



Investments in Forest Industry Transformation (IFIT)

APPLICANT GUIDEBOOK 2023



STREAM 2 – STUDIES

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1. INTRODUCTION

This guidebook was developed to assist applicants in their submissions to Natural Resources Canada's (NRCan) Investments in Forest Industry Transformation (IFIT) program. It provides guidance on the type of information to be included in the Expression of Interest (EOI) and the Full Study Proposal (FSP) application forms. It also explains how the IFIT program will review EOIs and FSPs in a consistent, fair, and transparent manner and how the program will communicate with applicants at different stages of the process.

Applicants are advised to read this guidebook prior to completing the application forms to gain a better understanding of the IFIT program and its assessment and selection processes. Applicants with additional questions are encouraged to visit the [IFIT program website](#) or contact the program as per the information found in *Section 8 – Program Contact*. Timing of intake windows and any program updates will be made available on the program website.

1.1. WHAT'S NEW

The IFIT program launched its first call for studies in 2020. Since that time, the program has made the following changes: an increased emphasis on knowledge sharing, the introduction of Targeted Innovation Categories, an increase to maximum IFIT contribution, and an updated application process.

1.1.1. An Emphasis on Knowledge Sharing

To ensure that the benefits of the Studies Stream are widely accrued, the IFIT program has placed greater emphasis on knowledge sharing for the Study Stream. Eligible recipient and project definitions have been adjusted accordingly, as have the project evaluation criteria.

1.1.2. Introduction of Targeted Innovation Categories

By introducing targeted innovation categories to the Studies Stream, the program will support key areas to catalyze advancement in the Canadian forest sector.

The categories are as follows:

- Advanced Biomaterials and Biochemicals
- Pulp and Paper Diversification
- Next Generation Building Products
- Advanced Biofuels

- Process Efficiency and Decarbonization
- Improved Fibre Utilization

Projects that do not fall within the above categories will not be eligible under this call for proposals.

1.1.3. Maximum Contribution

The maximum IFIT contribution to a study has increased to \$1 million. By increasing the maximum level of potential funding, the program hopes to catalyze a greater range of impactful studies through its support. Please note that the maximum amount payable by the IFIT program to a recipient will remain 50% of the total cost of a project.

1.1.4. An Updated Application Process

The project application process has been broken into two phases:

1. An EOI phase - open to all eligible applicants
2. An FSP phase - by invitation only

The introduction of an EOI will allow IFIT to validate the project alignment with the program's eligibility criteria and provide feedback to applicants prior to the FSP phase.

2. PROGRAM OVERVIEW

2.1. BACKGROUND AND OBJECTIVES

Since 2010, the IFIT program, delivered by NRCan, has supported its recipients in de-risking the implementation of innovation in the Canadian forest sector. The program accelerates the adoption and diffusion of innovation in the forest sector by bridging the gap between the development and commercialization of innovative products and processes. Overall, the program aims to create a more competitive and sustainable forest sector. This in turn promotes environmental performance and supports forest reliant communities, with a focus on low-carbon projects that result in new or diversified revenue streams.

The IFIT program has supported the forest sector and the communities that depend on it by promoting advancement and transformation of the industry. It has helped diversify markets, increase competitiveness, and bolster economic sustainability. It has also improved the environmental performance of the sector by supporting projects that produce

renewable energy, provide potential alternatives to single-use plastics, and lead to the production of next generation building products that contribute to greening construction across Canada.

Expected outcomes of the program include:

- improved environmental, social, and economic sustainability of the forest sector;
- development of innovative products and processes within the forest sector; and
- engagement of Canada's forest stakeholders in implementing projects.

2.2. PROGRAM DURATION

IFIT program funding will be available to recipients until March 31, 2026. All IFIT eligible expenditures must be incurred and paid on or before March 31, 2026. However, completion of physical work paid for by the applicant or the applicant's partner(s) may extend past the program's end date, up to March 31, 2028, to allow recipients to complete project work.

2.3. FUNDING STREAMS

The IFIT program on-going solicitation process has two funding streams:

- **Stream 1: Capital Investment Projects:** transformative projects by forest sector firms to diversify product streams, promote responsible resource use, and improve environmental performance.
- **Stream 2: Studies:** studies by forest sector firms or industry accelerators that aim to advance key topics for innovation with widespread sharing of results.

For full information regarding Stream 1, please see the *Applicant Guidebook Stream 1 – Capital Investment Projects*.

2.4. PROGRAM ELIGIBILITY

2.4.1. Eligible Recipients

Recipients under the Studies Stream must be:

For-profit companies located in Canada. They must either produce forest products in an existing forest product facility (for example, pulp, paper, or solid/engineered

wood products facility) OR are/will be new entrants in the forest sector for the purpose of the project.

OR

Not-for-profits and industry associations. The proposed scope of work must include an industry collaboration with a demonstrated pathway toward commercial scale activities.

This includes clusters, joint ventures, and consortiums, provided that an eligible for-profit organization, not-for-profit, or industry association is designated as the recipient of IFIT program funding. This designated recipient will be the legal signatory for the funding agreement and will be responsible for managing the project and reporting on results.

