



# Value tomorrow

2019 Environmental, Social and Governance Report



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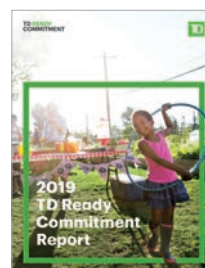
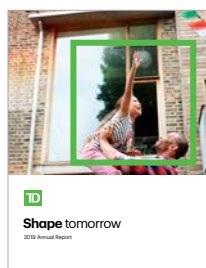
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This publication is part of our reporting suite. For more information about TD and our activities, please read our other reports:

- [+ Annual Report](#)
- [+ TD Ready Commitment Report](#)
- [+ Appendix: ESG Performance Data](#)
- [+ TCFD Report](#)
- [+ Policies and References](#)



# Performance Summary for Investors

## Awards

- TD was listed on the Dow Jones Sustainability World Index for the sixth consecutive year.
- TD was included in the Bloomberg Gender-Equality Index for the fourth year in a row.
- TD received a rating of A- on its CDP (formerly the Carbon Disclosure Project) disclosure.

## Governance

- The continuing education program for our directors includes in-depth sessions on different business, economic, enterprise and regulatory topics. Some examples of these sessions in 2019 included emerging technologies, environmental risk and cyber risk.
- The bank is committed to proactive, open and responsive communication. As part of that commitment, the bank's directors periodically meet with certain shareholders and governance stakeholders to discuss the bank's long-term strategic positioning and Board governance of important environmental, social and governance (ESG) matters.
- All eligible TD employees and directors are required to complete TD's comprehensive Code of Conduct and Ethics training, contributing to the successful customer relationships that characterize TD.
- We established the TD Fusion Centre with the goal of building a best-in-class digital approach to cybersecurity and a new multidisciplinary approach to cyber-risk management.
- TD enhanced its governance on environmental and social (E&S) risk, including climate risk, through the formalization of a new E&S risk function under Operational Risk Management. In 2019, climate risk was identified as a top and emerging risk for the bank.

## Environment

- TD was the first Canadian bank to set a bold target to finance the transition to the low-carbon economy. We are targeting \$100 billion, in total, in low-carbon lending, financing, asset management and internal corporate programs by 2030. Since 2017, we have contributed over \$43 billion toward these initiatives.
- TD is playing an integral role in the growth of the green bond market, which is helping to direct capital toward the transition to a low-carbon economy. TD led over \$21 billion<sup>1</sup> in sustainable bond underwriting since 2010.
- TD actively participates in the global dialogue to address climate risk through the Canadian Bankers Association, the Canadian Standards Association and the United Nations Environment Programme Finance Initiative (UNEP FI) groups focused on lending, investing and insurance. TD Insurance convened an Advisory Board on Climate Change.
- TD invests in clean technology (cleantech) as a means of elevating technologies to accelerate the transition to the low-carbon economy. For example, TD is an early investor in ArcTern Ventures' cleantech Fund II and a sponsor of Ontario's first cleantech accelerator program, TD Sustainable Future Lab, based in Waterloo, Ontario.

## Social

- In 2019, we invested \$85.9 million in employee training and development and distributed \$11.2 billion in compensation and benefits.
- We invest in our communities through the TD Ready Commitment, targeting \$1 billion in philanthropy by 2030. In 2019, TD provided \$126 million to support non-profit organizations across North America and the U.K., (up from \$116 million in 2018).
- Eighty-nine per cent of our employees agreed that TD is doing the right things to make a positive impact in the communities in which it does business.
- We are committed to helping customers achieve their financial goals and listening to their feedback. In 2019, over one million customers provided feedback to TD, which helps us improve our performance.

# About This Report

## Reporting Scope and Boundary

This report presents the material issues and impacts of our activities during the fiscal year ending October 31, 2019. Reports from previous years are available at: <https://www.td.com/esg>

This report encompasses all of TD's wholly owned operations and activities, which are organized around the following operating business segments: Canadian Retail, U.S. Retail and Wholesale Banking.

Throughout this report, "TD" or "the bank" or "we" refers to TD Bank Group. "TD Bank" refers to TD Bank, America's Most Convenient Bank®. All currency is in Canadian dollars unless otherwise noted. All restatements and significant changes from the previous report are described in the performance data footnotes.

The endnotes referenced throughout this report provide additional information on key concepts and metrics. See [page 64](#) for our endnotes.

