

A decorative graphic consisting of a grid of colored squares. The top row has two squares: a dark green one on the left and a light green one on the right. The bottom row has three squares: a dark blue one on the left, a medium blue one in the middle, and a bright blue one on the right.

Business Plan 2021-2022

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MESSAGE FROM THE BOARD CHAIR AND CEO

The COVID-19 pandemic affected every Nova Scotian and business in 2020-21, causing considerable challenges for many, yet providing opportunity for some sectors of our economy. Our province as a whole exhibited remarkable resiliency and tenacity as we navigated through the impacts of travel and public health restrictions. As we look ahead to continued recovery in 2021-22, NSBI embraces our role in building a better Nova Scotia. We know that the path to a sustainable economy is built on a foundation of export, and we will ensure our companies are ready and able to take advantage of opportunities for growth in key export markets.

We will stand behind the province's environmental mandate and explore new ways to support businesses as they create clean technology products and services, improve sustainability and productivity, and reduce their carbon footprint. We will prioritize the environment in our business development efforts and revise and target our programming to ensure sustainable and responsible economic growth in the province of Nova Scotia.

NSBI will start by focusing close to home and will be the critical first point of contact for businesses in all communities, helping them navigate export programs and services and connecting them with the training and resources they need. Through our newly enhanced and streamlined Export Growth Program, we will provide critical market intelligence, support businesses to connect with customers, partners and investors in global markets, and ensure they are able to access the expertise they need to break down barriers to global growth.

“ **Narrowing the digital divide** by supporting businesses to connect, invest, and improve e-commerce solutions **will be core to our efforts.** ”

COVID-19 has accelerated the need for digital solutions to do business both within our province and outside our borders, and NSBI will provide funding and training to ensure our companies keep pace with online opportunities for growth. Narrowing the digital divide by supporting businesses to connect, invest, and improve e-commerce solutions will be core to our efforts in 2021-22. Supporting companies across our province to make necessary capital investments to improve productivity and drive innovation will be another key focus for us in the year ahead, and our newly launched Small and Medium Enterprise Innovation Rebate Program will continue to fill a key funding gap for investments under \$2 million.

Many across our province were and continue to be displaced from work in 2020-21, and we remain committed to our role in working with companies in all regions to grow and create jobs for current and new Nova Scotians. Sectors of our economy, such as ICT, Financial Services, and Business Services, have proven resilient and adaptable to remote working, and NSBI will focus on building our “work-from-here” knowledge-based economy. We will showcase our talent to employers both here and outside of the province, promoting distributed workforces as the path to growth. We will collaborate with our partners to attract new Nova Scotians to bring their jobs with them as they join us and take advantage of our safe, connected, thriving, ocean lifestyle.

Integrating new, innovative, global leaders into our Nova Scotia economy is key to our export success and provides unique opportunities for our firms to connect to global value chains. NSBI will look beyond our borders and identify and chart the course for attracting companies that are well-positioned to benefit from our province’s comparative advantages, will create high-value job growth across Nova Scotia, and will support our sustainability and climate change mandate.

**“ Integrating new, innovative, global leaders
into our Nova Scotia economy is key to
our export success. ”**

Finally, and most importantly, NSBI stands behind the Province of Nova Scotia’s inclusive economic growth agenda and we will ensure that all Nova Scotians see themselves in our export success as we continue to recover and rebound from the impacts of COVID-19. We remain committed to building the partnerships and making the connections that will drive the attachment of under-represented groups to our workforce. Women, youth, Indigenous persons and African Nova Scotians were among those most negatively impacted by the pandemic, and we will focus our business development and investment attraction efforts on growing and building employers with diversity woven into their corporate fabric.

Our targets for this year are reflective of our efforts to recover and rebuild. We know that we are stronger together and we join with our provincial, federal, and global partners as we work collaboratively to ensure a stable, resilient, innovative, and inclusive economy in our province, today and for many years to come.