2.4.2. Eligible Projects

Eligible Studies projects (Stream 2) must meet all the following criteria:

- advance a concept, technology, process, or product primarily based on wood fibre OR integrated within new or existing industrial processes in the forest sector;
- investigate the feasibility and/or advance a concept within the targeted innovation categories described in the following section; and
- disseminate project learnings beyond the applicant's corporate structure.

2.4.3. Targeted Innovation Categories

The IFIT program will focus on targeted innovation categories to align with current Government of Canada regulatory and policy drivers.

The categories are as follows:

- **Advanced Biomaterials and Biochemicals:** Advanced materials and high value chemical applications derived from wood components (i.e., lignin, cellulose, and hemicellulose).
- **Pulp and Paper Diversification:** Projects that lead to innovative products that significantly diversify revenue streams in an existing pulp and paper facility or lead to innovative products derived from pulp in a stand-alone facility.
- **Next Generation Building Products:** Innovative structural and architectural applications such as advanced wood-based building systems/products that

displace traditional building materials such as concrete, steel, and fossil-based insulation materials.

- **Advanced Biofuels:** wood fibre derived biofuels from thermochemical or biochemical processes in liquid, gaseous and solid form.
- **Process Efficiency and Decarbonization:** Projects leading to reduced energy consumption, greenhouse gas (GHG) emission reductions, or process improvements. Please note that projects advancing BioEnergy with Carbon Capture and Storage (BECCS) are eligible within this category. BECCS has been identified as an area with special considerations within the context of the IFIT program. Applicants proposing work on this topic are asked to contact the program for additional guidance prior to completing application materials.
- **Improved Fibre Utilization:** Projects that increase the use of harvest residuals, pest/fire damaged wood, reclaimed/recycled wood fibre, and other sources of underutilized wood fibre, resulting in the value generated from the harvest wood.

Some projects may fall within more than one category. Applicants are advised to select the category most reflective of the primary objective of the project. Projects that do not fall within the above categories will not be eligible under this solicitation process.

2.5. FUNDING RULES

2.5.1. Amount Payable

- The maximum amount payable by the IFIT program to a recipient will be **50% of the total cost** of a project.
- The minimum IFIT contribution amount for a study is \$100,000 and the maximum IFIT contribution amount is \$1,000,000.
- Over the ongoing solicitation process (April 1, 2023 to March 31, 2026), the maximum number of studies that can be funded per applicant is three (3).

For studies selected for funding, it is possible that the applicant may not receive the full amount requested. The amount of funding contributed to each study will be based on the number of successful projects, the results of the proposal evaluations, and the funding envelope available in any given year. The determination of the amount of the contribution will also consider the documentation, financial plan (including sources and amount of funding from other funders), a risk-based due diligence assessment, and other documents provided through the application process.

2.5.2 Stacking Provisions

Prior to signing a contribution agreement (a legal document that will lay out the conditions surrounding the transfer of funds from the Government of Canada to the recipient), recipients will be required to disclose all expected sources of funding applicable to the proposed project. This includes contributions from other federal, provincial/territorial, and municipal governments, as well as private sector sources.

As a means of verification, the recipient will be required to disclose all sources of funding again upon completion of a project.

Total government assistance (federal, provincial/territorial, and municipal) will not exceed 100% of the total project cost. Funding exceeding the stacking limit will be subject to recovery.

2.5.3 Eligible Expenditures

For funding under the IFIT program, eligible expenditures (as listed below) can only be incurred on or after the date on which the contribution agreement is signed by both parties. Costs are considered incurred when they are owing and due to the goods/service provider.

Any costs associated with the production or exports of softwood lumber products are ineligible under this program.

While it is anticipated that expenditures for studies will largely be for salaries, professional services, and/or materials and supplies, the following list outlines all eligible expenditures allowed under the IFIT program. In all cases, eligible costs for an approved project under this program must be directly related to, and necessary for, the implementation and conduct of a project and will include:

- cost of salaries and benefits;
- overhead expenditures provided they are directly related and essential to the conduct of the project, up to 1.5% of eligible expenditures;
- professional and technical services, such as, but not limited to research, consulting, engineering, trades, and laboratory services;
- travel expenses, including transportation, accommodation, and meals (based on National Joint Council rates);
- training;
- publication, printing, and other media services;
- data collection services, including processing, analysis, and management;

- licence fees and permits;
- capital expenses;
- retrofitting and upgrading of existing capital;
- material and supplies;
- meeting hospitality and space rental;
- costs associated with environmental assessments; and
- technical audits associated with project activities.

To help applicants determine eligible project expenditures, the following definitions have been provided. Not all eligible expenditures have been defined below. Applicants can contact the program for further clarification if necessary.

