

TORONTO GLOBAL INTERIM BUSINESS PLAN

APRIL 1 – SEPTEMBER 30, 2020

APRIL 17, 2020



YOUR
REGION
FOR
BUSINESS

OVERVIEW

Introduction

Toronto Global is responsible for attracting greenfield Foreign Direct Investment (FDI) to the financial and business capital of Canada and the largest city-region in the country. Representing the Cities of Toronto, Mississauga and Brampton and the Regions of Durham, Halton, and York and funded by all three levels of government, Toronto Global is based on a solid partnership and collaboration with our funding partners.

Over the past three years, Toronto Global has experienced growing success, landing over 100 companies in the Toronto Region from the United States, Europe, Asia and Latin America. Over \$978 million in capital has been invested and over 5,939 jobs created.

In 2019/20 we exceeded all of our targets with 49 new investments, \$483 million in capital expenditure and 2,441 jobs. However, the positive momentum that we had entering into this new fiscal year is now significantly challenged as the global economy has changed dramatically due to the spread of COVID-19.

The COVID-19 pandemic is having a profound impact on the Toronto Region's economy. For Toronto Global's funding partners, the economic downturn has had an immediate effect, with firms experiencing significant revenue shortfalls, large reductions to the workforce, and mandated closures. Our municipal funding partners are further impacted by the immediate needs of local businesses and residents during the crisis, with resources being reallocated to respond to frontline service delivery and assistance efforts.

The full impact of the pandemic cannot be understated. As the business and financial capital of Canada, the Toronto Region's voice in the recovery effort will be vital to the country's success. We strongly believe the critical work we do for the Toronto Region will play an important role in the recovery and in rebuilding the economy.

With that in mind, during this uncertain time, Toronto Global is proposing to take a flexible approach to its business planning and budgeting process, while conservatively managing operating and capital expenditures. We are using the following assumptions:

- + Using a two-pronged approach to our planning and budgeting cycles: an interim business plan followed by a post-recovery business plan.
- + Tabling the interim business plan for the first six months of this fiscal year from April 1, 2020 to September 30, 2020, followed by the post-recovery Business Plan from October 1, 2020 to March 31, 2021.
- + Within the second half of the fiscal year, we believe the external environment will have stabilized and the global economy will enter a re-growth phase.

It is important to note that this interim business plan does not set forth metrics for the organization at this stage. While all Toronto Global staff are guided by performance metrics and targets set by the Board, it is impossible to predict outcomes in this current environment. Once our pipeline stabilizes and we have a better understanding of the external environment, the Board will establish metrics for the organization in the context of the post COVID-19 situation and the reopening of segments of the global economy.

Ideally, we will also be onboarding a new CEO in the fall. With a new CEO at the helm, we will look toward finalizing the business plan for the second half of the year and developing a five-year strategic plan for the organization going forward into 2021.

During this interim period, we are taking important steps to ensure we are supporting the immediate needs of our funding partners. This plan outlines initiatives across all lines of our business to directly support our regional recovery.

Investment Attraction

It is too soon to predict the exact effect the pandemic will have on Toronto Global's core business line of investment attraction. However, projections from leading organizations, including the IMF, World Bank and Bank of Canada point to a severe decline in global economic activity over the medium term:

- + Global FDI flows have dropped an estimated 19 percent relative to Q1 2019, and could decline by 20 to 25 per cent overall in 2020, depending on how quickly the COVID-19 pandemic can be contained¹.
- + Global supply chains have been disrupted as entire economies are shut down, borders are closed, and companies and governments look for options to rationalize and retool existing operations and processes to meet new demands.
- + Companies are rethinking expansion and growth decisions, and have placed projects on hold as they focus on business continuity during unprecedented declines in revenue.

Taking this into consideration, we expect the pool of potential FDI projects to shrink globally, and the competition for these projects to increase. The need for a strong approach to attracting investments continues to be paramount. The Investment Attraction team will focus on ensuring the Toronto Region emerges from the recovery period as a champion in attracting FDI to the region as well as retaining its current pipeline of projects

Protecting our Pipeline of FDI Projects

Toronto Global's pipeline of opportunities represents the organization's collective efforts in investment attraction and is our strongest asset. The COVID-19 pandemic continues to impair global trade and investment flows, and is causing businesses to rethink their expansion plans. Consequently, the organization's pipeline has experienced a nine percent decline in investment-ready projects since March 2020. Over the interim period, the Investment Attraction team will focus on retaining projects and opportunities for the Toronto Region through:

- + Prioritizing clients who have already made the decision to invest in the Toronto Region to mitigate potential risks and ensure their projects remain on-track.
- + Proactively engaging clients to understand how changes in the global economy have impacted their future plans for expansion and ensure the Toronto Region remains top of mind.
- + Continuing to identify other areas of project risk and work with clients and partners to develop solutions that allow these projects to continue.