## Reporting Frameworks

TD has used the Global Reporting Initiative (GRI) framework for sustainability reporting since 2007. TD's 2019 ESG Report is written in accordance with the GRI Standards and fulfills the requirements for a Core report. In addition to GRI, we link existing disclosures to the Sustainability Accounting Standards Board (SASB). Linkages can be found in our GRI Content Index:

- + **GRI Boundary Table**
- + **Online GRI Content Index**

## External Assurance Reports

Selected performance indicators were independently assured by Ernst & Young LLP (EY). EY performed a limited and reasonable assurance engagement for a selection of TD's social and environmental performance indicators, including:

- + **Assurance statement for the 2019 ESG Metrics, Greenhouse Gas Emissions (GHG) and Carbon Neutral Schedule**
- + **Assurance statement for the 2019 Green Bond Schedule**

## Ways to Reach Us

With teams across TD dedicated to maintaining relationships, we interact with several stakeholder groups on a regular basis, responding to the issues and concerns brought to our attention. If you would like to contact TD with feedback, here are a few ways to reach us:

Customers: [customer.service@td.com](mailto:customer.service@td.com)

Shareholders: [tdshinfo@td.com](mailto:tdshinfo@td.com)

Investors: [tdir@td.com](mailto:tdir@td.com)

Suppliers: [tdsource@td.com](mailto:tdsource@td.com)

Community groups: [thereadycommitment@td.com](mailto:thereadycommitment@td.com)

On Twitter: [@TD\\_Canada](#) or [@TDBank\\_US](#)

By text: TDHELP (834357)



TD was named as the 2019 Best ESG Reporting in Canada by *IR Magazine*

## Symbol Key

- Table of contents
- Supporting content (external links)
- Navigate to a different section
- Facts and figures for which EY provided a limited level of assurance
- Analyst Corner: Links to additional policies and references

1.1



## A Message From Our CEO

At TD, our vision is to Be the Better Bank. As we have grown, adapted and prospered throughout our 165-year history, we have done so with an understanding that we can only thrive when the communities we serve thrive. And, while this has always been our journey, our progress toward this goal has never been more critical to our collective future.

Driven by technological innovation and globalization, the pace of change is accelerating at an unprecedented rate. Our customers want new services and more personalized advice in an increasingly complex world. Our more than 85,000 colleagues around the globe are eager for specialized training to help them compete in the digital economy. In addition, many individuals and families in our communities are being disrupted, feel unable to keep pace and are at risk of being left behind.

**The impact we have made and the enhanced disclosures we provide in this report demonstrate our progress.**

All of our efforts to deliver environmental and social progress can only be accomplished with strong governance in place – it's the cornerstone of delivering long-term, sustainable growth. That is why our Board is actively engaged in understanding, managing and providing oversight of emerging risks. As part of our commitment to open and responsive communication, TD's directors meet with shareholders and governance stakeholders regularly

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## A Message From Our CEO *continued*

to discuss TD's strategic position and governance on important ESG matters. This Board oversight, combined with TD's environmental and social commitments, has enabled us to demonstrate strong progress in a number of areas.

### We are focused on being a catalyst for change.

Managing climate risk has emerged as a key focus globally and in 2019, climate risk was identified as a top and emerging risk at the bank. TD strongly supports the transition to a low-carbon economy and was the first Canadian bank to set a meaningful target of investing \$100 billion, in total, in low-carbon lending, financing, asset management and internal corporate programs by 2030. And we are well on our way. Since 2017, our contributions total more than \$43 billion.

To help shape a more sustainable tomorrow, we believe it's important to contribute to global efforts. That's why we support Canada's objectives to meet the goals of the Paris Agreement and recognize our responsibility to contribute by integrating climate considerations across our business.

Our work extends across North America and in 2018, we launched the TD Ready Commitment – our enduring pledge to use our business, philanthropy and human capital to advance a more inclusive and sustainable tomorrow. This year, TD gave more than \$126 million toward our target of \$1 billion by 2030 to support non-profit organizations focused on financial security, better health, connected communities and making our planet a vibrant one. In addition, we're helping to spark new, creative solutions for the issues our society is facing with the TD Ready Challenge. This year, we identified 10 innovative organizations focused on better health and provided them with \$1 million each in funding to transform ideas into programs with impact.

We know that fostering diversity and inclusion reduces barriers and creates an environment where our colleagues can bring their best selves to work. For the past four years, TD has been recognized by the Bloomberg Gender-Equality Index. In the U.S., the bank was also named as one of Forbes' Best Employers for Diversity for 2019 and ranked as a top company for diversity and inclusion by DiversityInc.

We are also focused on investing in our colleagues and helping them acquire the skills they need to thrive in the future. Recently, we introduced an innovative global online learning program that curates courses and content to meet each colleague's individual needs, building on leadership training, formal skills training and other initiatives across the bank.

### Progress is critical for a prosperous future, but trust underpins everything.

As we invest in technology and innovate to transform the customer experience, we are also taking steps to chart a responsible path forward. Our report *Responsible AI in Financial Services* engaged a diverse group of stakeholders, backed by quantitative consumer research, to explore the potential challenges and opportunities of artificial intelligence, helping inform our work within the bank while igniting a broader conversation across our industry.