Cost of Salaries and Benefits	<p>Salaries include wages for all personnel with direct involvement in the project, such as engineers, construction staff, and technical advisers. All eligible personnel must be employees on the proponent's payroll. Payments such as shares, stock, stock options, etc., are not eligible. The amount invoiced shall be actual gross pay for the work performed and shall include no markup for profit, selling, administration, or financing.</p> <p>The eligible payroll cost is the employee's gross pay (normal periodic remuneration before deductions). Normal periodic remuneration rates are the regular pay rates for the period excluding premiums paid for overtime or shift work. The payroll rate does not include any reimbursement or benefit conferred in lieu of salaries or wages. When hourly rates are being charged for salaried personnel, the hourly rates shall be the periodic remuneration (annual, monthly, weekly, etc.) divided by the total paid hours in the period, including holidays, vacation and paid sick days.</p> <p>Labour claims must be supported by suitable documentation, such as time sheets and records, and be held for verification at time of audits. Management personnel are required to maintain appropriate records of the time devoted to the project.</p> <p>Benefits are defined as a reasonable prorated share of expenses associated with the direct labour cost, such as the employer's</p>
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	<p>portion of the Canada Pension Plan, Quebec Pension Plan and employment insurance, employee benefits (such as health plan and insurance, workers' compensation, sick leave, and vacation), and any other employer paid payroll-related expenses. Items with no relationship to the project or that have been charged on an indirect basis are non-eligible. The determination of the fringe benefit amount shall be in accordance with Generally Accepted Accounting Principles (GAAP). In general, the fringe benefit rate provided in the project estimate shall be computed once during the life of the project and agreed on prior to the signing of the agreement. If retroactive adjustments are made, they must be indicated on claims for progress payments for NRCan approval.</p>
Professional and Technical Services	<p>Professional services are defined as costs for the purchase of additional support required for the completion of the project. These costs can cover the following types of services: scientific, technical, and management activities; contracting; engineering; construction; installation, testing and commissioning of equipment; data collection; and logistics. The amount eligible for a sub-contractor or a consultant shall be the actual contract amount.</p>
Travel Expenses	<p>Reasonable travel and accommodation costs will be reimbursed for activities directly related to the realisation of the project. Unless stated otherwise in the contribution agreement between NRCan and the applicant, Treasury Board meal rates (https://www.njc-cnm.gc.ca/directive/d10/v238/s659/en) that are in effect at the time of signing the contribution agreement shall be used in reimbursing the cost of meals for activities directly related to the realisation of the project</p>
Capital Expenses	<p>These expenses include equipment acquired or constructed exclusively for the project, informatics hardware, and software. To be eligible, equipment must be identified in the project cost estimate and approved by the IFIT program. Equipment shall be charged to the project at the net price after deducting all trade discounts and rebates.</p>
Materials and	<p>Products include those consumed in carrying out the project,</p>

Supplies	including product trials. Products purchased solely for the project or issued from the applicant’s inventory are eligible. All products shall be charged to the project at the net price after deducting all trade discounts and rebates. Surplus products shall be credited to the project at the original purchase price.
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3. APPLICATION PROCESS

The project solicitation process is broken down into two phases:

1. An EOI phase - open to all eligible applicants
2. An FSP phase - by invitation only

Applicants are advised to consult the program’s website for details on key dates related to the intake process. Submission of an EOI or FSP does not guarantee applicants will receive funding under the program. Also, any approvals under this process will be conditional upon the negotiation and execution of a contribution agreement.

Until a written contribution agreement is signed by both parties, no commitment or obligation exists on the part of the IFIT program to make a financial contribution to any project.

3.1. EXPRESSION OF INTEREST (EOI)

The Expression of Interest process is intended for two main purposes:

1. To assess project alignment with all program eligibility criteria.
2. As a means for the IFIT program to provide basic feedback to applicants on eligibility prior to the FSP phase.

To apply to the IFIT Studies Stream, applicants must complete and submit an EOI via NRCan’s [Online Submission Portal](#) within the application intake windows. The EOI will also be made available on the IFIT website for download to allow applicants to review questions and formulate responses prior to accessing the online portal.

EOIs will be reviewed by the IFIT program to ensure projects meet all eligibility criteria as demonstrated through alignment with:

- program timing (i.e., the project will be completed within the Program Duration as described in *Section 2.2*);
- the eligible recipient definition (*Section 2.4.1*);

- the eligible project requirements (*Section 2.4.2*);
- the program’s targeted innovation categories (*Section 2.4.3*);
- the mandatory criteria (*Section 4.1*).

Applicants will be notified of the assessment outcome with three possible results:

- The project will be invited to the FSP phase where strong program alignment is demonstrated.
- The project will be declined from further consideration if it fails to demonstrate program eligibility.
- Where alignment with program eligibility remains unclear, projects may be asked to provide additional information or to reapply in a future intake window.

Applicants are advised to consult the program website for details on key dates related to the intake process. However, please note that the final EOI intake window will close on June 30, 2024. Any submissions received after this date will not be eligible for funding under the current iteration of the IFIT program.

No modifications to submitted EOIs will be accepted after the closing date and time, unless specifically requested by the IFIT program.

3.2. FULL STUDY PROPOSAL (FSP)

The FSP phase is by invitation only. Studies that were not successful in the EOI phase will not be invited to submit an FSP. FSPs must be consistent in overall scope to the successful EOI and accept that minor changes to project tasks and timing may occur.

Applicants who are invited to the FSP phase will be notified by the IFIT program via email and will receive instructions regarding FSP timelines and submission requirements.

The FSP will be used by the program as the basis to select projects for funding. Projects will be evaluated based on mandatory and rated criteria (see details in *Section 4 – Application Evaluation*) and shortlisted based on recommendations from an interdisciplinary evaluation panel. Shortlisted projects will move on to the due diligence step as outlined in *Section 5 – Due Diligence Assessment*.

