



YOUR CANADIAN ADVANTAGE



Prepared for Grand River Ironsands

October 29, 2021

Agenda

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WHO WE ARE

Invest in Canada: Bringing industry, community and government partners together to offer seamless services that make it easier to accelerate your expansion in Canada.

KEY FACTS:

- Established as a Departmental Corporation in March 2018
- Private Sector board with a range of expertise ranging from tech to agriculture
- HQ in Ottawa, Ontario
- Regional Offices:
 - ✓ Vancouver (BC)
 - ✓ Toronto (ON)
 - ✓ Calgary (AB)
 - ✓ Montréal (QC)
 - ✓ Regina (SK)
 - ✓ Halifax (NS)



invest
IN
CANADA

investir
AU
CANADA



HOW WE HELP COMPANIES

INVESTMENT ANALYSIS

- Single-window for all services related to investments in Canada.
- Coordinated approach between federal, provincial and municipal partners to support your analysis and site selection process.
- Data and information to support the development of your business case on this project.
- Strategic market intelligence on your specific industry.
- Planning, coordinating and executing site visits and key meetings across Canada.

ROADMAP

- Guidance and advice on doing business in Canada and navigating the regulatory environment.
- Advice and insights on applicable government funding programs and step-by-step counseling on the application process.
- Identification of potential tax, R&D credits and other incentives to support your investment.

INTRODUCTIONS

- Introductions to Federal, Provincial and Municipal government organizations that can help you access local investment opportunities, networks and programs.
- Introductions to key contacts in the private sector, academia and government.
- Strategic industry events and international activities.
- Referrals to investment support professionals, such as lawyers, accounting firms, and private-sector industry associations.





WHY CANADA



CANADA CONNECTS

GLOBAL MARKET ACCESS

15 Trade Agreements
 51 Countries
 1.5 Billion Consumers
 USD \$52 Trillion in combined GDP

Source: Global Affairs Canada, Canada's State of Trade 2019

TRANSPORTATION

- 117 Border Crossings to USA
 Source: Canada Border Services Agency
- 17 Canada Port Authorities
 Source: Transport Canada
- 23 International Airports
 (41 Airports of Entry)
 Source: Canada Border Services Agency
- National Highway System
 Core Routes _____
 Feeder Routes _____
- National Railway - - - - -

200+ SPOKEN LANGUAGES

Source: Statistics Canada, 2016



POPULATION DENSITY

- ≥ 256
- 64 to <256
- 10 to <64
- 0.4 to <10
- Sparsely Populated

Source: Statistics Canada, 2006 (persons per km²)

SUPERCLUSTER INITIATIVE

Five tech superclusters across Canada supporting leading companies choosing to innovate in Canada.



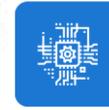
Digital Technology Supercluster



Protein Industries Supercluster



Advanced Manufacturing Supercluster



SCALE AI Supercluster



Ocean Supercluster

PREFERENTIAL MARKET ACCESS

Free Trade Agreements

Through key trading agreements with preferential access to North and South American, European and Asian markets, companies in Canada can reach customers across the globe.

CUSMA CANADA - UNITED STATES - MEXICO AGREEMENT

CANADA-KOREA FREE TRADE AGREEMENT
 Creating Jobs and Opportunities for Canadians #CKFTA

EU CANADA

COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT (CETA)

CPTPP
 COMPREHENSIVE AND PROGRESSIVE AGREEMENT FOR TRANS-PACIFIC PARTNERSHIP

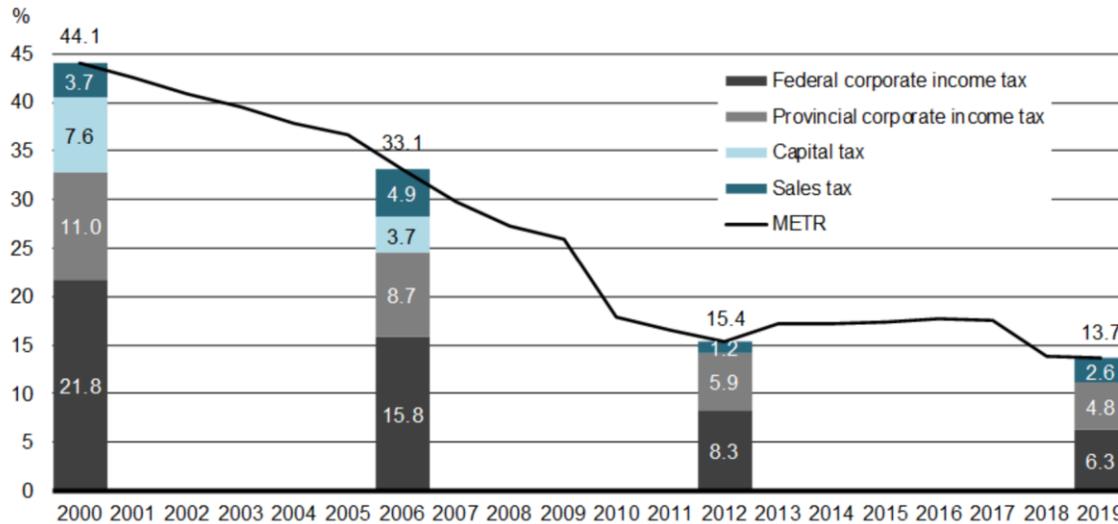


LOWEST TAX RATE ON NEW BUSINESS INVESTMENT IN G7

The **Marginal Effective Tax Rate (METR)** metric provides a broad indication of overall tax competitiveness. It is an estimate of how a new business investment is taxed and can be used as a measure of competitiveness – balancing the impact of tax costs against incentives to investments.

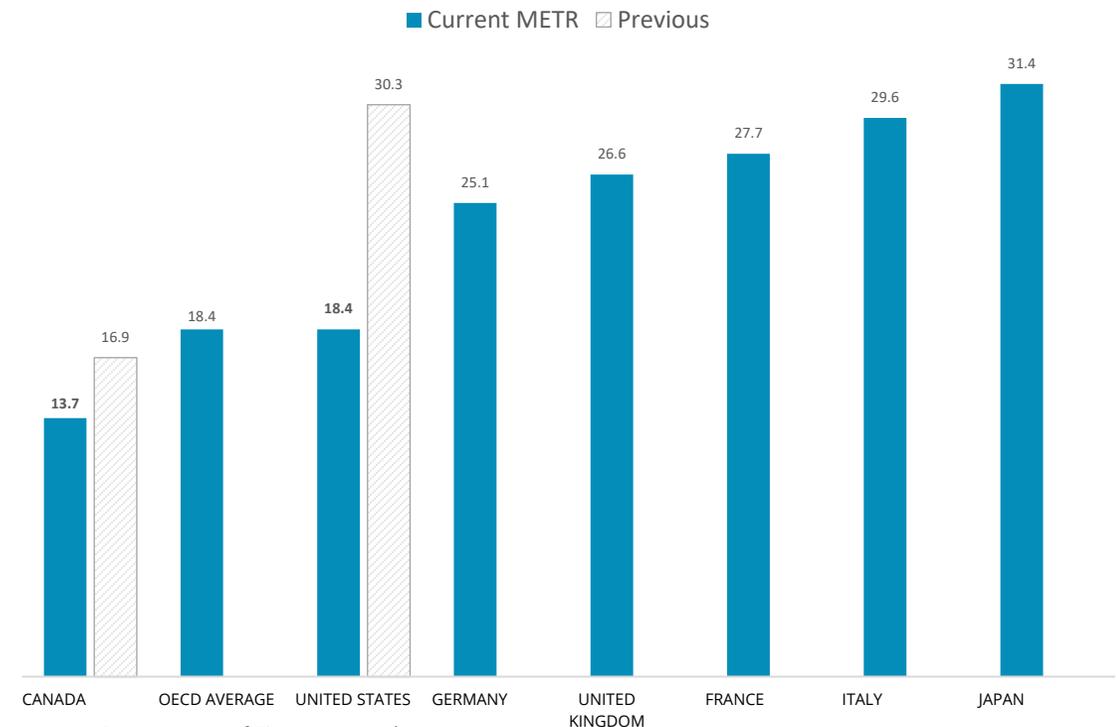
The METR in Canada has fallen from 16.9% to 13.7%, lower than the US and all other G7 nations, making new business investment in Canada even more attractive.

Table 1: Canadian METR by Year



Source: Department of Finance Canada

Table 2: METR on New Investments, Canada and the G7- 2019



Source: Department of Finance Canada





QUÉBEC ADVANTAGES





QUÉBEC VALUE PROPOSITION

- Diversified Economy
- Political stability
- Secure Banking system
- Strategic location
- Multimodal transportation
- Advantageous free- trade agreements
- Affordable energy
- Abundant natural resources
- Competitive operating costs and tax incentives
- Highly-skilled workforce
- Innovation: Artificial Intelligence supercluster, Fintech Ecosystem, among others
- And much more...



EXCEPTIONAL OPPORTUNITIES IN ENERGY, MINING, & SUSTAINABLE MOBILITY

Abundance of metals and minerals, Clean energy, and Government commitment

- Québec intends to position itself as a leader in green hydrogen and biomass energy
- Building an end-to-end battery ecosystem: Exploration, Extraction, Transformation, Recycling

2030 Green Economy Plan: a \$6.7B plan to achieve Québec objectives

- Carbon neutrality by 2050
- Electrification of public transportation
- Energy efficiency and conversion of industrial activities



Marubeni

NOVABUS
bring life to your city

PACCAR

BRIDGESTONE



PROJECTS IN ABUNDANCE, IMMENSE POTENTIAL!

Critical and Strategic Minerals in Québec

Graphite

Several graphite projects are underway in Québec.

