitments in Section 2 by the end of the IRB Achievement Period(s), the Purchaser may summon Supplier senior officials to a special governance meeting to discuss the issue and present plans for remediation.

19.4.2 Within ninety (90) days of the end of the IRB Achievement Period the IRB Official will determine (i) the aggregate IRB Obligation of the Subcontract and (ii) whether there has been any Shortfall. If the IRB Official determines that a Shortfall has occurred it will promptly notify the Supplier of the Shortfall amount and as soon as practical after that notification (but no later than thirty (30) days after such notice) the IRB Official and the Supplier will consult so the IRB Official may allocate the Shortfall between:

19.4.2.1 IRB Obligations (if any) that will be allocated as deferred IRB Obligations for another existing or subsequent subcontract between the Parties jointly selected by the Purchaser and the Supplier (a **Deferred Shortfall**); and

19.4.2.2 the remainder of the Shortfall (the **Remainder Shortfall**).

19.4.3 In the event of a Shortfall:

19.4.3.1 The Supplier will liquidate any Deferred Shortfall by amending the applicable subcontract to increase the aggregate IRB obligations of that subcontract by the Deferred Shortfall and obtaining IRB Credits of equivalent value under the applicable subcontract (which for greater certainty may arise from the carry forward of an Over-achievement under the Subcontract) and the Supplier may submit an interim IRB Report under the applicable subcontract for this purpose. Until such time as the Deferred Shortfall has been liquidated by the issuance of IRB Credits under that subcontract, the Purchaser may deduct and hold back an amount equal to 10% of the Deferred Shortfall, which amount shall be released to the Supplier pro rata as the Deferred Shortfall is liquidated;

19.4.3.2 The Purchaser may immediately or at any time thereafter deduct and set off from any monies owing by the Purchaser to the Supplier under another subcontract an amount equal to 10% of the Remainder Shortfall (the **IRB Shortfall Damages**) and retain such amount as liquidated damages in full and final satisfaction of any liability of the Supplier for the Remainder Shortfall; and

19.4.3.3 If there is no other subcontract under which the Purchaser may deduct and set off the entire IRB Shortfall Damages then the Supplier will pay to the Purchaser any remaining balance of the IRB Shortfall Damages, less any holdback held by the Purchaser under Subsection 19.3.1, as liquidated damages in full and final satisfaction of any liability of the Supplier for the Remainder Shortfall. The Parties agree that such sum represents a genuine pre-estimate of the Damages the Purchaser would suffer if the Supplier fails to achieve its IRB Commitments, and is not a penalty.

19.4.4 If the Subcontract or part thereof is terminated by the Purchaser for convenience pursuant to the General Conditions, the Supplier will be responsible for the IRB Obligation equivalent to payments made by the Purchaser and then released from the terminated portions of its IRB Commitments and from the provisions of Section 2 as it relates to such terminated portions.

19.5 The obligation of the Supplier's Performance Guarantee pursuant to Subsections 19.3.1 and 19.4.3 will be triggered by notice executed by the IRB Official stating that the Supplier has failed to achieve the IRB Commitments and that the Purchaser will commence in withholding payments in accordance with this Performance Guarantee clause.

NOT PROTECTIVELY MARKED

19.6 In the event the Supplier does not agree with the IRB Official's determination or any other action proposed to be taken by the IRB Official pursuant to Subsections 19.3.1 or 19.4.2, the Supplier may refer the issue to the dispute resolution process described in the General Conditions and any determination or permitted or required action by the IRB Official, Supplier or the Purchaser shall be held in abeyance until the dispute is resolved.