Once an FSP is submitted, the IFIT program reserves the right to share the information provided by applicants in the sections that are clearly marked for public disclosure. All other information will be considered confidential. The IFIT program aims to safeguard the confidential information provided as part of the application process. Please see *Section 7.5 – Confidentiality and Security of Information* for more information.

As part of the FSP, applicants must submit the following information through NRCan's Online Submission Portal.

1) FSP and annexes	The FSP and accompanying annexes must be completed in full through NRCan's Online Submission Portal.
2) Project schedule (Gantt chart or equivalent)	The project schedule should identify any project milestones or deliverables.
3) Diversity, Equity, and Inclusion Plan	A Diversity, Equity, and Inclusion plan (a template will be provided for reference) should describe the recipient's approach to improving gender balance and increasing diversity within their Canadian corporate structures and supply chains in Canada.

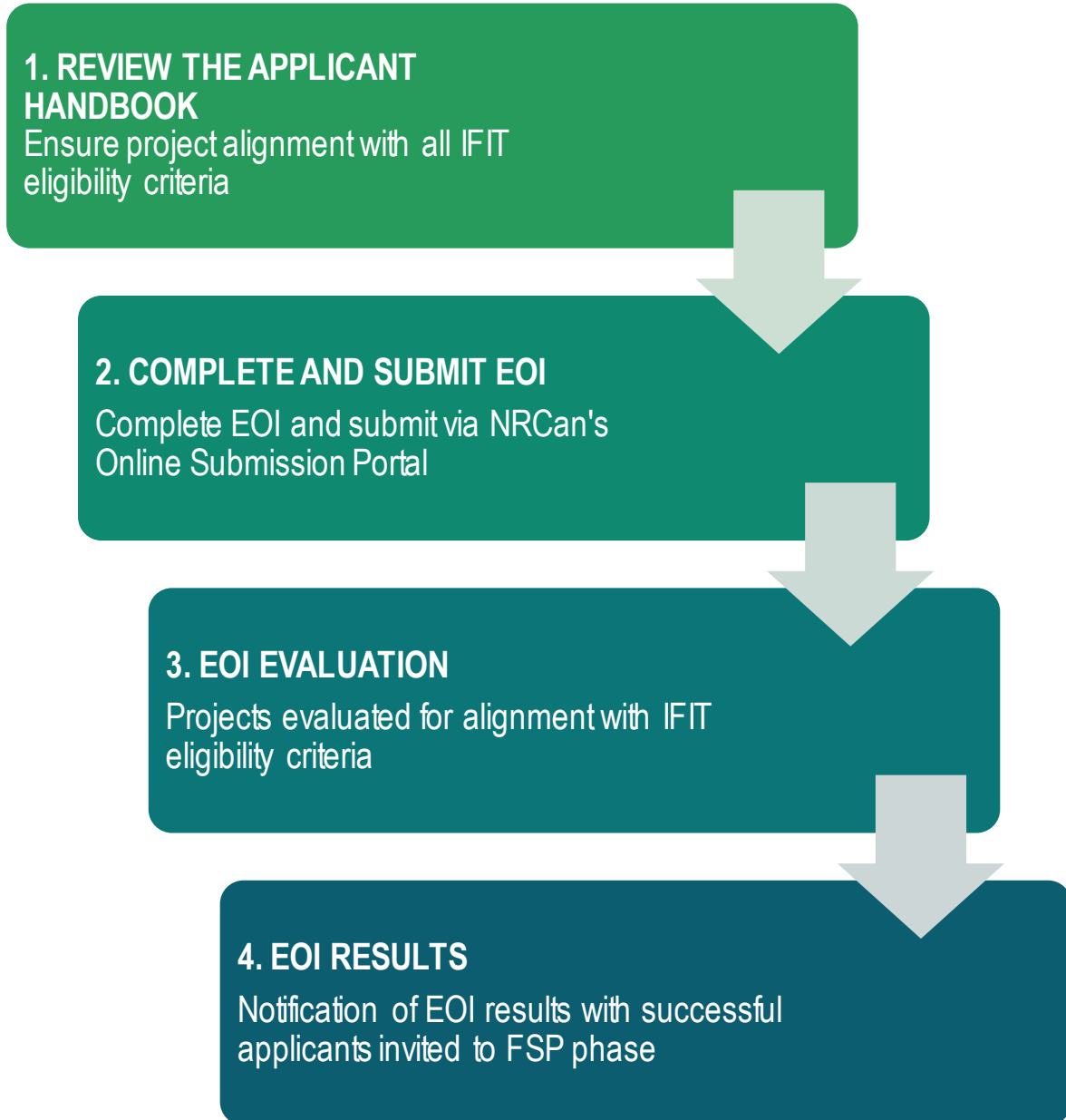
The following documents are not mandatory but could be considered for inclusion if applicable for the proposed study.

4) Process flow diagram	This diagram should indicate the general flow of the proposed processes and equipment. This is not meant as a detailed diagram but should allow the IFIT program to understand the integration of proposed key equipment or the integration of a new process.
5) Site layout	This includes an overview of the proposed new facility or how the project will tie into an existing facility.
6) Letters of support	Any letters that confirm the validity of the project should be included in the application. This includes, but is not limited to, partnership agreements (including confirmation of funding), offtake agreements, confirmation of community support and letters that support the technical viability of the project.