- 1 **Lac-des-Îles**
Imerys Graphite and Canada Carbon
- 2 **Lac Guéret**
Mason Graphite
- 3 **Matawinie**
Nouveau Monde Graphite
- 4 **Lac Knife**
Focus Graphite Inc.
- 5 **La Loutre**
Lomiko Metals Inc.
- 6 **Miller**
Canada Carbon
- 7 **Bell Graphite**
Saint Jean Carbon
- 8 **Mousseau West**
- 9 **Lac Rainy Nord**
Metals Australia Ltd
- 10 **Lac Guéret Sud**
Berkwood Resources Ltd

Nickel, Copper, Cobalt and Platinum Group Elements

Two mines extract cobalt and platinum group elements as nickel by-products.

- 11 **Raglan**
Glencore Canada Corporation
- 12 **Nunavik Nickel**
Canadian Royalties Inc.
- 13 **Dumont Nickel**
Magneto Investments Limited Partnership
- 14 **Bravo**
Jien Nunavik Mining Exploration Ltd.
- 15 **Hawk Ridge**
Nickel North Exploration Corp.
- 16 **Lac Menarik**
Harfang Exploration Inc.
- 17 **Lac Rocher**
Victory Nickel Inc.
- 18 **Nisk-1**
Critical Elements Corporation
- 19 **Grasset**
Balmoral Resources Ltd

Niobium

Québec is the second largest producer of niobium in the world and the only producer in the Northern Hemisphere.

- 20 **Niobec**
Magris Resources Inc.
- 21 **Crevier**
Les Minéraux Crevier inc.

Titanium or Vanadium

Québec is the world's largest producer of titanium in the form of ilmenite.

- 22 **Lac Tio**
Rio Tinto Fer et Titane
- 23 **BlackRock**
BlackRock Metals Inc.
- 24 **Vanadium-Lac Doré**
Vanadiumcorp Resource Inc.
- 25 **Maggie**
The Maggie Mines Inc.
- 26 **Iron-T**
Vanadium Corp.
- 27 **Mont Sorcier Iron**
Vanadium One Iron Corp.
- 28 **Lac la Blache**
Splendor Titanium Inc.

Lithium

Québec has high lithium potential.

- 29 **North American Lithium****
North American Lithium
- 30 **Whabouchi**
Nemaska Lithium
- 31 **Authier**
Sayona Québec
- 32 **Rose**
Critical Elements Lithium Corporation
- 33 **Moblan**
Lithium Guo Ao Ltée and SOQUEM
- 34 **James Bay**
Galaxy Resources Limited

Rare Earth Elements

Québec has several rare earth deposits and is recognized as having global potential.

- 35 **Kwyjibo**
SOQUEM
- 36 **Eldor (Ashram)**
Commerce Resources Corporation
- 37 **Strange Lake - Zone B**
Torngat Metals Ltd.
- 38 **Kipawa (Zeus)**
Corporation Métaux Précieux du Québec and Ressources Québec inc.
- 39 **Niobec - REE Zone**
Niobec Inc.
- 40 **Carbonatite from Montviel**
Geomega Resources Inc.

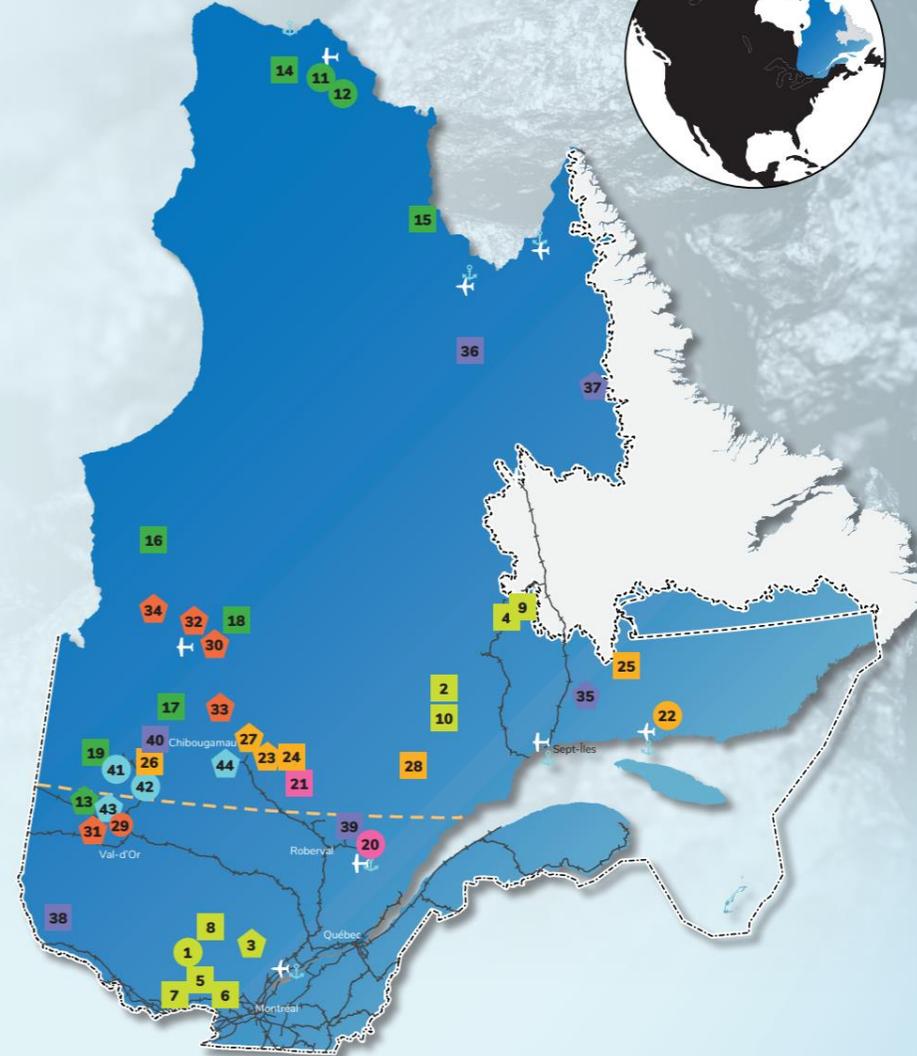
Zinc and Copper*

A copper smelter and refinery and a zinc refinery are in operation in Québec.

- 41 **Bracemac-McLeod**
Glencore Canada Corporation
- 42 **Langlois (Grevet)****
Breakwater Resources
- 43 **Abcourt**
Abcourt Mines Inc.
- 44 **Lac Scott**
Les Ressources Yorbeau inc.

* The zinc and copper resources are not represented on the map.
** Mines in maintenance

Project legend: □ Deposits (mineral resources) ◊ Development or construction and running-in projects ○ Mines



SAGUENAY, QUÉBEC

INDUSTRIAL CITY

- Central point for development in Northern Québec
- Seven key sectors: aluminum processing, forest industry, digital sector, northern agriculture, tourism industry, energy and medical research
- Five industrial parks and a digital district on the territory
- Presence of a Canadian Armed Forces base dedicated to air defence, combat support and rescue missions

ALUMINUM CAPITAL OF THE WORLD

- Saguenay—Lac-Saint-Jean has a niche of excellence in aluminum processing
- Four production centres, four research and development centres and three university chairs
- A network of world-class equipment suppliers
- Over 30,000 direct and indirect jobs

KEY ADVANTAGES

- Site located in a non-floodable area
- Access to natural gas nearby
- Large reception and storage capacity
- 20 minutes from downtown Saguenay (population 150 000), the industrial-port zone is far from densely populated areas
- A region renowned for its strong industrial background
- Nearby hospitals, university and training centers
- A stable business climate and a qualified workforce available



THE PORT OF SAGUENAY

Overview

The Port of Saguenay is made up of a sector dedicated to maritime operations, an intermodal sector combining rail service and access to national highways as well as a vast industrial-port zone.

The Grande-Anse marine terminal, adjacent to Quai-Marcel-Dionne, is dedicated to the reception, shipment and transshipment of general and specialized cargo, solid bulk and liquid bulk. It is located on an exceptional navigation corridor, the Saguenay River, more precisely 54 nautical miles from the confluence of the river and the St. Lawrence River. This strategic position gives it direct access to northern Québec as well as to major international markets. Examples of products handled:

- Aluminum
- Bricks
- Wood pellets
- Anodes
- Metallurgical coal
- De-icing salt
- Liquid pitch
- Kaolin
- Fluorspath