19.7 For greater certainty, the Parties acknowledge that the Purchaser's right under the General Conditions to terminate the Subcontract for default by the Supplier in performance of its obligations under these IRB Terms and Conditions shall not apply to a failure to meet the requirements of this Schedule B6 except if the Supplier fails or neglects to (a) amend the applicable subcontract and liquidate any Deferred Shortfall pursuant to Subsection 19.4.3.1 other than for reasons beyond its reasonable control; or (b) pay the amount required by Subsection 19.4.3.3 within 30 days of the Purchaser's demand to do so. Nothing herein limits or affects the Purchaser's right to terminate the Subcontract for default by the Supplier in performance of any of its other obligations under the Subcontract.

20.0 Responsibilities of the Parties

20.1 The Parties to the Subcontract acknowledge and agree that:

20.1.1 Canada has responsibility to set in place programs and policies which foster a growing, competitive, knowledge-based Canadian economy and to establish IRB Objectives which include:

20.1.1.1 the long-term creation and exploitation of capabilities, knowledge, advanced technologies and markets of lasting impact on Canadian industry;

20.1.1.2 the involvement of advanced technologies and result in the enhancement of Canadian capability to undertake other work of a similar nature and make a positive contribution to the continuing viability, growth, innovation, export growth and development of the Canadian IRB Recipient;

20.1.1.3 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

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

20.1.2 the award of the Subcontract to the Supplier resulted from a procurement process in which the Supplier committed to fulfill the IRB Commitments set out in Section 2; and

20.1.3 it is the responsibility of the Supplier to ensure that it can complete the IRB Transactions and that these are not limited by applicable laws, regulations, policies or standards.

21.0 Government Organizations

21.1 It is the responsibility of the Supplier to be familiar with Canadian government departments and agencies, including the following, which are responsible for regional and industrial development: ISEDC; Western Economic Diversification Canada (WD); Federal Regional Development Organization for Northern Ontario (FedNor); Federal Economic Development Agency for Southern Ontario (FedDev Ontario); Canada Economic Development for Quebec (CED-Q); Atlantic Canada Opportunities Agency (ACOA); and, Canadian Northern Economic Development Agency (CanNor).

22.0 Compliance with the Lobbying Act

22.1 The Supplier represents, warrants and undertakes, and will obtain the equivalent representations, warranties and undertakings from each Eligible Party:

22.1.1 that it has filed all *Lobbying Act* returns to be filed in respect of persons employed by it who communicate and/or arrange meetings with public office holders as part of their employment duties in respect to the Subcontract, and that it will continue to do so;

22.1.2 that it has not contracted with any Person to communicate and/or arrange meetings with public office holders for remuneration that is or would be contingent in any way upon success of such Person arranging meetings with public office holders, or upon the approval and granting of IRB Credit under the Subcontract; and

22.1.3 that it will not contract with any Person to communicate and/or arrange meetings with public office holders for remuneration that is or would be contingent upon the success of such Person arranging meetings with public office holders, or upon the approval and granting of IRB Credit under the Subcontract.

NOT PROTECTIVELY MARKED

22.2 When submitting each IRB Report, the Supplier must provide the IRB Official with a Certificate of Compliance related to lobbying, signed by the senior officer of the corporation who is authorized to bind the company. The Certificate of Compliance template is contained in Appendix D.

23.0 Contingency and/or Success Fees

23.1 The Supplier shall not make or agree to make any payment to a Person that is contingent on the approval of IRB Credit by the IRB Authority under the Subcontract or upon the Person's success in arranging meetings with public office holders.

24.0 List of Approved Eligible Parties

24.1 The Eligible Parties for the purposes of the Subcontract include the companies and coordinates listed below:

Proposed Eligible Parties List		
No.	Company Name	Associated contractor/subcontractor
1.0	[TBD]	[TBD]
1.1	[TBD]	[TBD]

25.0 List of Approved Global Value Chain Platforms

25.1 [TBD]

APPENDIX A – PLANS AND TRANSACTIONS

IRB Plans – to be added pursuant to Subsection 2.4 of this Schedule B6.

IRB Transactions – a detailed list and tabular chart to be attached based on the Supplier's IRB Proposal and then updated throughout the IRB Achievement Period.