Marie Mullally
Board Chair



Laurel Broten
President and CEO

STRATEGIC CONTEXT

2020-21 has presented businesses in Nova Scotia with economic and public health conditions unlike any year in recent history. Despite its challenges, COVID-19 provides us with an opportunity to rebuild a better Nova Scotia: one that's more innovative, more inclusive, more resilient, more socially and environmentally aware, and with businesses that are more globally competitive than ever before. NSBI embraces our role in driving Nova Scotia's inclusive economic growth agenda by working with companies across the province to recover, rebuild, and ensure resiliency as we navigate through an ever-changing global trade environment.

NSBI's business development efforts in 2021-22 will be focused in the following key areas:

Growing the Value of Exports as the Pathway to Economic Success

Exporting has been a key driver behind Nova Scotia's economic prosperity, with trade representing 37% of the province's GDP in 2019. As a small jurisdiction, selling Nova Scotia products and services to key markets around the world is foundational to the creation of good jobs and wealth for families and, in turn communities, here at home. 2020-21 has been a particularly challenging year for Nova Scotia's exporters, and our work with clients across the province to ensure they are prepared for the realities of doing business in global markets has never been more critical. NSBI's export programming and services will ensure our companies adopt and embrace technology, improve sustainability, and are ready and able to take advantage of export opportunities as the world emerges and rebounds from the COVID-19 pandemic.

“ **Exporting has been a key driver behind**

Nova Scotia's economic prosperity. ”

Strengthening Nova Scotia's Export Mix for Strategic Sector Growth

Attracting and growing new innovative export leaders in our province provides a unique opportunity to propel Nova Scotia's international growth in key industries and to targeted markets of priority. NSBI will enhance our “Team Nova Scotia Concierge” approach to identify industry and company targets that are aligned with Nova Scotia's comparative advantages and support the province's sustainability and climate change mandate. We will develop and begin the implementation of a plan to attract environmentally responsible companies that will strengthen Nova Scotia's export mix, reflect the province's clean, low-carbon focus, create high-value jobs, and provide significant opportunities for our firms to attach to key global value chains.

Building Our “Work-From-Here” Knowledge Economy

Virtual business development and remote working experienced unprecedented growth in 2020-21 due to travel and health restrictions brought about by COVID-19, with forecasts indicating the continued prevalence of these models in the years to come. In 2021-22, NSBI’s efforts will expand beyond the traditional export of goods and services and will promote the opportunity for businesses operating in the knowledge economy to hire remote workers who are currently living in Nova Scotia, as well as attract talented digital natives to “work-from-here” and “export” their knowledge and skills around the globe.



All Nova Scotians have felt the impact of COVID-19 and all should benefit from and see themselves in Nova Scotia’s future export success.



Broadening the Inclusiveness of Export Success

All Nova Scotians have felt the impact of COVID-19 and all should benefit from and see themselves in Nova Scotia’s future export success. NSBI’s efforts to nurture exporters of diversity, encourage inclusive employment attachment, and drive regional investment and opportunity will ensure that all Nova Scotians benefit from our business development efforts. We will drive our partnerships with organizations such as the Black Business Initiative and focus on further developing our relationship with African Nova Scotian, Indigenous partners and employment organizations across the province to make meaningful connections between Nova Scotian employers and those currently under-represented in our workforce.

NSBI Strategic Priorities



1. Navigate

Serve as the critical first point of contact for Nova Scotia businesses, identify and navigate them to the programs and services they need to start or grow sales outside of our borders.

2. Build Confidence and Capacity

Help Nova Scotia businesses break down barriers and build their capacity to grow through export.

3. Drive Digital Adoption

Ensure Nova Scotia companies are digitally enabled and maximizing e-commerce solutions to grow sales outside of our province.

4. Drive Market Diversification

Provide evidence-based market intelligence and leverage our networks and partnerships to help businesses make critical in-market connections.

5. Encourage Scale

Work with companies one-on-one to make capital investments, improve business processes, and build resiliency.

6. Innovate for the Future of Export

Create R&D partnerships between industry and Nova Scotia's world-class post-secondary education institutions and support private sector investments in innovation.

7. Strengthen Nova Scotia's Export Mix for Strategic Sector Growth

Identify and attract companies that will strengthen Nova Scotia's export mix and attach our firms to key global value chains.

8. Build a "Work-From-Here" Knowledge-based Economy

Establish Nova Scotia as a remote-work knowledge hub.