Rail Access

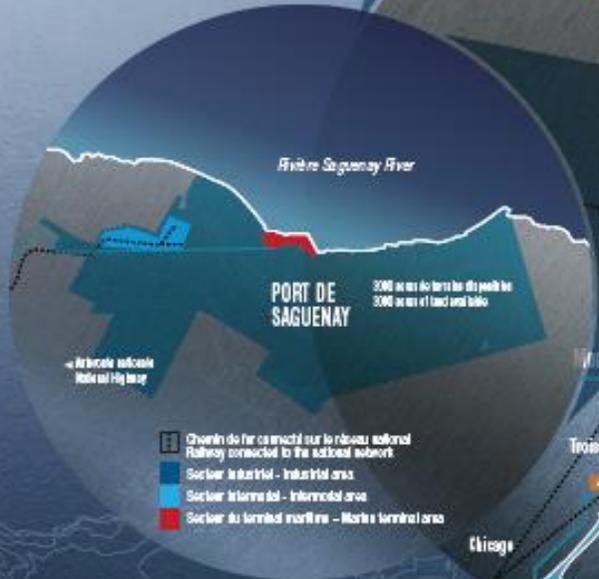
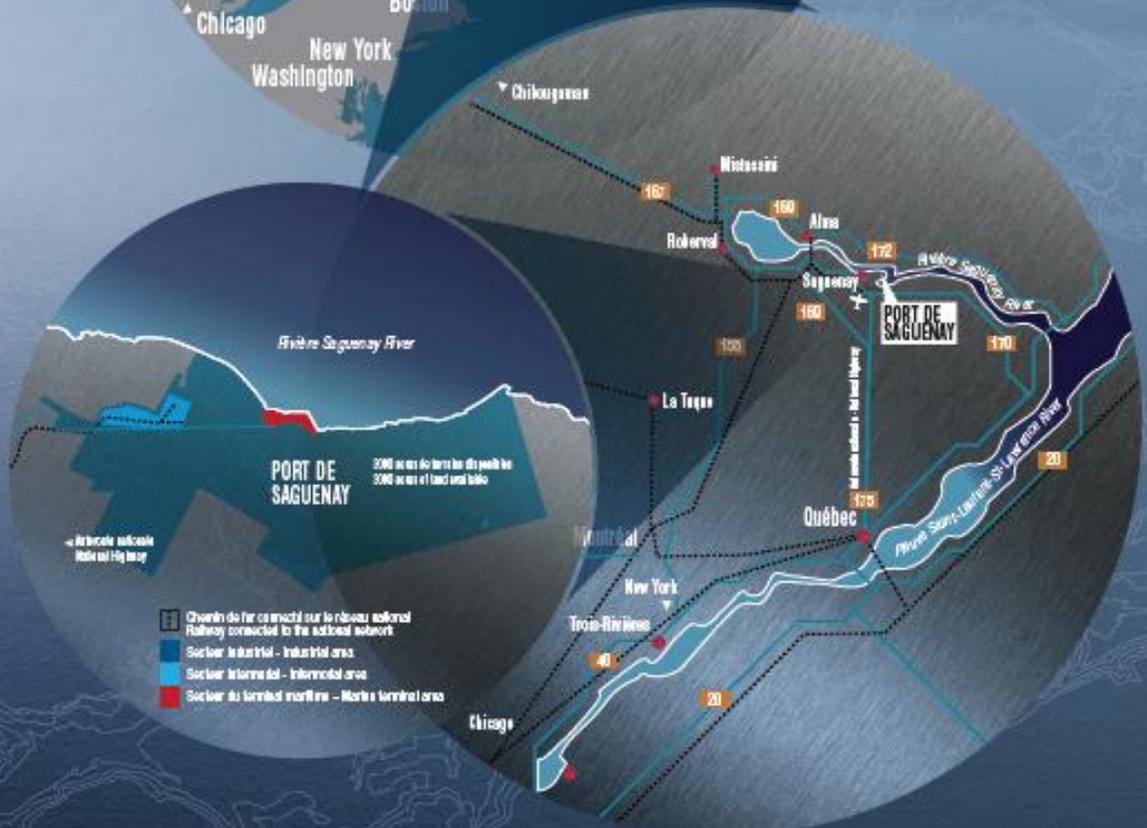
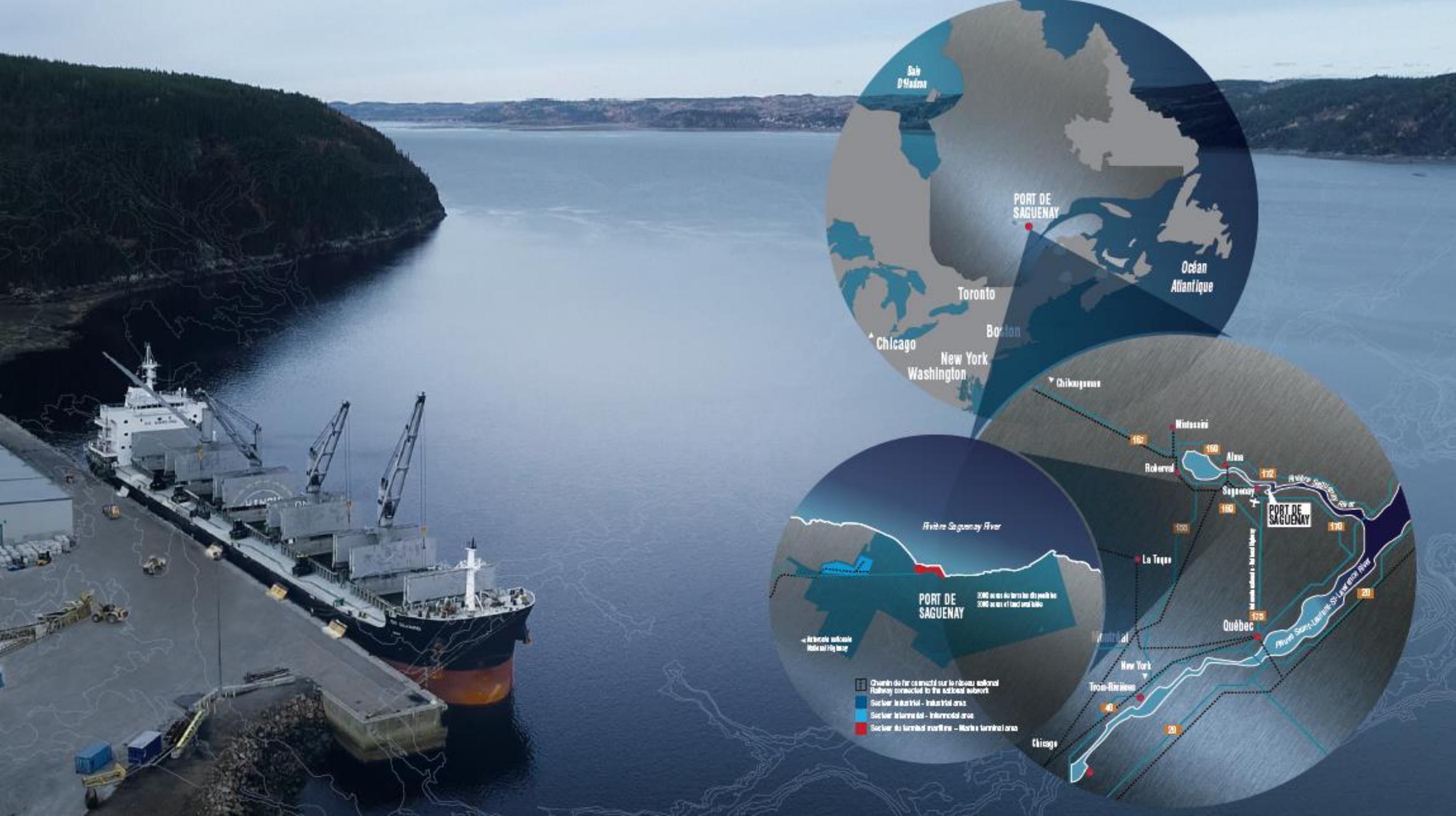
The Port of Saguenay has a rail service, a strategic infrastructure directly linking the industrial-port zone of Saguenay to the national rail network. This direct access to western Canada and the heart of North America allows a large quantity of goods to transit efficiently through the Saguenay maritime corridor.

Physical features of the Grande-Anse Marine Terminal

- Berth Front: 286 m. (939 ft)
- Depth: 13.8 m. (45.2 ft) at low mean tide
- Accessibility: vessels of more than 100,000 deadweight tons

| From the Port of Saguenay to: | 20 knots (days) |
|-------------------------------|-----------------|
| Newark, New Jersey | 3.2 |
| Savannah, Georgia | 4.8 |
| Rotterdam, Netherlands | 6.7 |
| Mumbai, India | 19.6 |
| Nagoya, Japan | 31.5 |





- Chemin de fer connecté sur le réseau national
Railway connected to the national network
- Secteur industriel - Industrial area
- Secteur interstadial - Interstadial area
- Secteur de terminaux maritimes - Maritime terminal area

3000 ans de terre les 3000 ans de l'eau

Autoroute nationale
National Highway

Rivière Saguenay River

PORT DE SAGUENAY

Chicago

New York

Boston

Toronto

Washington

Océan Atlantique

PORT DE SAGUENAY

Bah D'Hudson



COST ADVANTAGES IN QUÉBEC



KPMG CITY COMPETITIVENESS INDEX

According to the 2021 City Competitiveness Index developed by KPMG, Québec is an affordable and cost-competitive location for international investors.

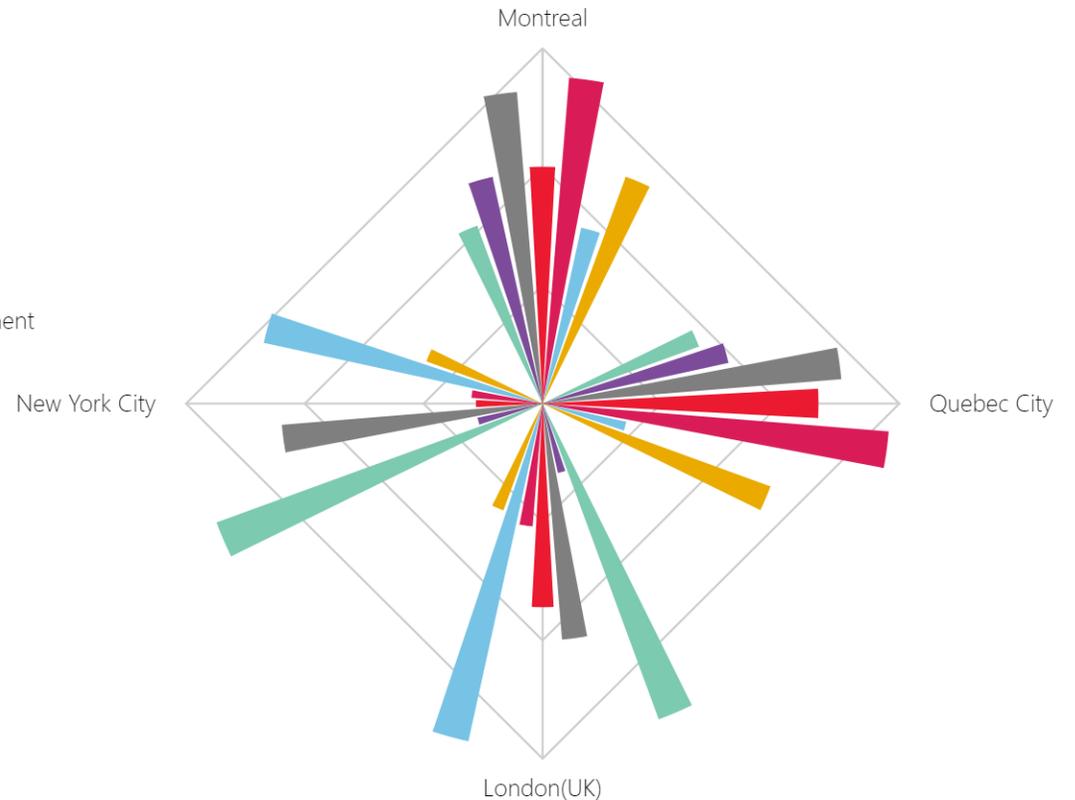
Methodology

The City Competitiveness model applies current business cost data for each location to a set of business operating specifications that are held constant for all locations. The result is a comparison of the estimated cost of operating an equivalent facility in each location. The model generates 10-year pro forma reports, including income statements, cash flows and detailed tax calculations. These reports form the basis of the cost comparison presented here. The comparison presented in this graph is based on income statement analysis. The additional attributes (non-cost factors) are integrated within the model and weighted according to their importance for each business persona.