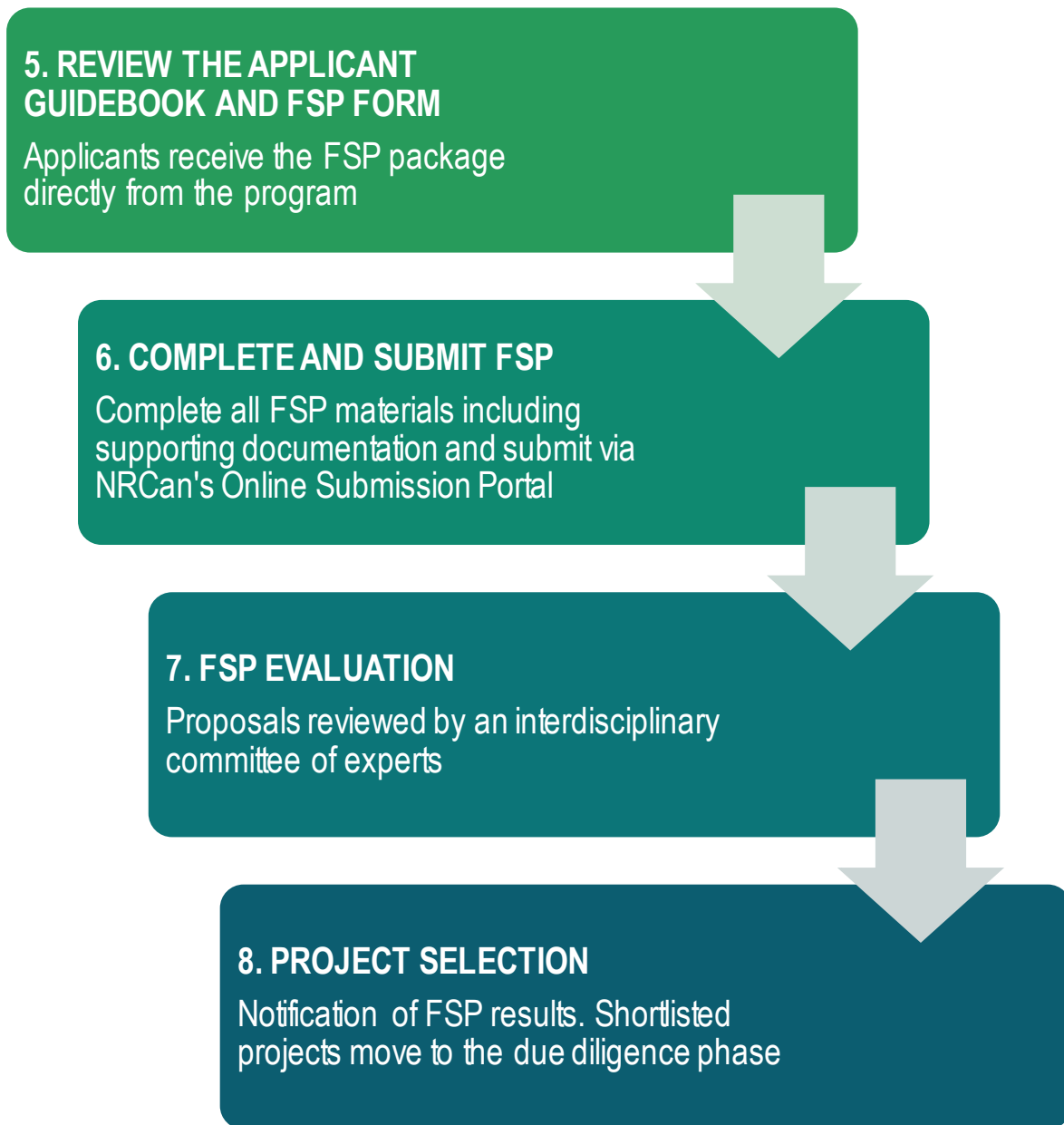
Any additional documents that applicants wish to include in their submission that are not listed above will require justification for inclusion and must be referenced within the application form.

3.3 SUMMARY OF APPLICATION PROCESS

Phase 1: Expression of Interest (EOI)



Phase 2: Full Study Proposal (FSP)



4. APPLICATION EVALUATION

4.1. MANDATORY CRITERIA

To be eligible for funding under the IFIT program, studies must meet all mandatory criteria. The responsibility lies with the applicant to demonstrate in their application that the proposed study clearly meets each mandatory criterion. Failure to clearly demonstrate that the study meets every mandatory criterion may result in the project being eliminated from consideration for funding.

1. **Recipient Eligibility:** Eligible Recipients (see *Section 2.4.1*) under the Studies Stream must be:

For-profit companies located in Canada. They must either produce forest products in an existing forest product facility (for example, pulp, paper, or solid/engineered wood products facility) OR are/will be new entrants in the forest sector for the purpose of the project.

OR

Not-for-profits and industry associations. The proposed scope of work must include an industry collaboration with a demonstrated pathway toward commercial scale activities.