9. Broaden the Reach and Inclusiveness of Export Success

Ensure every Nova Scotian sees themselves in Nova Scotia's export success and build the partnerships to drive inclusive workforce attachment across the province.

PURPOSE OF CROWN CORPORATION

Mandate

Led by a private sector Board of Directors, NSBI is a key business development agency for the Province. Our mandate is to enable Nova Scotia businesses across the province to grow exports through access to business advisory services, skill development and training to build export capacity, market intelligence, financing, and support in accessing global markets, with a focus on developing new exporters and attracting innovative, globally competitive companies to establish a business location in Nova Scotia.

Mission

To develop and enable Nova Scotia businesses to grow through export, creating opportunity and benefit for all those who call Nova Scotia home.

Vision

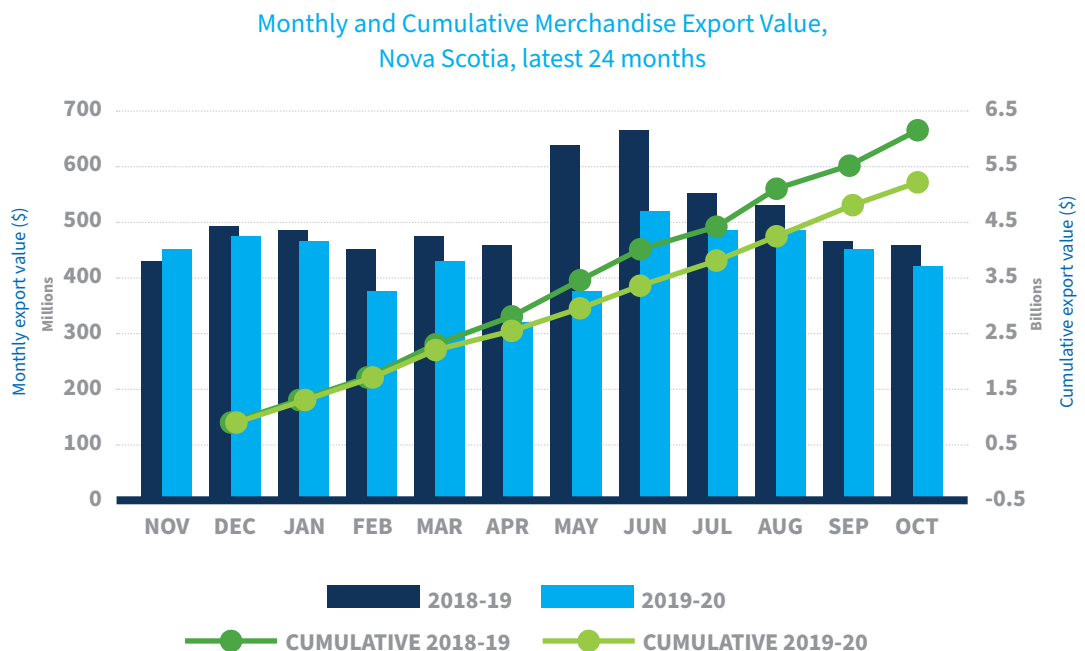
A prosperous, globally successful, and inclusive Nova Scotia, today and for generations to come.

ECONOMIC CONTEXT

In March and April of 2020, Nova Scotia experienced the greatest decline in employment on record and international and interprovincial trade faced enormous fluctuations due to the COVID-19 pandemic. The impact on Nova Scotia sectors since March 2020 has been unevenly distributed. Total international merchandise exports from our province are down 15.9% year-to-date, with tire manufacturing dropping by 23.6%. Other areas, however, have seen increased demand, such as sawmills (25.2% growth) and frozen food (4.6% growth). The tourism and hospitality sector has been the most significantly impacted by travel and health restrictions, while employment and exports in the knowledge-based sectors of information and communications technology (ICT) and financial services have proven to be more resilient.

The Nova Scotia economy is showing some promising signs of emerging from the impacts of the pandemic, with merchandise exports rebounding strongly toward the end of 2020. September's merchandise exports were 99% of the value reported in September 2019, and October's export value held steady at 92% when compared with the same month a year prior. Similarly, Nova Scotia's unemployment rate dropped from 8.7% in October 2020 to 6.4% in November 2020 - 1.4 percentage points lower than the pre-COVID level of 7.8%. November 2020 marked the first time since 1976 that Nova Scotia had the lowest monthly unemployment rate in Canada.