¹WAVTEQ, Impact of COVID-19 in Canada on FDI & Trade, 2020

Continuing to Focus on Regional Opportunities

Our team continues to prospect for projects with an expressed interest or need to locate within the '905' and presents the full range of attributes across the entire region to potential investors. With the expected changes in the global economy, the impacts at a local level will be disparate and wide-ranging. Recognizing this, the Investment Attraction team will:

- + Engage with clients who have projects expected to locate in the 905 to understand how changes to their global business operations might impact local project plans and timelines.
- + Work closely with municipal funding partners to identify gaps and opportunities in local supply chains and target international firms that can meet these challenges, with a focus on prioritizing the sub-sectors of advanced manufacturing and food and beverage.
- + Ensure regular updates on projects expected to locate in the 905 are communicated to our EDO funding partners.

Proactively Targeting Key Sectors and Markets

While the global pandemic has had a negative economic impact across markets and industries globally, there remains a number of areas that continue to show strong potential for expansion projects. Over the interim period, the investment attraction team will focus on these key areas to attract new investments by:

- + Engaging firms and industries that remain open to expansion activities or have active investment projects underway. Initially, this will focus on digitally-driven industries, as well as life sciences (health sector), and technology-focused opportunities.
- + Continuing to monitor growth signals across other sectors and verticals, including artificial intelligence, education, communications, and robotics verticals and position the Toronto Region as 'top of mind' for investment.
- + Tracking the 'return to business' across keymarkets globally to ensure that Toronto Global can rapidly return to market once business conditions normalize.

Strengthening Partnerships

Leveraging Toronto Global's partnerships with groups including the Trade Commissioner Service, Invest in Canada, the Boards of Trade and Chambers of Commerce across the region, and the Consider Canada Cities Alliance, as well as industry groups like JETRO, AMCHAM and the C100, the Investment Attraction team will work to strengthen the organization's global network in an effort to:

- + Gather additional intelligence from key markets on the COVID-19 pandemic and understand the impact to expansion projects and FDI activity.
- + Ensure Toronto Global remains top of mind as a premier destination for investment and a partner of choice when referring leads and investment projects.
- + Grow our partnerships with research institutions, universities and colleges where the relationship between firms pursuing projects and knowledge-based investment projects remains strong, even during this economic downturn.

Research and Insights

Working alongside and in support of the Investment Attraction team, the Research and Insights team will be providing critical knowledge and intelligence that will allow us to ensure we are driving and prospecting the type of FDI opportunities that are aligned with, and have a positive impact on regional economic development and recovery going forward.

We will be targeting our efforts through the following initiatives.

Building Sector Expertise

As part of our ongoing efforts to hone in on industries and sectors of strength during the interim period, the Research and Insights team will:

- + Continue to expand our knowledge base in areas such as advanced manufacturing and life sciences, leveraging our partnerships and the results of our strategic projects completed to date.
- + Seek out areas of opportunity that can help rebuild and retool the Toronto Region economy as we recover post-COVID-19. We have already seen the potential for Toronto Global clients to help fill shortages of critical medical supplies and provide jobs to highly skilled workers. There will undoubtedly be other important gaps to be filled.
- + Continue to engage our network of sector experts and municipal partners to identify areas where Toronto Global can play a role in attracting and supporting companies that can assist our economic recovery.
- + Expand our partnership and knowledge base by engaging with groups such as the Toronto Region Board of Trade and their recently formed think tank arm, the Economic Blueprint Institute. Toronto Global has established a reputation for delivering high-quality information to our clients and partners. We will continue to uphold this standard and work to gather insights from relevant experts and industry groups.

Modify Investor Pitch Material

Toronto Global's client engagement materials and tools will require modification to reflect changes in the Toronto Region value proposition as a result of COVID-19. The Research and Insights team will:

- + Work closely with the Investment Attraction team and partners to ensure our business cases reflect the needs of clients and our regional partners. We will be focusing on expanding our content in growth sectors and verticals identified by our partners and the Investment Attraction team.
- + Supplement the development of our sector knowledge by continuing to create targeted business case material for our Investment Attraction team for key sectors, markets, and clients.

- + Leverage insights and knowledge from our clients to understand global changes to labour, supply chains, or other sectors as a result of COVID-19. Understanding their value add and impact at the local level will be an important component in guiding our work.