Capital Intensive Manufacturing

The Capital Intensive Manufacturing persona represents manufacturing projects requiring a large amount of capital expenditures. This persona involves continuous manufacturing through which operations are analogous to repetitive (running 24/7). The primary difference is that production from continuous manufacturing materials are gases, liquids, powders, or slurries. In some cases, such as mining, they can be granular or chunky materials. Capital intensive manufacturing is often required for high-volume production of commoditized products intended for domestic or global markets.

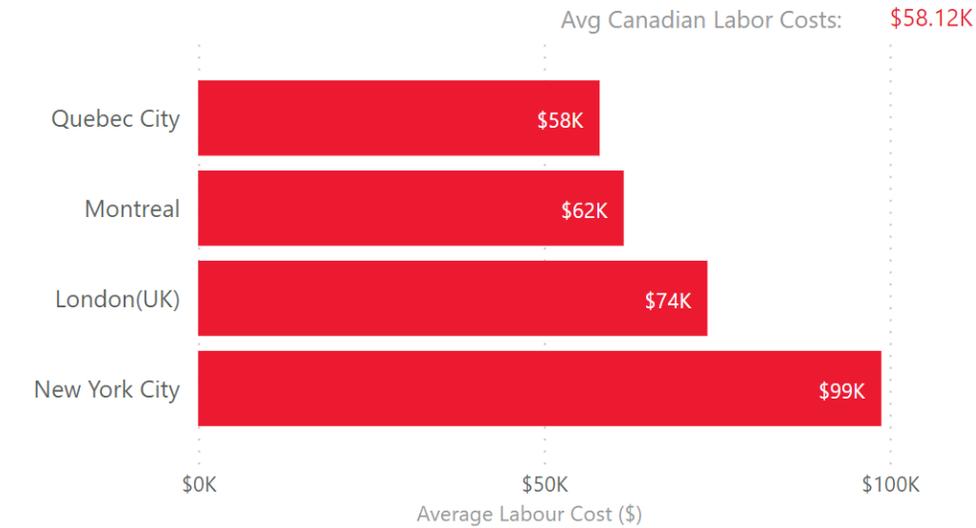
- Business Environment
- Facilities
- Intangible Factors
- Labor
- Tax
- Transportation
- Utilities



KPMG CITY COMPETITIVENESS INDEX

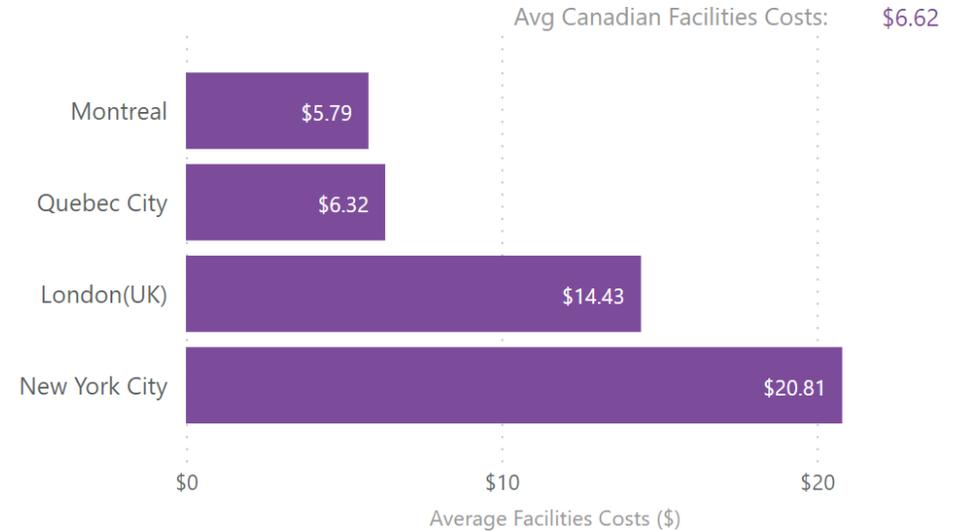
Sample Labour Costs

The workforce required for each business persona is built from 96 benchmark job positions. Benchmarking of labour costs is based on average total cost per employee, referring to the combination of base salary and benefits across positions/roles applicable to a given business persona.



Sample Facilities Costs

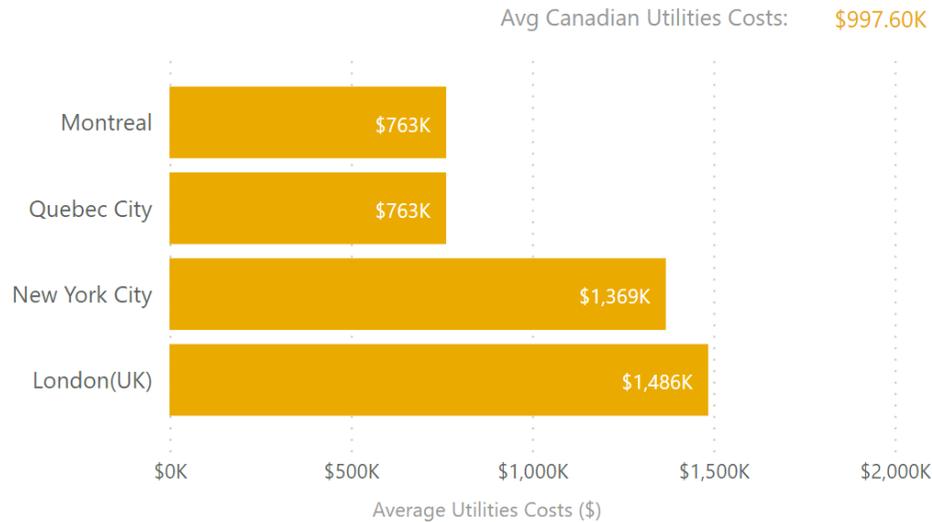
The benchmarking of facilities costs is based on the analysis of key variables including vacancy rate, market facilities stocks, and average rent. Featured cities are then ranked according to the average price per square foot paid for a given space type, such as industrial space and office space (Class B and Class A).



KPMG CITY COMPETITIVENESS INDEX

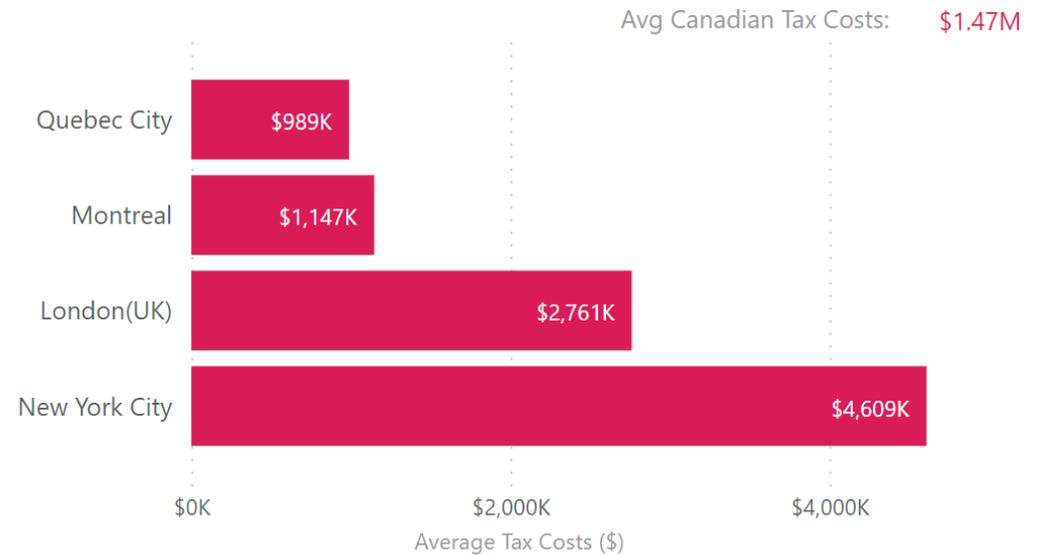
Sample Utility Costs

Energy requirements have been developed based on actual firm and industry average data. Costs were calculated based on published schedule rates of relevant energy suppliers or reported statistical rate data for industrial and commercial users, as available.



Sample Tax Costs

Taxes are classified into two categories: 1) National / regional taxes, including: income tax rates, income tax loss carry forwards, sales tax, tax credit rates, etc. 2) Local taxes, including: real property tax, business property tax, local sales tax, etc.





STEEL INDUSTRY IN CANADA



STEEL INDUSTRY IN CANADA & QUÉBEC

The steel industry is a major contributor to the Canadian economy and contributes approximately \$3.8 billion to Canada's GDP. Québec is a large producer of both steel and aluminum and holds a large share of the steel industry's establishments, with 22.6% of the total in Canada.

Canada exports 90% of its steel to the U.S. and, in 2017, of all steel producing provinces, Québec exported the most steel and aluminum combined at \$9.8 Billion.

Québec's metal production industry is a major lever for economic expansion. This industry is mature, which means it is ripe for innovation and new technologies. A good example of this, is steel producers now using technology and innovation to upgrade and modernize their mills in order to improve their energy use and lower their carbon emissions.

[Investissement Québec - CRIQ](#) provides several solutions to increase the productivity of the metal production and processing sector in Québec, such as component mounting, friction stir welding, air analysis, and chemical product formulation. [The ESSOR Program](#) administered jointly by Investissement Québec and the Ministère de l'Économie et de l'Innovation provides support to companies in the Steel and Aluminium Industries.