APPENDIX B – TEMPLATE FOR ANNUAL IF ACTIVITY REPORT

Protected B (when completed)

ANNUAL IF ACTIVITY REPORT <i>(Please complete entire form)</i>
IF Transaction Number:
IF Transaction Title:
IF Investor:
SMB Recipient:
Date of this report:
<u>PART A – FIRST IF REPORT</u>
<p>At a minimum, the Supplier’s first Annual IF Activity Report must contain and address the items listed below:</p> <p>1. Documentation confirming IF investment:</p> <p>For cash investments, attach the following:</p> <ul style="list-style-type: none"> <input type="checkbox"/> A certified copy of the cheque or wire transfer to the SMB <input type="checkbox"/> Written reconfirmation from the SMB of their anticipated use of the cash investment <input type="checkbox"/> A copy of the final signed legal agreement (or similar signed document) between the IRB Obligor and the SMB outlining the terms and conditions of the investment. <p>For in-kind investments, attach the following:</p> <p style="padding-left: 20px;">For tangible assets</p> <ul style="list-style-type: none"> <input type="checkbox"/> written confirmation that the transfer of the asset has taken place <input type="checkbox"/> written confirmation from the SMB of its receipt <input type="checkbox"/> written reconfirmation from the SMB of its expected use. <p style="padding-left: 20px;">For intangible assets (licenses, knowledge, marketing and sales)</p> <ul style="list-style-type: none"> <input type="checkbox"/> written confirmation from the SMB identifying the contribution, confirming its receipt and reconfirming its expected use. <input type="checkbox"/> a copy of the final signed legal agreement (or similar signed document) between the IF Investor and the SMB, outlining the terms and conditions of the investment, including the final value of the transfer.
<u>PART B – ENSUING IF REPORTS</u>
<p>Once IF activities begin, each of the Supplier’s Annual IF Activity Reports must, at a minimum, contain and address the items listed below:</p> <p>1. Overview of the IF investment and how it is to be used:</p> <div style="border: 1px solid black; height: 100px; margin-top: 5px;"></div>
<p>2. Current, overall status of the IF project:</p> <div style="border: 1px solid black; height: 100px; margin-top: 5px;"></div>
<p>3. Confirmation of the SMB’s full-time equivalent employees and ownership structure:</p> <div style="border: 1px solid black; height: 100px; margin-top: 5px;"></div>

Number of Full time equivalent employees _____

Ownership structure _____

4. Confirmation that the IF investment remains with the SMB and is being used as intended:

- Yes
- No

Details:

5. Description of the specific activities undertaken during the reporting year:

Challenges associated with IF activities?

- Yes
- No

Details:

Successes associated with IF activities?

- Yes
- No

Details:

Opportunities associated with IF activities?

- Yes
- No

Details:

6. Description of the evolving industry and market conditions related to the IF project:

7. Update on the financial status of the Canadian SMB:

Attach the most recent audited financial statements (balance sheet, income statement, statement of change in equity, statement of cash flows).

8. Status of the business relationship and collaboration between the IRB Obligor and the Canadian SMB:

Overview:

Successes related to relationship/collaboration?

- Yes
- No

Details

Challenges related to relationship/collaboration?

- Yes
- No

Details

Future opportunities related to relationship/collaboration?

- Yes
- No

Details:

Links to other partners or sectors

- Yes
- No

Details:

Other information

- Yes
- No

Details:

9. Description of the impact of the IF project to date:

Impact on Innovation

- High
- Moderate
- Low

Details:

Impact on Competitiveness

- High
- Moderate
- Low

Details:

Impact on Delivering Broader Benefits to Canada

- Technology
- Economy
- Environment
- Social
- Security
- Other

Details:

10. Major Changes

Changes have occurred to the IF project in the following area(s):

- Company bankruptcy
- Changes in SMB ownership or size
- New IF activities
- Other _____
- Not applicable

Details regarding nature and magnitude of change, plus its impact on IF project:

11. Signatures

By signing this *IF* Activity Report, the undersigned parties attest that the information included in and attached to this document is complete, accurate and can be relied up on by the IRB Directorate for the purposes of monitoring the *IF* investment. Ultimate responsibility for the completeness, accuracy and reliability of this *IF* Activity Report rests with the Supplier and the *IF* Donor.