Expand and Enhance Regional Content

To support our efforts to drive a greater share of investments to the 905, the Research and Insights team will:

- + Continue to build upon high-level value propositions and business case content highlighting the 905, while developing a larger roster of regional expertise.
- + Support economic development officers in our partner municipalities with data and content as a critical part of addressing the need for enhanced regional engagement and input into our work in rebuilding our economy.

Marketing and Communications

The importance of marketing and communications, especially digital marketing, has become even more pronounced at this time when in-person meetings are not possible. Working closely with the Investment Attraction and Research and Insights teams, the Marketing and Communications team is designing several initiatives to continue to engage our audience and generate interest in the Toronto Region from international investors. We are creating content that will be shared organically across our channels with the following goals in mind:

- + Showcase success stories from across the Toronto Region that highlight how firms are successfully meeting the economic challenges and community needs presented by the pandemic. Aligning with our federal counterparts and our partners across the country, we are participating in the Invest in Canada national campaign built on the hashtag #CanadaResilient.
- + Among our domestic stakeholders, position Toronto Global as an essential resource for rebuilding the regional economy through the attraction of businesses that will contribute to the regional GDP and create high value jobs. In addition, communicate the importance of FDI to our domestic audience, as global companies contribute efforts to our local fight against COVID-19.
- + With our international audience, continue to position the Toronto Region globally as the prime location to invest and build new economic opportunities post-recovery by highlighting the resilience of our region, the support from all levels of government, and the spirit of collaboration within the business community. An additional message to investors lies in the safety and security of the Toronto Region, Ontario and Canada. Our performance as a nation during this crisis will provide investors with added confidence that the Toronto Region is a safe and stable location for their businesses now and in the future.

SEO Strategy

The Marketing and Communications team conducted a google trends analysis to determine what our foreign audience has been searching for over the last few weeks. With regard to our main keyword searches that people use to find Toronto Global ("Business Visa Canada," "Starting a Business" and "International Business Expansion"), there was a dramatic drop in searches around March 11, 2020, which is the critical date when the World Health Organization declared a global pandemic. However, around March 21, 2020 and beyond, searches for those keywords picked up again. This tells us that business leaders are thinking long term and planning for their future recovery, including their plans for business expansion, and could benefit from Toronto Global's services. Working with our Search consultant, we are developing a campaign featuring relevant ads to drive this traffic to our website and capture these contacts for follow up by the Investment Attraction team.

Website

- + Create a COVID-19 landing page that encourages local businesses and existing clients to contact our team to be connected with resources to help them through these difficult times. Links to government support and resources will also be prominent on the page, but the main goal of

the landing page will be to encourage businesses to connect with us by directing them to our “Team” page with a large contact call out featured on the page. A message to foreign investors will also be included, driving them to contact our market directors to discuss opportunities to rebuild their businesses in a strong, stable environment post-pandemic.

- + Create a Hero Bar above the navigation bar on the website that drives traffic to the COVID-19 page.
- + Generate blogs to be posted biweekly over the next three months that cover relevant topics such as good news stories about businesses contributing to the effort to fight COVID-19 across the region, how to access financial aid for existing businesses, how to make the most of this time for the improvement of your business, and how to help support your employees through this crisis.
- + Working with our Search consultant, generate landing pages for our Search campaign that leverage keywords our foreign audience is using now to search for content about COVID-19 to drive traffic to our site and generate new contacts for the Investment Attraction team.

Stakeholder Communications

To continue to engage our stakeholders and keep them updated on Toronto Global activities, the Marketing and Communications team is developing new stakeholder newsletters to engage our federal and provincial funders, the regional Mayors and Chairs, Economic Development Officers, and Board of Directors. This regular channel of communication will help keep our funding partners informed of our activities, update them on trends in key international markets, and reinforce our strong partnership as we work to support them during the recovery of our regional economy.

Toronto Region Promo Video

In the summer/fall of 2020, in collaboration with our regional partners, the Marketing and Communications team will develop a new promo video using existing footage that showcases the beauty of our region, the continued strength of our regional economy, and the united, supportive and caring community that we share. The theme of the video will surround our resilience – not only economically, but the strength and resilience of our people, as we rally behind each other during both the best and the worst of times in order to come out stronger each time. The video will be hosted on torontoglobal.ca and a small, paid social media campaign will be launched on LinkedIn and Twitter to drive traffic to the new video.