[The Strategic Innovation Fund](#) has also contributed to innovative steel manufacturing projects such as with Nova Steel and ArcelorMittal.

Stakeholders

In terms of competition, the three largest players account for 70% of the market:



The other 30% of the market is made up of smaller players.

There's also several Canada wide associations linked to the industry:





PROGRAMS

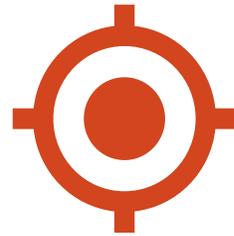


GOVERNMENT OF CANADA FLAGSHIP PROGRAMS



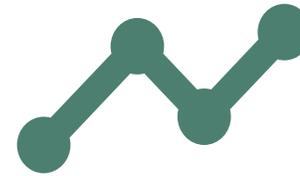
Support for Innovation

Canada promotes one of the richest (~\$3B every year) innovation support programs in the world through its [Scientific Research and Experimental Development \(SR&ED\)](#) incentive.



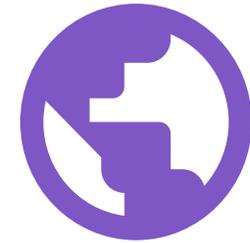
Strategic Innovation Fund (SIF)

Launched in 2017, the [Strategic Innovation Fund \(SIF\)](#) is a funding program aimed to bolster the global competitiveness of manufacturers and new technology with a focus on supporting large projects (those requesting over \$10 million in funding).



Progressive Tax Incentives

Canada offers progressive tax incentives with the [Accelerated Capital Cost Allowance](#) allowing businesses to write off 100% of the cost of machinery and equipment used for the manufacturing, processing of goods, and renewable energy.



Global Skills Strategy

[Two-week processing](#) of work permits for employers to hire highly-skilled global talent.



QUÉBEC PROGRAMS

ESSOR Program

[ESSOR program](#) provides advantageous and interest-free loans for large-scale projects in Québec. Applicants must operate in any of the eligible sectors and must submit an investment project with eligible expenditures of \$250,000 or a project with a cumulative increase in payroll of \$2 million or more over the first three years following the project start date.

Tax Holiday for Large Investment Projects

[Tax Holiday for Large Investment Projects](#) is a 15-year tax holiday that includes a provincial income tax holiday and a health services fund (HSF) employer contribution holiday.

R&D Tax Credit

[Scientific Research and Experimental Development \(SR&ED\)](#) is a fully refundable 14% tax credit on salaries and subcontractor fees paid in the region when carried out a scientific research and experimental development is carried out. The basic federal tax credit is 15% of the R&D expenditures and is not refundable.

C3i Investment & Innovation Tax Credit

The [Credit for Investments and Innovation \(c3i\)](#) provides a credit of up to 20% to qualified corporations that invest in certain property after March 10, 2020 and before 2025.

Talent Development and Attraction Programs

[Financial Assistance for Job Creation and Training](#) covers 25% of eligible costs for the implementation of a training program and 50% of costs incurred for the creation of a Human Resources department.

[Tax Holiday for Foreign Researchers and Experts](#) is a five-year Québec income tax exemption at the personal level: 100% of salary for the 1st and 2nd year; 75% for the 3rd year; 50% for the 4th year; 25% for the 5th year.

Please view the Appendix for more information on these programs and others.



Contact Us

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Appendix **Federal Programs**



STRATEGIC INNOVATION FUND



The [Strategic Innovation Fund \(SIF\)](#) is designed to support six high growth sectors –advanced manufacturing, agri-food, clean technology, digital industries, health/biosciences and clean resources.

SIF focuses its support on larger projects that are **over \$10 million in requested contribution** and **provides repayable and non-repayable contributions** to support five streams of activities:

Stream 1: R&D and Commercialization

Stream 2: Firm Expansion and Growth

Stream 3: Investment Attraction & Reinvestment

Stream 4: Networks for collaboration between academia, non-profits and the private sector to advance research, development and technology

Stream 5: This initiative will support large-scale national ecosystems through high impact collaborations between small, medium and large corporations, academic and research institutions, and not-for-profit organization to support Canadian innovation ecosystems.

Eligibility

Streams 1, 2 & 3: The applicant must be a for-profit corporation — small, medium or large-sized — proposing to carry on business in Canada in the industrial and/or technology sectors. You can receive up to 50% of total eligible costs.

Stream 4: Applicants are a consortium that may include Canadian universities, colleges, research institutes, for-profit corporations (including SMEs) and/or not-for-profit entities operating in the industrial and/or technology sectors. You can receive up to 50% of total eligible costs. Stream 4 contributions are all nonrepayable.

Stream 5: Eligible applicants include Networks and Consortia (e.g. Canadian Universities and/or Colleges, research institutes, for-profit corporations, and/or not-for-profit entities) consisting of multiple members located throughout Canada.

Eligible Costs

Eligible costs are limited to non-recurring costs that are specifically related to the project, including:

- direct labour
- direct materials and equipment
- overhead (program limits apply)
- other direct costs
- subcontracts and consultants
- land and buildings



NET ZERO ACCELERATOR FUND

The Government of Canada has demonstrated its commitment to green economic recovery through its December 11, 2020, announcement for investment of **\$3 billion over five years** through SIF's **new Net Zero Accelerator fund**.

In April 2021, the [2021 Federal Budget](#) announced **an additional \$5 billion over seven years** starting in 2021-22 for a **total of \$8 billion** to the Net Zero Accelerator to help reduce domestic greenhouse gas emissions across the Canadian economy.

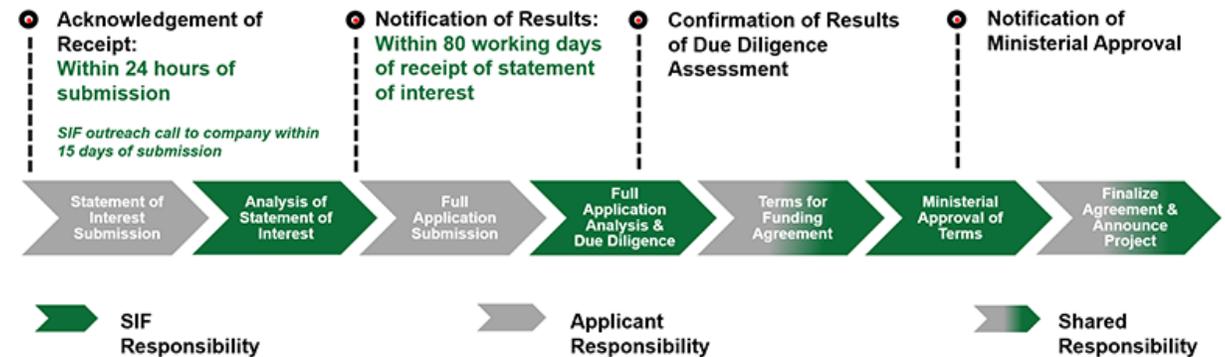
This Fund will rapidly expedite decarbonization projects with large emitters, scale-up clean technology and accelerate Canada's industrial transformation across all sectors.

The Strategic Innovation Fund – Net Zero Accelerator will have three focus areas:

1. Support for the development and adoption of clean technology solutions in all industrial sectors.
2. Support for clean technology development in Canada's aerospace and automobile manufacturing sectors.
3. Support for the development of a Canadian battery innovation and industrial ecosystem, which will build on Canada's natural resources and leading expertise to develop an end-to-end battery ecosystem in Canada.

If interested, Invest in Canada can put you in contact with the Fund.

Process Overview for SIF



CAPITAL COST ALLOWANCE

Canada implemented **three important immediate changes** to Canada's tax system in 2019.

These include:

- Allowing businesses to write off 100% of the cost of **machinery and equipment used for the manufacturing or processing of goods**
- Allowing businesses to immediately **write off 100%** of the cost of specified clean energy equipment
- An **accelerated capital cost allowance** (i.e., larger deduction for depreciation) for businesses of all sizes, in all sectors of the economy, making capital investments

Illustrative Impact of Proposal Measures on Selected Assets, Showing Deductions in the First Year

| | Normal | With the new Measure in 2019 |
|--|----------|------------------------------|
| Immediate Expensing | | |
| Manufacturing and processing machinery and equipment | 25% | 100% |
| Clean energy equipment | 25% | 100% |
| Accelerated Investment Incentives | | |
| Computer Software | 50% | 100% |
| Computers | 27.50% | 82.50% |
| Trucks and tractors for hauling freight | 20% | 60% |
| Motor vehicles | 15% | 45% |
| Earth-moving equipment | 15% | 45% |
| Data network infrastructure equipment | 15% | 45% |
| Aircraft | 12.50% | 37.50% |
| Office Equipment | 10% | 30% |
| Fiber-optic cables | 6% | 18% |
| Buildings used in manufacturing and processing | 5% | 15% |
| Other non-resident buildings | 3% | 9% |
| Goodwill | 2.5% | 7.50% |
| Other | Variable | Up to 3X normal rate |

1. Goodwill is an intangible business asset that is linked to the established reputation of a business. In practice, goodwill is the difference between the price paid to acquire a business and the value of the net assets (e.g. buildings, equipment) acquired during the sale.
2. The category "Other" includes all other capital assets, including intangible capital assets, that are not presented in this table.



SCIENTIFIC RESEARCH & EXPERIMENTAL DEVELOPMENT (SR&ED)

In Canada, research and development (R&D) tax credits are offered by both federal and provincial governments. The [Scientific Research and Experimental Development \(SR&ED\)](#) Program is a federal tax incentive program to encourage Canadian businesses of all sizes and in all sectors to conduct R&D in Canada.

The SR&ED Program Provides Two Tax Incentives

1. A deduction to reduce income for tax purposes
2. An investment tax credit

Eligible SR&ED includes: experimental development, applied research, basic research, and certain types of work in support of this research, including: engineering, design, operations research, mathematical analysis, computer programming, data collection, testing, and psychological research.