Figure 1. International Merchandise Export Value ¹



¹ Trade Data Online, Domestic Exports, Nova Scotia, latest 24 months, all products (Accessed 07-12-2020)

Further from home, economic impacts have been felt around the globe and within Nova Scotia's key export markets. Gross Domestic Product (GDP) growth is forecasted to be negative for all of Nova Scotia's primary trading partners for 2020, with the exception of China. In 2019, exports to the United States accounted for 62.2% of Nova Scotia's merchandise exports by value. New daily COVID-19 cases have been rapidly increasing in the United States since October 2020, reaching a 7-day average of 195,000 cases per day in early December, and impacting demand from Nova Scotia's largest trading partner.

Foreign direct investment (FDI) has also been hampered, with global FDI flows down by 49% in the first six months of 2020. A further 5%-10% drop in FDI is forecast in 2021, with recovery only beginning in 2022. As jurisdictions begin to move into the recovery phase and spur new economic activity and investment, competition for fewer FDI projects is expected to intensify, putting increased pressure on Nova Scotia to be highly targeted and evidence-based in our efforts to attract new, innovative exporters to our province.

“ To be **best positioned** to continue to emerge from the economic impacts of 2020, **Nova Scotia businesses** will need to **focus on digital adoption**. ”

To be best positioned to continue to emerge from the economic impacts of 2020 and grow in the coming years, Nova Scotia businesses will need to focus on digital adoption - companies with better online capabilities reported much smaller sales declines during the pandemic. It has never been more important to support our Nova Scotia businesses to invest, innovate, diversify, and grow international competitiveness, and we look forward to continuing our work with companies across the province as they rebuild and emerge from the COVID-19 pandemic.

NSBI'S ROLE AND FOCUS FOR 2021-22

NSBI recognizes and embraces our role in working with business across the province to recover and rebuild from the impacts of COVID-19, and this business plan outlines how our organization will support government's priorities, including selected action items in our Minister's mandate letter.

Growing the Value of Exports as the Pathway to Economic Success

Export Growth

NSBI's export development efforts will begin by first focusing here at home to build capacity, improve sustainability, and scale our homegrown, leading-edge companies. Our Regional Business Development team will be the critical first point of contact for businesses across the province. This team, entrenched in communities in all regions, will identify and connect with potential, emerging, and experienced exporters and navigate them to the support they need to start or grow sales outside of our borders.

COVID-19 drastically altered the global business environment in an unprecedented, condensed timeframe. Travel and public health restrictions imposed due to the pandemic pushed businesses across the globe to shift to virtual means of working. It is critical for Nova Scotia businesses to continue to implement and improve e-commerce solutions and adopt new hardware and digital processes to enable remote working, connect with key customers outside of our borders, and increase productivity while ensuring social distancing. Additionally, small businesses undertaking digital adoption will be more apt, more ready and more prone to future export, building a cohort of potential new exporters in the Province. Our enhanced and streamlined Export Growth Program will provide funding for businesses to provide support in three key areas:

1. Adopting digital technologies to enable remote working, improve productivity, and create or improve e-commerce solutions to grow sales outside the province.
2. Mitigating the costs of connecting with current and potential clients, partners, and investors in global export markets (including participation in virtual events and conferences).
3. Engaging with an external expert to address challenges or barriers standing in the way of export growth, including addressing skills or knowledge gaps within senior leadership teams.

NSBI's Export Capacity Building team will continue to provide complementary, wrap-around services to build on our digital supports for businesses and deliver webinars, virtual training, education, and international business skill building workshops. Our Trade Market Intelligence service will provide companies with evidence-based market research to help them make informed decisions on which markets to pursue for the sale of their products and services.