Human Resources and Business Operations

We are extremely proud of the team that has chosen Toronto Global as its employer. The saying that an organization is only as strong as its people is one that Toronto Global believes firmly. We are proud of the workforce we have in place, as they elevate the quality of the work we are able to produce on behalf of our partners. Their work ethic, professionalism and dedication are the primary drivers of Toronto Global's ability to deliver results on behalf of the Toronto Region.

The health and safety of our team members and their families is of the utmost importance to us at Toronto Global. In January 2020, we rolled out a Pilot Work from Home Policy where employees could work from home one day a week, with the goal of providing more work/life balance and flexible work options to our staff. At that time, we had no knowledge that the world would change so quickly with the onset of COVID-19. On March 11, 2020, we rolled out a policy specific to COVID-19 and on March 17, 2020, our office premises closed temporarily, and all staff were advised to work from home for the foreseeable future.

A key focus of the Human Resources & Business Operations team has been to ensure we provide all aspects of support to our staff under all circumstances so that they have all the necessary tools and resources, from both an emotional support and business perspective, available to them at all times, and especially now during this unique and stressful period of COVID-19.

Health and Wellness Initiatives

- + We have introduced a combination of initiatives to keep our staff in regular and direct communication with each other. These include weekly management and staff meetings, which are chaired by the Chair and Vice Chair of our Board of Directors while our CEO search is ongoing.
- + To ensure we support our staff from any feelings of isolation or stress they may be feeling, we have expanded our Employee Assistance Program (EAP) and overall health benefits, to ensure all staff, regardless of their employee classification, have all the emotional and traditional health benefit support they may need. We are also hosting weekly optional virtual social gatherings.
- + In support of overall wellness, we have rolled out a number of wellness support tools and programs in an effort to reduce feelings of isolation and stress staff may be feeling working from home, in some cases combining child care with their regular work.

These are extraordinary times, and we are ensuring the team feels our appreciation for all the work they are doing under less than ideal conditions in support of all the regions. Their ability to continue to do excellent work is a testament to their devotion and talent, regardless of the work environment they find themselves in.

Our goal is to ensure we provide all the soft and hard tools necessary to set the team up for success and ensure job fulfillment. Whether it's on the human resources, payroll, benefits, audit, accounts

payable, accounts receivable, governance or technology front, our goal is to go above and beyond the call, all the time, but especially in these unsettling times.

A gap we have identified is within the quality of our IT-related remote work tools in support of our staff. We want to ensure that whether working from home, or working within the office, our entire team has access to the reliable tools they need to succeed.

Current initiatives

- + The lifecycle of our current Server-based IT system has come to an end. Instead of replacing the current server with a new one, we have determined a smarter approach is to migrate to Microsoft Office 365 Cloud-based technology. The costs of either approach are relatively the same over the course of six years, with the benefits of moving to the Cloud far outweighing the Server approach. The move to the Cloud also ensures greater compatibility with other external programs as well as our CRM, and a far more reliable and enjoyable user experience with more effective firewalls. We have begun the process of moving forward with the migration to the Cloud, working on a timeline that is to be just under six weeks, with the project concluding on May 15, 2020. We recognize this is an important capital expenditure that will ensure Toronto Global's continued ability to work effectively and efficiently in an ever-evolving virtual workplace, and is a much more prudent approach than replacing with a new Server.
- + In support of remote working capabilities, we have successfully launched a virtual meeting program, Zoom, and once the Microsoft Office 365 is in place, in addition to Zoom we will also have access to Microsoft Office Teams virtual meeting software, which offers tighter security levers. This virtual meeting software allows Toronto Global the ability to more meaningfully engage directly with our clients and service providers, host remote meetings and continue to engage with prospective investors, both during this time of COVID-19 but also as a necessary tool as we go forward.
- + To build out our remote work from home capability for our staff, and to ensure they function comfortably and at maximum capacity, we have made a modest investment in ensuring they have the IT tools and work set-up within their remote offices that they need in support of both staff morale and their health and safety.

Budget and Revenue

The full year budget for fiscal year 2020/21 is \$6,998,588 [comprised of \$6,520,588 from our funding partners and \$478,000 from CanExport Community Investments (CECI) Program]. We successfully secured multi-year funding arrangements last year, and plan to adopt a flexible budget approach with the below six-month budget of \$3 million as part of this interim business plan.

During this time, we are very mindful of our continued operations and funding envelopes. Since the outset of COVID-19, we have proactively reached out and had discussions with both our federal and provincial funding partners. Both welcomed the outreach and the chance to discuss the operating environment we all find ourselves in. They confirmed that our funding was safeguarded, even though there will have to be administrative amendments made to the initial transfer payment agreements to reflect the current extraordinary circumstances. We offered our assistance in any way to their external efforts, which was greatly appreciated. We agreed to remain in regular contact and reinforced to them the real significant economic and social hardship our municipal partners are facing on the ground.