Please see the "Required Signatures" section of the *IF* Applicant Guide.

IRB Contractor

Signature _____ Date _____

Name (please print) _____ Title _____

***IF* Donor**

Signature _____ Date _____

Name (please print) _____ Title _____

***IF* Recipient (Canadian SMB)**

Signature _____ Date _____

Name (please print) _____ Title _____

Protected B (when completed)

APPENDIX C – CERTIFICATE OF COMPLIANCE

For IRB Reporting Purposes

WHEREAS Vancouver Shipyards Co. Ltd. (referred to herein as “VSY”) on the ____ day of _____ has entered into a contract with _____ (the “Supplier”) for the Subcontract Work in relation to one or more Joint Support Ships (the “Subcontract”).

AND WHEREAS such Subcontract requires that, as evidence of the achievement of Canadian Content Value of Industrial and Regional Benefits Transactions and Commitments, the Supplier shall submit a Certificate of Compliance to that effect to the IRB Official;

NOW THEREFORE, the Supplier declares and certifies as follows:

- i) The information contained in the documents appended herewith, which applies to the reporting of the IRB Transaction periods is to the best of our knowledge and ability complete, true and correct;
- ii) The information contained in the documents appended herewith is compliant with information contained in Certificates of Compliance submitted to the Supplier by other Eligible Parties; and
- iii) The Canadian Content Values shown in documents appended herewith have been determined in accordance with Section 6 (Canadian Content Value) of the IRB Terms and Conditions contained in the Subcontract.

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

SIGNATURE

NAME AND TITLE OF SENIOR COMPTROLLER

AT: _____

APPENDIX D

Certificate of Compliance - Lobbying Act for IRB Reporting Purposes

WHEREAS Vancouver Shipyards Co. Ltd. (referred to herein as "VSY") on the ____ day of _____ has entered into contract with _____ (the "Supplier") for the Subcontract Work in relation to one or more Joint Support Ships (the "Subcontract").

AND WHEREAS such Subcontract requires that, as evidence of the Supplier's compliance with the *Lobbying Act*, the Supplier shall submit a Certificate of Compliance to that effect to the IRB Official;

NOW THEREFORE, the Supplier declares and certifies, to the best of its knowledge and ability, as follows:

- i) that it has filed all *Lobbying Act* returns to be filed in respect of persons employed by it who communicate and/or arrange meetings with public office holders as part of their employment duties in respect of the Subcontract, and that it will continue to do so;
- ii) that it has not contracted with any person to communicate and/or arrange meetings with public office holders for remuneration that is or would be contingent in any way upon success of such person arranging meetings with public office holders, or upon the approval and granting of IRB Credit under the Subcontract;
- iii) that it will not contract with any person to communicate and/or arrange meetings with public office holders for remuneration that is or would be contingent upon the success of such person arranging meetings with public office holders, or upon the approval and granting of IRB Credit under the Subcontract;
- iv) all persons who are or have been contracted by it to communicate and/or arrange meetings with public office holders in respect to the Subcontract are in full compliance with the registration and other requirements of the *Lobbying Act*; and
- v) it shall at all times ensure that any persons contracted by it to communicate and/or arrange meetings with public office holders in respect of the Subcontract are in full compliance with the requirements of the *Lobbying Act*.
- vi) it shall not make or agree to make any payment to an individual, company or entity that is contingent on the approval of IRB Credit by the IRB Authority under the Subcontract or upon the entity's success in arranging meetings with public office holders.

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

SIGNATURE

NAME AND TITLE OF SENIOR OFFICIAL

AT: _____