A key commitment from the Government of Nova Scotia is to provide export accelerator services to Nova Scotia companies. NSBI will continue to drive key partnerships, including our initiative with the Halifax Chamber of Commerce to deliver the Trade Accelerator Program (TAP) to ensure Nova Scotia firms have the skills they need to export to key markets. NSBI will also lead Nova Scotia's participation in the \$20 million Atlantic Trade and Investment Growth Strategy (ATIGS) and continue to partner with federal and provincial governments to support our firms to achieve international growth.

“ **Canada's trade agreements in key international markets position Nova Scotia companies for continued export success.** ”

Canada's trade agreements and our partnerships in key international markets position Nova Scotia companies for continued export success. NSBI will work with our clients to ensure they are prepared and able to leverage opportunities brought about through trade agreements including the Canada-United-States-Mexico Agreement (CUSMA), the Comprehensive European Trade Agreement (CETA), and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). We will develop and implement virtual initiatives to help Nova Scotia businesses connect and sell products and services within the recovering Association of Southeast Asian Nations (ASEAN) market. Our Scotians Global Advisor network will be of renewed importance to ensure Nova Scotia companies build the connections they need to make in-market connections, and we will continue to deliver and develop new and different ways for businesses to benefit from an in-market presence in key markets.

Research and Innovation

Nova Scotia businesses will need to make key investments and innovate to improve productivity and sustainability and build global competitiveness during the current turbulent economic conditions. In our work with companies across the province, we have uncovered a need for assistance with high-value capital projects under \$2 million, particularly within the area of technology adoption. NSBI's newly launched Small and Medium Enterprise Innovation Rebate Program will help to fill this gap for businesses looking to increase their global competitiveness and accelerate the rate of innovation adoption. This new program will provide financial incentives on projects that enable a company to increase innovation capacity and drive sustainability through private-sector capital investments or the adoption of new technologies and business processes.

Research and development will enable our firms to pivot, innovate, and commercialize products and services in demand in global markets. Our Productivity and Innovation Voucher Program will create and deepen research and development linkages between businesses and Nova Scotia's leading-edge universities and our community college campuses across the province. NSBI will also support businesses to leverage post-secondary institute research expertise through our expanded partnership with Mitacs.

This key partnership will reduce the cost for a business to access collaborative R&D teams from post-secondary institutes to complete a research project aimed at solving a unique business challenge.

Strengthening Nova Scotia's Export Mix for Strategic Sector Growth

Strategic Sector Growth

Key knowledge-based sectors have proven resilient to the economic shocks over the past year, while companies in other industries look to pivot their business model and expand their footprint in jurisdictions in closer proximity to key North American markets. Nova Scotia is well positioned to attract and grow innovative export leaders that can benefit from the comparative advantages of operating from our province.

NSBI's data mining strategy will identify signals from firms in key sectors to inform our investment attraction efforts as we look beyond our borders for innovative, R&D intensive, exporting companies that would benefit from Nova Scotia's comparative advantages. Our payroll rebate tool will focus on attracting companies in sectors that have proven resilient to the impacts of COVID-19, such as ICT and Financial Services, and will attract and incent firms to grow our workforce by creating high-value employment opportunities for Nova Scotians across the province.

NSBI will enhance our "Team Nova Scotia Concierge" approach to identify key industries and company targets that are aligned with Nova Scotia's comparative advantages. We will research and develop new attraction strategies and create impactful and targeted content that will showcase our value proposition. Our evidence-based lead generation initiatives will enable us to identify companies to strengthen Nova Scotia's export mix, support the province's sustainability and climate change mandate, and provide significant opportunities for our firms to attach to key global value chains. We will research and create new and unique ways to attract innovative exporters that align with Nova Scotia's comparative advantages, including the promotion and management of NSBI land assets and certified sites for industrial development across the province.

“ We will research and create new and unique ways to attract innovative exporters that align with Nova Scotia's comparative advantages. ”

NSBI will maintain our focus on working with clients within the high potential clusters of ICT, FinTech, Digital Health, Oceans, Clean Technology, Life Sciences, Seafood, Agri-food and Beverage, to rebuild and grow in international markets. We will continue our partnership in the Centre for Ocean Ventures & Entrepreneurship (COVE), working with resident companies at every stage of their export journey. NSBI will ensure that our leading OceanTech companies have the digital assets required to highlight the depth and breadth of the innovation being driven from our ocean economy.