This includes clusters, joint ventures, and consortiums, provided that an eligible for-profit company, not-for-profit, or industry association acts as the lead applicant.

2. **Directly Advance Forest Sector Priorities:** The proposed study must advance a concept, technology, process, or product directly linked to the Canadian forest sector and address a topic within IFIT's Targeted Innovation Categories (see *Section 2.4.3*). It must advance knowledge for:

Products primarily based on wood fibre. The proposed study must be based on material that is derived from wood fibre. This includes, but is not limited to, by-products generated by industrial wood processing and wood residues.

OR

Processes integrated within the forest sector supply chain. The proposed study must advance an industrial process directly linked to the forest sector.

3. **Knowledge Sharing:** The knowledge generated through the studies stream is intended to benefit the Canadian forest sector and, therefore, it is expected that study results will be widely shared (i.e., outside of the applicant's corporate structure, including subsidiaries or affiliated companies). Applicants must be willing

and able to share results of the proposed work, where no competitive advantage is compromised, to be eligible for funding under this stream.

4.2. RATED CRITERIA

Studies that clearly meet each of the mandatory criteria will then be evaluated against the program's rated criteria outlined below. Proposals must meet or exceed the minimum threshold to be considered for funding.

1. **Study Relevance**: the program will use the following criteria to evaluate the relevance of studies:
 - Alignment with a Forest Sector Need – Preference will be given to applications that demonstrate clear alignment with an industry need. Applicants should describe why the proposed study is important to the sector and how it will bridge a knowledge gap for the Canadian forest sector or within a specific region of Canada.
 - Criteria for Success – Applicants are asked to clearly describe outcomes that would define the success of the study. Preference will be given to applicants that demonstrate clear performance metrics, including quantifying outcomes for pass/fail criteria.
 - Implementation of Results – Applicants should describe how the results of the study will be used to advance the Canadian forest sector. Preference will be given to applicants that demonstrate a clear use of the study results.
2. **Implementation Plan**: the program will consider the following when evaluating the implementation of studies:
 - Description of Work and project timing – Studies that include a clear breakdown of tasks with appropriate timelines will be given preference.
 - Project Team – Preference will be given to studies that demonstrate a strong capacity to execute the proposed scope of work. The program will consider level of expertise and experience of the personnel included on the team.
 - Partnerships – Preference will be given to studies involving Indigenous partnerships and strategic partnerships with companies, ideally from industrial sectors not traditionally associated with forest sector projects (such as the plastics, chemical, or energy sectors). These companies would ideally be directly involved, have an active/engaged role, and have a stake in the success of the proposed study.

- Risks and Mitigations – Studies applications should identify key risks to project execution with appropriate mitigation measures. Studies demonstrating that risks have been adequately considered will be given preference for funding.
3. **Knowledge Sharing Plan:** Preference will be given to studies that intend to share the most findings with the widest and most impactful Canadian forest sector audience within one year of the project end date.
 4. **Diversity, Equity, and Inclusion:** Preference will be given to studies that demonstrate a strong approach to improving diversity and inclusion within their Canadian corporate structures through the contents of their Diversity, Equity, and Inclusion Plan. A Diversity, Equity, and Inclusion Questionnaire will also be a mandatory project reporting metric over the lifetime of the project. For more information, please see *Section 6 – Diversity, Equity, and Inclusion Measures*.

The IFIT program will notify an applicant of their status in the selection process after the EOI evaluation and FSP phases. Studies selected for funding will move through a due diligence assessment to ensure program requirements are met prior to negotiating a contribution agreement for funding.

5. DUE DILIGENCE ASSESSMENT

Project applications will undergo a due diligence assessment to evaluate the capacity and experience of the applicant to implement the proposed project. Shortlisted applicants will be asked to provide additional information regarding their managerial and technical capability, financial situation, project risks and mitigation strategies, and an updated work plan.

If all criteria for funding are met, a contribution agreement will be negotiated between the applicant and NRCan. This due diligence step is mandatory to be considered for funding.

Shortlisted applicants will be asked to provide key documentation, including but not limited to:

- **Updated project costing and budget**

Applicants will be asked to provide an updated budget, confirmation of corporate approval to proceed with the study, and confirmation of funding sources to conduct the proposed work.

- **Detailed work plan and expected results**

The proposed work plan must fully describe how the applicant will achieve the study objectives. It must provide a clear description of all activities to be conducted. If selected for funding, the work plan will form the basis for funding negotiations, during which revisions or updates may be required to establish the Description of Work for the contribution agreement. The work plan will contain at least the following information:

- A paragraph describing specific tasks to be completed to meet the study's objectives. Tasks should be broken down into a collection of activities that describe the work required to complete the task.
- Key milestones demonstrating project progress toward completion, including the time range to achieve each milestone.
- The general approach to execute the project (e.g., in-house personnel, contractors, or vendors).

The IFIT program will contact applicants advancing to the shortlist to provide specific instructions and templates relating to due diligence requirements.

Failure to submit any information supporting the shortlist project analysis in a timely fashion may result in elimination from the application process.

The results of the due diligence will be used as the final decision point for financial support of projects. The IFIT program will contact applicants once the final funding decisions have been made. Program officials will then work with successful applicants to negotiate contribution agreements.