Eligible expenses includes: wages and salaries of employees directly engaged in SR&ED work, overhead expenditures, contract expenditures, materials, and third-party payments where the performer retains the rights to the SR&ED.

A Canadian subsidiary performing SR&ED work in Canada for itself or on a contractual basis for the foreign-owned parent, can deduct eligible expenditures and claim the **15% non-refundable tax credit** on these to reduce taxes payable.

A non-refundable tax credit can be used to reduce federal taxes payable in the current year, in the previous three years, and/or in the next 20 years. There are no ceilings on SR&ED expenditures for companies claiming the tax credit.

The provincial tax credit is calculated first, and the federal Investment Tax Credit (ITC) is calculated on the remainder of the claim.



COMBINED FEDERAL & PROVINCIAL TERRITORIAL SR&ED TAX CREDITS

| Provinces | Provincial Credit Rate | Provincial Refund | Foreign-Controlled corporations (FCC) | |
|---------------------------|------------------------|-------------------|---------------------------------------|-----------------------------------|
| | | | Federal Credit Rate | Combined Credit Rate ¹ |
| Alberta ² | N/A | N/A | 15% | 15% |
| British Columbia | 10% | No | 15% | 23.5% |
| Manitoba | 15% | Yes | 15% | 27.75% |
| New Brunswick | 15% | Yes | 15% | 27.75% |
| Newfoundland and Labrador | 15% | Yes | 15% | 27.75% |
| Nova Scotia | 15% | Yes | 15% | 27.75% |
| Ontario ³ | 8.0% + 3.5% | Yes/No | 15% | 24.80%/18% |
| Prince Edward Island | N/A | N/A | 15% | 15% |
| Québec | 14% | Yes | 15% | 26.9% |
| Saskatchewan | 10% | No | 15% | 23.5% |
| Nunavut | N/A | N/A | 15% | 15% |
| NWT | N/A | N/A | 15% | 15% |
| Yukon | 15% | Yes | 15% | 27.75% |

¹ In calculating the combined credit, the federal tax credit base is reduced by the provincial tax credit receivable. The provincial tax credit is calculated first, and the federal Investment Tax Credit (ITC) is calculated on the remainder of the claim.

² Alberta's SR&ED replaced by the [Innovation Employment Grant](#) which supports small and medium-sized businesses that invest in research and development (R&D) with a grant worth up to 20% of qualifying expenditures.

³ The Ontario Innovation Tax Credit (OITC) of 8.0% is refundable and is available to all corporations, irrespective of ownership. The maximum tax credit under OITC is \$300,000; this tax credit is gradually reduced when a firm's federal taxable income of the prior tax year exceeds \$500,000, and is eliminated at \$800,000. Ontario also has the Ontario business-research institute tax credit (OBRITC), a 20% refundable credit on qualified expenditures incurred under eligible contracts with eligible research institutes, and the ORDTC. The Ontario Research and development Tax Credit (ORDTC) of 3.5% is a non-refundable; in calculating ORDTC, eligible expenditures will be reduced in respect to government assistance, including the OITC, received. The ORDTC is pro-rata and without eligibility limitations.



DUTY-FREE MANUFACTURING TARIFF REGIME

Canada has implemented a major new initiative that eliminates tariffs on all manufacturing inputs from 2015—**the first country in the G-20 to offer a tariff-free zone for industrial manufacturers.**

Canada’s initiative applies across the entire country, making Canada one large FTZ (Foreign Trade Zones) for firms importing manufacturing inputs.

Free trade in manufacturing inputs is an important source of competitive strength for businesses in Canada. By reducing the cost of importing key factors of production, tariff relief encourages innovation, enhances productivity, reduces customs compliance costs and eliminates the administrative burden of complying with various rules and regulations.

In addition, investors who choose Canada for their next investment destination will have the advantage of importing advanced machinery and equipment into Canada free of import duties. This reduces the import cost of advanced machinery and equipment, thereby realizing productivity gains from efficient production.

Overview of Canada’s FTZ-Type Programs

| Program | Main Benefit | Main Qualifications |
|---|---|---|
| <u>Duties Relief Program</u> | Upfront relief of duties | Goods must be exported within four years |
| <u>Drawback Program</u> | Refunds duties for exported goods | Goods must have been exported within four years |
| <u>Customs Bonded Warehouse</u> | Defers/relieves duties and taxes | Goods must not be substantially altered |
| <u>Export Distribution Centre Program</u> | Upfront relief of GST/HST on certain imports and domestic purchases | Must be export-oriented commercial entity that adds only limited value to goods |
| <u>The Exporters of Processing Services Program</u> | Upfront relief of GST/HST on certain imports | Goods must belong to non-resident and be re-exported after being processed |

Source: [Department of Finance Canada](#)



GLOBAL SKILLS STRATEGY

The [Global Skills Strategy \(GSS\)](#) is a federal program introduced to allow employers to attract top global talent by speeding up application processing times, providing work permit exemptions and offering dedicated channels for support.

The **two-week processing** of work permits for employers to hire highly-skilled global talent makes Canada an attractive destination for companies to grow.

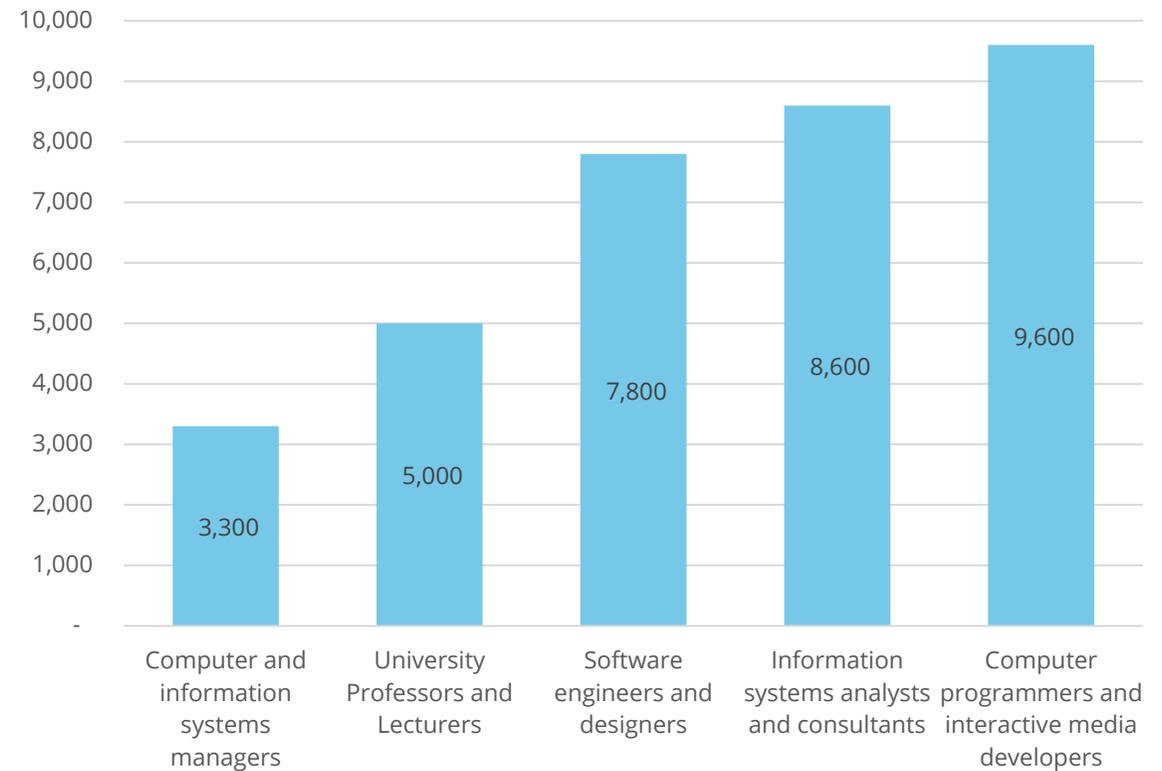
The program offers a Dedicated Service Channel (DSC) to employers who make a significant investment in Canada.

For Global Skills Strategy eligibility, the employer must meet certain criteria:

- **High Value Investments:** Large scale investments made by foreign or multinational companies in Canada.
- **High Potential/High Growth Companies:** Companies with proven market acceptance and a capacity for accelerated growth that will significantly impact the Canadian economy
- **Innovative Companies:** Companies with a focus on innovation and willingness to scale-up and grow that are operating in Canada

92% approval rate on the work permit applications received through the Global Skills Strategy program — and **50,000+ skilled workers** have come to Canada through this program as of November 2020 since June 2017.