We will stand behind the province's efforts to combat climate change, support a circular economy and ensure environmental sustainability. NSBI will explore new ways to support businesses as they create clean technology products and services, improve productivity, and reduce their carbon footprint. We will prioritize the environment in our business development efforts and revise and target our programming to deliver on the environmental mandate of the province of Nova Scotia as we work with companies to ensure a clean, low carbon recovery.

Nova Scotia's forestry sector has undergone significant change in 2020-21 due to the closure of Northern Pulp, and NSBI's Forestry Innovation Rebate Program was created to support companies in the forestry sector to undertake projects to improve their competitiveness. We will continue to work with our government and industry partners on efforts that support the transformation of the forestry sector and deliver programming that responds to the investment needs of forestry companies operating in our province.

“ We will stand behind the province's efforts to **combat climate change, support a circular economy** and **ensure environmental sustainability.** ”

Building Our “Work-From-Here” Knowledge Economy

Population Growth

A silver lining of the pandemic has been Nova Scotia's continued population growth. As of July 1, 2020, our population was estimated to be 979,351, an increase of 9,604 over the same month in 2019, and the third highest growth rate since 1971. In 2021-22, we will expand beyond supporting companies through the traditional sale of goods and services, and introduce efforts to continue this growth trajectory. NSBI will develop and deliver initiatives to connect digitally-enabled workers who are currently in Nova Scotia with key employers, and attract those who may choose to call Nova Scotia home to live here and “export” their knowledge and skills around the globe. Nova Scotia has all the building blocks to establish itself as the “work from here” knowledge hub - our pristine, scenic, stable and safe environment, our ever-increasing digital connectedness, and our diverse and welcoming communities provide an ideal foundation for professional services and knowledge export.

NSBI will work with our Crown Corporation and provincial government partners to drive knowledge export growth in all regions. We will work with companies to drive Nova Scotia's established and resilient export services economy with a continued focus on the strategic sectors of ICT, Financial Services and Business Services. NSBI will target investment attraction efforts to new employers who embrace distributed workforces to create jobs and drive migration and immigration to Nova Scotia. We will work with Tourism Nova Scotia to develop and deliver promotional campaigns to recruit remote knowledge workers who can work from anywhere to relocate to Nova Scotia and work from here.

Broadening the Inclusiveness of Export Success

Economic Participation and Benefit

As our province recovers and rebuilds in 2021-22, it has never been more important that all Nova Scotians benefit from our business development efforts. NSBI's "Businesses of Diversity" programming will support companies with owners and leaders from an under-represented group to identify and leverage procurement opportunities that they are uniquely positioned to benefit from. We will work one-on-one with these companies to build capacity and grow through export, making the connections they need to be successful in markets outside of our borders.

Achieving inclusive economic growth is heavily reliant on key partnerships and commitment from all parties to remove barriers to economic success standing in the way of under-represented groups across our province. Our partnership with organizations such as the Black Business Initiative will enable our efforts to assist in ensuring a strong and resilient Black business community in Nova Scotia. We will work to enhance our connections with African Nova Scotian, Indigenous partners and employment organizations across the province to bridge gaps between Nova Scotian employers and those currently under-represented in our workforce. NSBI will continue our work to identify and build new and better relationships with employment organizations focused on inclusive employment attachment in Nova Scotia, and we will connect our industry clients with talent needs with these critical partners.

Employment Attachment

2020-21 saw many Nova Scotians displaced from employment or working fewer hours due to the impacts of COVID-19. Although many Nova Scotians successfully reattached to the workforce throughout the year, many remain unemployed - particularly women, youth, and those traditionally under-represented in our workforce. NSBI will focus our investment attraction efforts in regions of the province with above average unemployment rates and within groups currently under-represented in Nova Scotia's workforce.

We will continue to evolve our investment attraction efforts to attract diversity-minded employers to build their global workforces by offering and promoting remote working employment opportunities to those currently under-represented in our workforce. NSBI is well positioned to work one-on-one with companies across all regions of Nova Scotia to grow and create jobs, and we will do so with a renewed focus on the attachment of those most impacted by the COVID-19 pandemic.