6. DIVERSITY, EQUITY, AND INCLUSION MEASURES

NRCan recognizes how the contributions of a diverse and inclusive workforce enhance the resilience and competitiveness of Canada's forest sector. To gain a better understanding of diversity, equity, and inclusion (DEI) within the forest industry, IFIT will collect DEI Plans and Questionnaires. For the total project duration and two years after project completion, recipients will be required to update to both documents. They will also need to submit the results of the plan implementation on an annual basis (see details in *Section 7.1 – Contribution Agreement*).

6.1 DIVERSITY, EQUITY, AND INCLUSION (DEI) PLAN

Applicants are required to provide a DEI Plan as part of their FSP. This plan will be assessed as part of the rated criteria in the application evaluation.

The DEI Plan should describe the recipient's approach to improving gender balance and increasing diversity within their Canadian corporate structures and supply chains in Canada. Examples could include efforts to increase the proportion of designated groups as defined in the *Employment Equity Act* (for example, women, Indigenous peoples, persons with disabilities, and visible minorities) in the construction and operation phases of the project or selecting suppliers that have gender and diversity plans.

The plan may include, but is not limited to:

- internal policies related to discrimination or harassment;
- existing or planned training to educate the organization's workforce on diversity and inclusion;
- statistics on the proportion of designated groups employed at all levels of their firm in Canada;
- approaches for factoring gender and diversity into its supplier selection methods in Canada;
- funding advocacy groups or promotional activities that promote workforce diversity;
- conducting research or studies to better understand barriers and identify solutions that support workplace diversity and inclusion; and
- strategies to increase workforce diversity in the composition of the board of directors, board sub-committees, and at senior management level.

A DEI Plan template will be provided for reference. However, applicants are permitted to submit a plan in the format of their choice.

Details of the DEI Plan will not be disseminated unless otherwise specified by the applicant.

6.2 DIVERSITY, EQUITY, AND INCLUSION (DEI) QUESTIONNAIRE

If selected for funding consideration, applicants will also be asked to complete and submit a DEI Questionnaire. This condition must be met to become an IFIT funding recipient.

All information collected regarding diversity and inclusion will be treated confidentially. Employees of NRCan will have access to data collected by the DEI Questionnaire. This information will not be available outside of the department. Questionnaire results will be kept confidential and NRCan will never identify an organization's name in reporting of any kind. When questionnaire results are reported, they will always be aggregated (individual questionnaire results are combined and presented as a group).

To ensure that personal information is not discernible, the questionnaire will not be mandatory for companies with fewer than ten (10) employees.

7. ADDITIONAL INFORMATION FOR RECIPIENTS

This section contains information that will be relevant only to applicants who are selected to receive IFIT program funding.

7.1 CONTRIBUTION AGREEMENT

Following project approval, a contribution agreement will be signed by the successful applicant and NRCan. The applicant will then become a funding recipient and will be required to meet the obligations as outlined in the agreement. Until a contribution agreement is duly executed by the parties, no obligation exist on the part of NRCan to contribute funding to a project.

The IFIT program requires reporting both during project execution and after the project is complete. Full details of reporting will be laid out in the contribution agreement, but recipients can expect the following:

For funded studies:

1. Quarterly reports during the project execution stage. These will include:
 - financial information for the project including cash flows and overhead descriptions;
 - a progress report to describe activities undertaken to meet project objectives; and
 - an updated DEI Questionnaire for the last quarterly report of each fiscal year.
2. A final report once the project activities have been completed. This will include:
 - a financial component to describe how IFIT funds have been spent;
 - a narrative report that describes project activities, benefits, diversity, equity, and inclusion measures taken, and the achievement of key performance indicators;
 - an updated knowledge sharing plan to share non-proprietary results of the study with the Canadian forest sector; and
 - an updated DEI Plan and Questionnaire.
3. One post-project report, one year after the completion of the study. This will include:
 - a narrative report that describes activities undertaken by the recipient in relation to the study and study result (including how non-proprietary results of the study have been shared with the Canadian forest sector); and

- an updated DEI Plan and Questionnaire.

7.2 BASIS AND TIMING OF PAYMENTS

The Government of Canada's fiscal year is the period beginning on April 1 of any year and ending on March 31 the following year. Multi-year agreements will establish a funding amount per fiscal year adding up to the total contribution under the agreement.

Details will be provided within each contribution agreement regarding the documentation that is required when submitting a claim for payment. The contribution agreement will also stipulate the start date and end date of eligible costs for each project.

Payments may be made based on receipt and approval of financial reports signed by the recipients' Chief Financial Officer (or duly authorized officer) outlining actual eligible costs incurred for the project. Payments will typically be made on a quarterly basis.

For agreements signed in the first year of the program (April 1, 2023 to March 31, 2024), IFIT may accommodate retroactive reimbursement of eligible expenditures incurred from April 1, 2023, to the date of execution of the contribution agreement with NRCan, where it is deemed appropriate to ensure the success of the project. Retroactive expenditures will be limited to 50% of NRCan's contribution.

For agreements signed after March 31, 2024, IFIT will not reimburse any project costs incurred by the recipient before an agreement is signed.

Advance payments may be permitted, where requested by the proponent, and based on an assessment of their need, risk levels, and cash-flow requirements.