This interim budget covering the COVID-19 pandemic stage has been prepared with two main objectives:

1. To cover Toronto Global's ongoing obligations (i.e. "our fixed costs") by maintaining our existing staff complement and payroll and making timely payments to all vendors, and
2. To prudently manage our discretionary expenditures with the objective to be able to advance key initiatives that will allow us to lead and partner in the economic recovery that will be necessary post COVID-19. Below are some examples of these planned expenditures.
 - + To support our Investment Attraction and Research and Insight teams, we have budgeted up to \$100,000 to acquire further sector expertise to focus on key sectors post COVID-19.
 - + Our Marketing and Communications team has developed a search engine optimization strategy with a budget of \$85,000 in this interim period that will develop new content, new landing pages, and initiate an 'always-in-market' Search/Display campaign that will help drive traffic to our website, raise Toronto Global's profile, and generate new contacts for the Investment Attraction team. This campaign will also retarget and re-engage clients in our current pipeline to keep the Toronto Region top of mind for them.
 - + In addition, there will be continued website enhancements (budgeted at \$25,000) to include new areas such as a COVID-19 landing page.
 - + Our Business Operations team is upgrading our IT software and hardware and enhancing our efficiency and capacity by migrating to Cloud-based technologies with a capital and operating budget expenditure of \$63,000.

Interim Six-Month Budget
April 1 – September 30, 2020

2020/2021 Budget (\$)

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|---|------------------|
| Labour & Staff Costs | |
| Salaries | 1,650,000 |
| Chair's Honorarium | 37,500 |
| Staff Recruitment | 113,000 |
| Training, Education Learning & Professional Development | 30,000 |
| Temporary Help | 15,600 |
| Employee Engagement & Familiarization Events | 2,000 |
| Total Labour & Staff Costs | 1,848,100 |
| Professional Services | |
| Lead Generation Services | 75,000 |
| Accounting & Audit Fees | 100,000 |
| Legal Fees | 2,500 |
| Industry/Sector Research & Benchmarking Tools | 168,000 |
| Investment Attraction CRM Licenses | 25,000 |
| Creative Design Marketing Services | 45,000 |
| Research & Marketing Data | 40,000 |
| Digital and Social Media Strategy | 85,000 |
| Website Design & Maintenance | 25,000 |
| Corporate Collateral Materials | 0 |
| Translation & Interpreter Costs | 2,500 |
| Video and Photography | 2,500 |
| Event Tables & Tickets | 0 |
| Total Professional Services Costs | 605,500 |
| Shared Services | 0 |
| Non-capital Costs | |
| Printing/Stationery/Business Cards | 1,000 |

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| Office Expenses | 175,000 |
| Total Non-Capital Costs | 176,000 |
| Rent & Occupancy Costs | 200,000 |
| Travel | |
| Airfare/Hotel/Conventions/Misc. Travel | 15,000 |
| Capital Costs | |
| Facilities Improvements | 0 |
| IT Capital Expenditures | 47,000 |
| Furniture & Fixtures | 3,500 |
| Total Capital Costs | 50,500 |
| Contingency Fund - unallocated | 100,000 |
| Total Expenses | 2,995,100 |

CONCLUSION

This interim six-month business plan reflects an extraordinary time for our business community. A crisis of this magnitude will challenge all of our operating assumptions and ingenuity. Yet, there exists great confidence in our ability to rebuild and become stronger, as we help redesign an even more resilient economy for the future. At the heart of this plan is our steadfast commitment to stand alongside our partners in our recovery efforts. It identifies and incorporates concrete goals for Toronto Global and offers a continued work plan that outlines key initiatives and activities for the organization to undertake in pursuit of these objectives. Obtaining continued feedback from our funders and stakeholders is critical to our business planning process to ensure widespread coordination and collaboration as we move forward.

Toronto Global plays an essential role in promoting the widespread attributes that make the Toronto Region a competitive jurisdiction for FDI. We represent a formidable economic region that is attractive to international business across all sectors. Interest from international investors in our pipeline remains strong. Our clients envision the recovery to come in different phases, which will be reflective of the performance of individual business sectors and the timing in which various international markets recover. The future state of the Toronto Region's economy will be shaped, in part, by our collective response to the crisis. We stand ready with our partners to help build that important roadmap for recovery.