PERFORMANCE MEASURES

Measures

1. Grow the value of Nova Scotia's exports

2021 - 2022 Targets

Building from a reduced export performance in 2020-21, we will continue recovery with the goal of achieving a minimum of a 10% increase in export sales among NSBI's clients, and by clients within the high potential clusters of ICT, Oceans, and Seafood & Agri-food

2. Create Nova Scotia's next exporters

A minimum of 25 NSBI clients will become new exporters, with a minimum of 10 clients within the high potential clusters of ICT, Oceans, and Seafood & Agri-food becoming new exporters

3. Diversify into new export markets

Recognizing continued travel restrictions facing companies as they work to grow sales in new markets, a minimum of 10% of NSBI clients will diversify exports through sales to an additional market

4. Build a knowledge-based export economy

Attract 5 knowledge-based exporters aligned with Nova Scotia's comparative advantages

5. Grow payroll across the province

Continuing to emerge from the economic downturn, NSBI clients will increase their payroll by a minimum of 10%

6. Promote Inclusion in Nova Scotia's Workforce

Make a minimum of 50 connections between Nova Scotian employers and organizations across the province focused on the attachment of under-represented groups to the workforce

BUDGET CONTEXT

2021-22

(Amounts in \$000s)	Budget 2020-21	Forecast 2020-21	Budget 2021-22
Revenues			
Provincial Grants	\$ 73,424	\$ 70,530	\$ 44,059
Gain on sale of tangible capital assets	0	10	0
Gain on sale of equity investments	0	191	0
Nova Scotia Business Fund: Loans and properties	1,320	1,651	1,250
Miscellaneous revenue	1,623	2,897	1,373
Total	\$ 76,367	\$ 75,278	\$ 46,682
Expenses			
Operating	\$ 18,637	\$ 21,277	\$ 19,432
Strategic Investments	15,410	15,307	11,000
Nova Scotia Film & Television Production incentives	25,000	25,000	0
Innovation Rebate Program	10,000	8,520	10,000
Innovation Rebate Program under \$2M	0	2,000	2,000
Forestry Innovation Rebate Program	5,000	322	2,000
Provision for credit losses	1,000	-765	1,000
Transfer payments to Province of Nova Scotia	0	10	0
Nova Scotia Business Fund: Loans and properties	834	883	835
Total	\$ 75,881	\$ 72,554	\$ 46,268
Surplus	\$ 486	\$ 2,725	\$ 415

APPENDIX A: GOVERNANCE

Corporate Governance

- Role and membership list of the Board of Directors:
novascotiabusiness.com/about/directors
- Board Committees and Members:
novascotiabusiness.com/about/directors
- Names and job titles of senior management:
novascotiabusiness.com/about/team

Organizational Overview

- Enabling Statute:
novascotiabusiness.com/sites/default/files/ACT-Nova-Scotia-Business-Inc.pdf

APPENDIX B:

STRATEGIC INVESTMENT FUNDS (SIF)

The Payroll Rebate Program is the only business incentive funded by the Strategic Investment Funds (SIF) in fiscal 2021-22.

STRATEGIC INVESTMENT FUNDS PURSUANT TO NSBI REGULATIONS POLICIES AND GUIDELINES/PROCEDURES, NSBI 2021-22 BUSINESS PLAN

PAYROLL REBATE PROGRAM (the “Program”)

Overview

A Payroll Rebate is a discretionary, non-entitlement business development incentive (the “incentive”) intended to promote targeted payroll generation through the creation of incremental employment.

This incentive may be used when it can be shown that a company’s project generates an economic benefit to the province, which will include export development, investment in the province, or improved competitiveness of existing businesses, in one or more of the province’s key economic sectors.

Amount

Rebates will be equivalent to between 5% and 10% of gross payroll, depending on the company’s strategic location in Nova Scotia or business sector and the economic benefit generated to the province. Additional rebate may be considered where the company is hiring individuals with specific skills or experience, new members of the Nova Scotia workforce, underrepresented groups, is increasing export activity, undertaking a capital project deemed strategic to their Nova Scotia region, or establishing or expanding its presence in rural Nova Scotia.

All other Nova Scotia provincial government assistance with respect to the project must be disclosed to NSBI and may influence the rebate amount.