Top 5 Occupations of Global Skills Strategy Approved Applicants (June 2017 – November 2020)



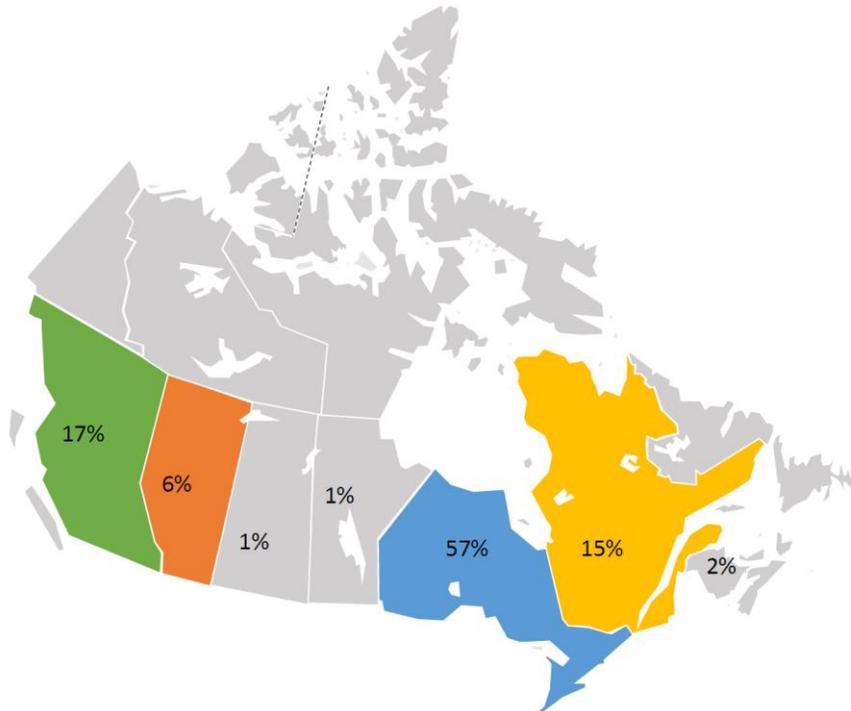
Source: Immigration, Refugees and Citizenship Canada



GLOBAL SKILLS STRATEGY - INSIGHTS

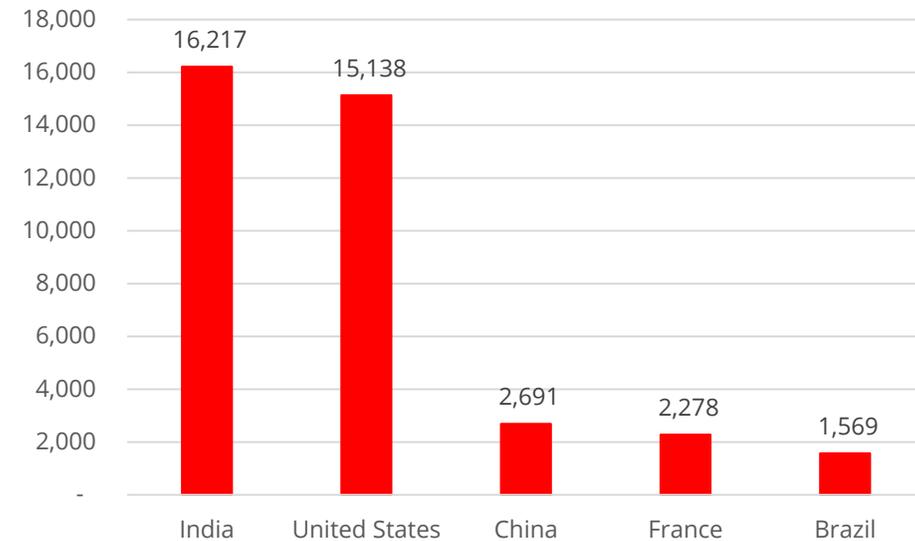
Primary Destinations

Province of Destination Percentage Breakdown for Global Skills Strategy Primary Applicants (June 12, 2017 – September 30, 2020)



Source: Immigration, Refugees and Citizenship Canada

Top 5 Countries of Residence of Global Skills Strategy Applicants (June 12, 2017 – November 30, 2020)



Source: Immigration, Refugees and Citizenship Canada





Appendix

Provincial Programs



ESSOR PROGRAM

Administrated jointly by Investissement Québec (IQ) and the Ministry of the Economy, Science and Innovation (MESI), **ESSOR** focuses on companies seeking financing to carry out major long-term development projects.

Investment projects must have eligible expenses of \$250,000 or more and be active in eligible sectors, including in your case the manufacturing sector.

Forms of Financial Assistance

- Loans
- Interest-free loans
- Non-refundable financial contribution and forgivable loans. Note that a request for a grant or a forgivable loan is reserved to the discretion of the government and must be assessed by the Council of Ministers.

Your company must submit any request for financial assistance before starting its project or incurring any expenses, as this could compromise the incentive aspect of the project.

Did you know?

ESSOR covers **up to 50% of project costs**. ESSOR provides the cash flow you need to carry out your investment projects while maintaining your regular operations.

WE OFFER

YOU GET

A loan or loan guarantee

Financial products adapted to your needs

Financial assistance covering up to 50% of project costs

The opportunity to carry out your investment projects while retaining your liquid assets for use in your ongoing operations

A loan guarantee covering as much as 70% of a net loss

The possibility of obtaining additional cash faster and more easily

A financing term of up to 10 years

A flexible term, depending on the asset's useful life

Possible deferral of principal repayment

The benefit of having cash available while awaiting project completion



CREDIT FOR INVESTMENTS AND INNOVATION

The [Credits for Investments and Innovation \(C3i\)](#) provides a credit of up to 20% to qualified corporations that invest in certain property after March 10, 2020 and before 2025.

The province's 2021 budget further enhanced this credit by temporarily doubling its rate to up to 40% for certain acquisitions after March 25, 2021.

Eligibility

- must have an establishment in Québec and carry on a business in Québec
- must not be exempt from income tax
- must not be a Crown corporation or a subsidiary controlled corporation of a Crown corporation
- must not be an aluminum producing corporation
- must not be an oil refining corporation

Additionally, corporations that are members of a qualified partnership may receive the C3i for specified expenses that the partnership incurs for acquiring specified property.

Eligible taxpayers can claim the C3i on the following "specified property":

- Computer hardware (class 50)
- Manufacturing and processing equipment (classes 43, 53)
- Management software packages (part of class 12 property) used to manage one or more of the following:
 - All of a business' operational processes by integrating its functions
 - An entity's business interactions with its customers using multiple and interconnected communication channels
 - A network of businesses involved in the production of a product or service required by the end customer to cover all movement of material and information from point of origin to point of consumption
- Other property used primarily in smelting, refining or hydrometallurgical activities of ores extracted from a mineral resource located in Canada (other than ores from a gold or silver mine).



TAX HOLIDAY FOR LARGE INVESTMENT PROJECTS

Under the [Tax Holiday for Large Investment Projects](#), administered by the Ministry of Finance of Québec, a corporation that carries out, after November 20, 2012, a major investment project in Québec may, under certain conditions, benefit from:

- a tax holiday on income from its eligible activities relating to this project
- a holiday from employers' contributions to the Health Services Fund (HSF) with respect to the portion of salaries paid to its employees attributable to the time they devote to these activities

Main Parameters

- the minimum investment is set at \$100 million or \$75 million if the investment is made in the regions and must be reached at the latest at the end of the 60-month period following the date of issue of the initial certificate;
 - ✓ the duration of the tax holiday is 15 years
 - ✓ major investment projects must relate to one of the eligible activity sectors (manufacturing, wholesale trade, warehousing and storage, data processing and hosting, operation of eligible digital platforms)

To benefit from the tax holiday, a company must obtain an initial certificate as well as annual certificates.

The request for an initial certificate must be presented to the Minister of Finance before the start of the implementation of the major investment project, and no later than December 31st, 2024.

Type of Financial Assistance

- Income Tax Holiday
- Holiday from Employer Contributions to the Health Services Fund (HSF)



TAX HOLIDAY FOR FOREIGN RESEARCHERS, EXPERTS OR SPECIALISTS

A [tax holiday](#) from Québec personal income taxes may be granted to a researcher or foreign expert.

Eligible employers must apply for an eligibility certificate within the prescribed timeframe to the Recherche, Science et Technologie mission of the Ministère de l'Économie, de l'Innovation et des Exportations.

The purpose of the tax holiday program is to help employers who have difficulty recruiting, in Québec or elsewhere in Canada, employees with the skills required to meet their needs in the fields of scientific research and experimental development.

Eligibility

A person (hereinafter referred to as an “employee”) who is not resident in Canada and who comes to Québec to work as a foreign specialist, a foreign researcher, a foreign expert, a foreign professor or a foreign researcher on a post-doctoral internship is entitled to a full or partial tax exemption for a continuous period of five calendar years. The exemption applies to the employee's salary or wages, or to all the employee's income, as applicable. The exemption consists in a deduction in the calculation of taxable income.

An employee is entitled to only one five-year exemption period, even if he or she holds more than one type of employment giving entitlement to the exemption.



TAX CREDIT FOR THE ACQUISITION OF MANUFACTURING AND PROCESSING EQUIPMENT

In Québec, an [investment tax credit](#) is available for new equipment/property used mainly for the manufacture or processing of items intended for sale or rental acquired before:

- January 1st, 2023 for the remote zone, the eastern part of the Bas-Saint-Laurent administrative region and the intermediate zone;
- January 1st, 2017 for the other regions.

The first dollars a taxpayer spends below an exclusion threshold, however, is not eligible for the credit. The exclusion threshold in this regard is \$12,500 and it applies by equipment/property.

The minimum rate is established at 4%. However, a company may be eligible for an increased rate determined according to the location where the investment is made and its consolidated paid-up capital.

Thus, a company can benefit from an increased credit rate as long as its consolidated paid-up capital for the previous year does not exceed \$250 million. When the company's paid-up capital exceeds \$250 million without exceeding \$500 million, these increased rates are reduced linearly until the minimum rate of 4% is reached.

The following chart summarizes the rules relating to the determination of the increased rate of the tax credit for investment, depending on the place where the investment is made and the date when the equipment/property is acquired.

| Increased credit rate depending on the location where the investment is made | After June 4, 2014 and before January 1st, 2017 | After December 31st, 2016 and before January 1st, 2023 |
|--|---|--|
| Intermediate Zone Saguenay-Lac-Saint-Jean, Mauricie, MRC de La Vallée-de-la-Gatineau et MRC de Pontiac dans l'Outaouais, MRC d'Antoine-Labelle dans les Laurentides, MRC de Rivière-du-Loup, MRC de Rimouski-Neigette, MRC de Témiscouata, MRC de Kamouraska et MRC Les Basques | 16 % | 8 % |
| Bas-Saint-Laurent (East part) MRC de la Matapédia, MRC de Matane et MRC de La Mitis | 24 % | 16 % |
| Remote Area Abitibi-Témiscamingue, Côte-Nord, Nord-du-Québec, Gaspésie-Îles-de-la-Madeleine | 32 % | 24 % |
| Other regions | 8 % | 0% |

Source: Finances Québec



ÉCOPERFORMANCE PROGRAM

ÉcoPerformance (French only) is offered to companies, institutions and municipalities that consume fossil fuels (petroleum, coal, peat, natural gas, and others) or that use processes generating fugitive GHG emissions, to enable them to take the turn of reducing this type of emissions. It is aimed at both small and large energy consumers.