Final payment will not be made until all agreed-upon project activities outlined in the Description of Work included in the contribution agreement have been completed by a recipient and are deemed acceptable by the IFIT program. To ensure appropriate project oversight, a reasonable holdback may be applied and released once all conditions of the contribution agreement have been met.

7.3 IMPACT ASSESSMENT CONSIDERATIONS

The *Impact Assessment Act* and its regulations establish the legislative basis for the federal practice of impact assessment in most regions of Canada. Projects in Canada's north are assessed under separate legislation, depending on the region in which the proposed project will occur.

Under the Act, an impact assessment (potential environmental, health, social and economic impacts of proposed projects, including benefits) may be required for Designated Projects. A Designated Project includes one or more physical activities that are listed in the Physical Activities Regulations (commonly known as the Project List), as well as any physical activity incidental for the listed physical activities. If you are unclear as to whether your project and its physical activities are captured under the Physical Activities Regulations, please contact the Impact Assessment Agency of Canada.

Projects not on the Designated Project List may require a federal impact assessment if they occur on federal lands or outside of Canada, involve a physical activity related to a physical work, and involve NRCan funding. Additional information on Impact Assessment for projects on federal lands or outside of Canada can be found in sections 82 through 91 of the *Impact Assessment Act*. Applicants are not required to submit any additional information regarding Impact Assessment at the application stage. In cases where *the Impact Assessment Act* might apply to a proposed project, the IFIT program will work with project applicants to assess the requirements specific to their project.

7.4 DUTY TO CONSULT

The Supreme Court of Canada affirmed that the Government of Canada has a legal duty to consult with Indigenous groups, and where appropriate, to accommodate when a contemplated Crown conduct may have adverse impact on existing or potential Aboriginal or treaty rights. This is true whether those Aboriginal rights have been established (proven in court or agreed to in treaties) or whether there is potential for rights to exist.

The duty to consult is an important part of the federal government's activities, including regulatory project approvals and provision of funding, licensing and authorization of permits, operational decisions, policy development, negotiations and more. Federal departments and agencies are responsible for understanding how and when their activities could have an adverse impact on Aboriginal and treaty rights. Consultation should occur prior to any action by the federal government.

For each project proposal that advances to the shortlist, IFIT program officers will review applications to determine if the proposed project is likely to result in an adverse impact on established, claimed or potential Aboriginal or treaty rights. Where appropriate, a meaningful and adequate consultation process, commensurate with the severity of adverse impact and the strength of the claims, will be undertaken.

Proponent consultation with Indigenous groups is not required under the IFIT program as part of the application process. However, applicants are encouraged to report if they have already conducted consultation or engagement activities in relation to the project

proposal, or as part of the applicant's ongoing operations/corporate commitments. Applicants are asked to identify the Indigenous groups they have interacted with and describe the type and frequency of activities undertaken.

7.5 CONFIDENTIALITY AND SECURITY OF INFORMATION

The Access to Information Act (the "Act") governs the protection and disclosure of information, confidential or otherwise, supplied to a federal government institution.

Paragraph 20(1) (b) of the Act states that:

a government institution [such as Natural Resources Canada] shall refuse to disclose any record requested under the Act that contains financial, commercial, scientific or technical information that is confidential information supplied to a government institution by a third party and is treated consistently in a confidential manner by the third party.

Paragraph 20(1) (b) of the Act sets out two mandatory criteria to protect the confidential information supplied to NRCan from disclosure. First, the applicant's documents supplied to NRCan must contain financial, commercial, scientific, or technical information. Second, the applicant must consistently treat such information in a confidential manner. In other words, NRCan will protect the applicant's confidential information in its possession as much as the applicant protects said confidential information in its own establishment.

For more information on this subject, a careful reading of the entire Section 20 of the *Access to Information Act* is greatly encouraged (<http://lois-laws.justice.gc.ca/eng/acts/A-1/index.html>).

7.6 TAX TREATMENT

All questions concerning the tax treatment of funds received under IFIT should be directed to the Canada Revenue Agency (www.cra-arc.gc.ca).

7.7 AUDIT RIGHTS

Funding recipients will be required to:

- keep proper accounts and records for at least 5 years after the project completion date;

- permit Government of Canada representatives to audit, inspect and make copies of those accounts and records at all reasonable times, up to 5 years after the project completion date;
- grant the Government of Canada’s authorized representatives access to audit and inspect the qualifying project and related facilities;
- furnish the Government of Canada’s authorized representatives with such information as they may reasonably require with reference to the specified documents; and
- promptly refund to any overpayments of the contribution disclosed by an audit to NRCan.

7.8 INTELLECTUAL PROPERTY

Any background intellectual property required for the project must vest with the applicant, or the applicant must hold sufficient background intellectual property rights to allow their project's activities to be carried out. Additionally, they must hold sufficient rights to permit them to exploit the intellectual property resulting from their project's activities.

8. PROGRAM CONTACT

Applicants are encouraged to consult the IFIT program’s website <http://forest-transformation.nrcan.gc.ca> for updates regarding the timing and availability of funding opportunities.

Enquiries can be sent to the IFIT team at ifit-itif@nrcan-rncan.gc.ca.