Eligibility

The company's business must be considered eligible according to NSBI's operating regulations.

The incentive must be project-based. Projects are expected to create sustainable long-term employment. Cyclical peaks in employment will not be considered for assistance.

Eligibility requires that all projects should result in creation of jobs for at least 20 full time equivalents (FTEs) in Nova Scotia. Projects creating fewer than 20 FTEs will be considered when there is high strategic value or strong economic benefit.

Companies that have previously received an incentive under the Program will not be eligible for additional incentive unless the project is incremental to the peak FTE level attained by the company under the previously provided incentive.

Projects that are considered to be competitively harmful to existing Nova Scotia business will not be considered.

The company will collect and remit employee payroll taxes in accordance with the Income Tax Act (Canada).

Application Requirements

Historical and/or projected financial statements of the company and any additional financial information that may be required by NSBI to assess the financial viability of the company.

Acceptable reports providing information with respect to the company's ownership, management, products, markets, and suppliers sufficient for NSBI to complete an evaluation of the company's operating risk.

Project plan, which may include project timelines, budgets, and anticipated impacts of the project on the company's competitiveness.

Criteria

The company and the project must have reasonable prospects for continued growth and success. The company should be profitable, with a proven track record. In addition, the project must be export-oriented and should be in a provincial strategic economic sector.

The company must also demonstrate:

- Strong management (corporate and local)
- Economic benefit to the province (e.g., estimated number of FTEs created/retained, linkages with other sectors, improved competitiveness, non-competition with Nova Scotia industries, import substitution)
- Going concern financial growth prospects
- A commitment to diverse and inclusive hiring practices for the Nova Scotia operation

Performance Conditions

The incentive is contingent on specific targets the company must achieve, which will typically be the creation of (x) FTEs by a specific date and with an average annual salary/wage of a specific amount. These targets are expected to still be in place at the end of the rebate period.

Companies may be required to achieve additional targets with respect to capital project completion such as, but not limited to, investment or export targets, if applicable.

The company must provide an Independent Practitioner's Reasonable Assurance Report on Compliance, certifying that the employment, wage and other targets have been achieved. The report must contain the following information:

- Incremental gross wage or payroll amount (including benefits) and the number of incremental and/or maintained employees and hours worked according to the Company's records on each anniversary date from the project commencement;
- Gross wage or payroll amount, including benefits, and the total number of FTEs of the company on each anniversary date from the project commencement;

- Incremental employees' province of residence; and
 - Applicable export, investment and capital project details (if applicable);
 - Confirmation of existing Nova Scotia FTEs and payroll (if applicable);
 - Substantiation of any other required targets.
-

Payment Terms

Rebates will be paid following provision by the company of all information required by NSBI to verify compliance with the terms and conditions of the payroll rebate agreement.

In most cases, rebates will be paid annually on each anniversary from the project commencement.

Payment term generally average five years.

APPENDIX C:

NOVA SCOTIA BUSINESS FUND

The Nova Scotia Business Fund is the historic source of capital for Nova Scotia Business Inc.'s business lending activities.

The portfolio currently has approximately \$40.5 million outstanding to 21 companies located throughout the province. The Nova Scotia Business Fund has not issued any new business development incentives since fiscal 2014-2015. The annual portfolio lending cap is set at \$100,000 for fiscal 2021-2022 solely for the purposes of realization costs.

Regulations for the Nova Scotia Business Fund require determination of specific parameters for investment decisions and the profile of the portfolio on an annual basis.

The following outline the parameters for investment decisions for the Nova Scotia Business Fund should new business development incentives be issued:

- Annual sector lending limits are determined based on portfolio targets versus specific dollar amounts:
 - traditional: 16%
 - knowledge based (information and communications technology and life sciences): 20%
 - manufacturing: 45%
 - energy: 9%
 - ocean technology: 5%
 - other: 5%
- Maximum loan and guarantee limit is \$15 million per company (investments exceeding this amount will be considered in exceptional circumstances).
- Maximum of 20% of the Nova Scotia Business Fund available for working capital investments.
- Borrowing rates established based on risk, term, and optionality (e.g., interest capitalization, principal holiday, extended amortization).