The ÉcoPerformance program, which was supposed to end on March 31, 2017, has been renewed. It is therefore possible to submit new projects. In addition, as of April 1, 2017, the administration of this program will be under the responsibility of Transition énergétique Québec (TEQ), responsible for supporting, stimulating and promoting transition, innovation, and energy efficiency.

Objectives

- Reduce greenhouse gases.
- Decrease the consumption of fossil fuels.
- Improve the energy efficiency of processes and buildings.
- Reduce fugitive process emissions.

Existing Sites

- the cost of purchasing and upgrading the equipment and the additional costs in the case of replacement of equipment at the end of its life compared to conventional equipment;
- the costs of engineering, installation, commissioning and measurement work carried out by the applicant's staff or on a contract basis;
- the costs of measurement, quantification and verification carried out by an external consultant, before and after installation of the equipment.

New Sites

- additional equipment purchase costs compared to traditional equipment;
- additional engineering, installation and commissioning costs of equipment compared to traditional approaches;
- measurement costs, after installation of the equipment, including costs related to the quantification of GHGs.



ÉCOPERFORMANCE PROGRAM - CONTINUED

Energy Management Component

The objective of this component is to financially support organizations wishing to set up an energy management system in order to improve their energy efficiency and reduce their GHG emissions. Financial assistance is 50% of eligible expenses. The maximum amount is \$275,000 per site. In particular, the project should implement the adoption of a senior management policy for more efficient use of energy and reduction of GHG emissions as well as the designation of an energy manager.

Implementation Component

The objective of this component is to provide financial support for projects that ultimately reduce GHG emissions, i.e. energy efficiency projects, reduction of GHG emissions or conversion to energy sources with lower GHG emissions (to with the exception of projects for conversion to residual forest biomass, which are covered by another program). For all categories of clientele, the maximum financial assistance for this component is \$5 million per request and \$10 million per site annually.

Financial assistance available in the form of:

Non-refundable financial contribution (Grant)

- Energy management component: 50% of eligible expenses for a maximum of \$275,000.
- Implementation component: 75% of eligible expenses for a maximum of \$5 million per request and \$10 million per site annually.



TECHNOCLIMAT PROGRAM

Objective

The overall [Technoclimat program](#) (French only) aims to promote innovation in reducing GHG emissions and energy efficiency.

Eligible projects

For a project to be eligible, it must meet all of the following criteria:

- reduce GHG emissions
- be carried out, in whole or in major part, in Québec
- be a technological innovation
- have good market potential
- correspond at least to one of the following activities:
 - research and development
 - demonstration
 - measurement
 - pre-marketing
 - distribution

Project Time Frame

The project must be completed within a period not exceeding 36 months from the date of entry into force of the agreement.

Financial Assistance

The cumulative amounts of financial assistance obtained for the project from all government agencies (federal and provincial), energy distributors and Technoclimat program must not exceed 75% of eligible program expenses.



Source: Technoclimat



TECHNOCLIMAT PROGRAM - CONTINUED

Eligible Expenses

The expenses directly related to the project that could be reimbursed are as follows:

- the salary and social benefits, without any other increase, of each person working directly on the project with a maximum pre-established in the contract
- the costs of applying for and acquiring a patent, a manufacturing license or a know-how
- consultant fees required for the project
- the cost or rental of materials, equipment and supplies
- expenses related to existing fixed assets, when these constitute an additional cost
- travel and living expenses
- professional fees and costs associated with project assessment and audit services, as well as project financial audit services
- depreciation expenses established according to generally accepted accounting principles, representing the use of the asset during the project, for new fixed assets whose cost is not eligible for the program

Financial assistance available in the form of:

Non-refundable financial contribution (Grant)

| Activity | Calculation / Eligible Expenses | Maximum | For projects deemed strategic in the field of electrification of transport |
|--------------------------|---|-------------|--|
| Research and Development | 75% for recognized Research Centers 25% for other participants | \$100,000 | \$100,000 |
| Demonstration | 50% | \$3,000,000 | \$5,000,000 |
| Measurement | 50% | \$25,000 | \$25,000 |
| Pre-marketing | 50% | \$50,000 | \$50,000 |
| Distribution | 50% | \$10,000 | \$10,000 |

Source: Technoclimat



JOB CREATION ASSISTANCE

Companies can potentially obtain financial and technical assistance to manage new employees with the [Job Creation Assistance Program](#).

The purpose of this contribution is to support your project in order to facilitate:

- Your employees' adaptation
- The integration of your new recruits
- Employee training

Contribution Type

- An amount equivalent to a maximum of 25% of eligible costs for the implementation of a training plan
- An amount equivalent to a maximum of 50% of costs for creating a human resource management unit
- To be eligible for this assistance, your investment in training must be equivalent to at least 1% of your company's payroll.

Eligibility

- Project must have a significant impact on employment in your region or follow a significant investment
- Create 50 new full-time and sustainable jobs over a 24-month period
- comply, if your company is subject to it, with the Act to promote the development and recognition of workforce skills and invest in training the equivalent of at least 1% of your company's payroll





Appendix **Other Programs**



BUSINESS DEVELOPMENT BANK OF CANADA



The [Business Development Bank of Canada \(BDC\)](#) is a Crown corporation wholly owned by the Government of Canada.

BDC helps create and develop strong Canadian businesses through financing, advisory services and capital, with a focus on small and medium-sized enterprises.

BDC supports entrepreneurs in all industries and at all stages of development from business centers across Canada and online. It also offers financing and advisory services tailored to various industries.

BDC offers three main services:

- 1) [Flexible Financing](#) – for small projects, equipment purchase, purchase orders, and more
- 2) [Advisory Services](#) – Strategy, Sales & Marketing, Operational Efficiency, and more
- 3) [Smart Capital](#) – BDC Capital supports innovation through venture capital, growth & transition capital, growth equity investment, and IP-backed financing

BDC offers [solutions for various industries](#):



Aerospace



Automotive



Construction



Fisheries



Food and beverage



Manufacturing



Mining



Oil and gas



Technology



Tourism



CANADA INFRASTRUCTURE BANK



The [Canada Infrastructure Bank \(CIB\)](#) is a Crown corporation wholly owned by the Government of Canada.

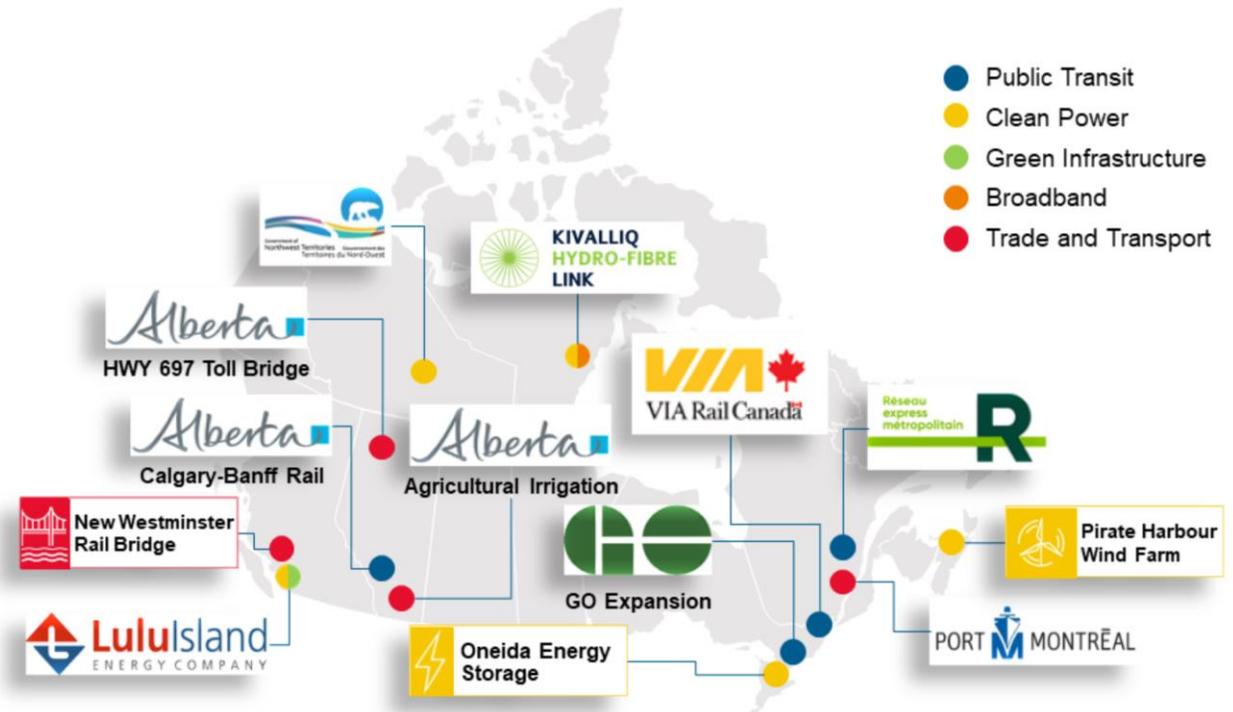
CIB increases new infrastructure in Canada by attracting and co-investing with private sector and institutional investors in new, revenue-generating infrastructure projects that are in the public interest. Our priority areas are public transit, trade and transportation, green infrastructure and broadband.

CIB aims to invest \$35 billion of federal funding in revenue-generating infrastructure projects that are in the public interest and that attract private capital.

The CIB focuses on five sectors: green infrastructure, clean power, public transit, trade and transportation and broadband infrastructure.

The CIB attracts and leverages private sector and institutional investment in revenue-generating infrastructure projects that are in the public interest. The CIB's financing can be provided using multiple financial tools, such as equity, loans, derivatives, or other products to support certain transformational infrastructure projects that would otherwise be delivered traditionally by using grant funding, or not delivered at all. The CIB will employ investment approaches and project structures that lead to private sector investment over the lifecycle of a project.

Examples of CIB's Projects



Source: Canada Infrastructure Bank, Projects