At TD, we believe that banking serves a higher purpose and that fundamentally, we are in the trust business. We remain highly focused on the financial well-being of the millions of customers who rely on TD to help them achieve their goals and aspirations.

Together, our colleagues are focused on building a business that will prosper today and well into the future with compassion and a deep understanding of the shifting dynamics and imperatives of the world we inhabit.

We look forward to the work ahead.

Sincerely,

**Bharat Masrani**  
Group President and Chief Executive Officer



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# About TD

Every day, TD touches the lives of millions of people throughout our value chain who rely on us to perform seamless and accurate transactions on their behalf.

## Our Business

(as of October 31, 2019)

**26m+**

customers served around the globe

**6,000+**

ATMs

**13m+**

active digital customers



**2,300+**

retail locations across North America

**85,000+**

TD employees

## Economic Value Distributed

(during year ended October 31, 2019)

**\$11.2b**

in salaries and benefits

**\$5.0b**

operating expenses,<sup>3</sup> including procurement

**\$3.8b<sup>4</sup>**

paid in corporate and property taxes

**166,000+<sup>5</sup>**

volunteer hours by TD employees



## 2019 Financial Performance<sup>1</sup>

**\$1.4t**

total assets

**\$5.2b**

cash dividends to shareholders

**10.3%**

total shareholder return (5-year CAGR)<sup>2</sup>



**\$11.7 billion**

reported earnings

**\$0.9t**

total deposits

**\$126 million**

community giving

<sup>1</sup> Financial performance indicators are based on TD's full-year reported results for the year ended October 31, 2019. Unless otherwise indicated, all amounts are expressed in Canadian dollars and have been primarily derived from the bank's annual Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Results prepared in accordance with IFRS are referred to as the "reported" results.

<sup>2</sup> Five-year CAGR is the compound annual growth rate calculated from 2014 to 2019. Source: Bloomberg. Canadian peers include Bank of Montreal, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Scotiabank.

<sup>3</sup> Operating expenses include occupancy, equipment, marketing and business development, professional and advisory services and communications.

<sup>4</sup> Includes sales taxes, municipal and property taxes, insurance premium taxes, business taxes and capital taxes. Excludes \$587 million in payroll taxes, which are included in salaries and benefits for the purpose of this exhibit.

<sup>5</sup> As logged on the TD Volunteer Network Platform.

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# Our Strategy and Purpose

As a top five North American bank,<sup>1</sup> TD aims to stand out from its peers by having a differentiated brand – anchored in our proven business model and rooted in a desire to give our customers, communities and colleagues the confidence to thrive in a changing world.

## Corporate Citizenship and ESG

Corporate citizenship and ESG are key parts of TD’s strategy and managed within a governance structure that balances broad engagement across the organization, while also providing line-of-sight accountability.

## The TD Ready Commitment

In 2018, TD launched the TD Ready Commitment, a corporate citizenship platform designed to help open doors for a more inclusive and sustainable tomorrow. We identified four areas that we call the Four Interconnected Drivers of Change because when they are addressed together, they can help people feel more confident about their future. The TD Ready Commitment helps differentiate TD’s corporate citizenship efforts by using our business activities to help drive positive social and environmental impact. It also acts as a driver for employee engagement activities across the organization and provides a single frame of reference for many corporate citizenship, volunteer and community activities.

### Financial Security

Improve access to tools and programs to help people live their lives with greater financial confidence

### Vibrant Planet

Elevate the quality of the environment so that people and economies can thrive

### Connected Communities

Create the opportunities people need to connect with their community and have a sense of belonging

### Better Health

Support more equitable health outcomes for all

## ESG

We take an integrated approach to ESG, focusing on both opportunities and risks across our business. A strong foundation in ESG performance and disclosure enables the bank’s corporate citizenship activities to be conducted with authenticity. We are consistently working to embed responsible practices across TD to build a sustainable business and value over the long term.

TD’s corporate citizenship and ESG activities are governed through the Corporate Citizenship Council. Chaired by Norie Campbell, Group Head, Customer and Colleague Experience, the Council discusses corporate responsibility topics and provides guidance on TD’s strategy, current performance and future direction. The Council stays informed on emerging environmental, social and governance issues and their impact on our stakeholders.



## Proven Business Model

Deliver consistent earnings growth, underpinned by a strong risk culture



## Purpose-Driven

Centre everything we do on our vision, purpose and shared commitments



## Forward-Focused

Shape the future of banking in the digital age



*Although the term “ESG” is relatively new, TD has a long history of responsibly managing the environmental, social and community impacts of our business. ESG issues and topics continued to gain traction in 2019. My role helps ensure there is line-of-sight accountability and executive engagement on ESG so that we can guide business activities for the interests of all our stakeholders.*

**Norie Campbell**  
Group Head, Customer and Colleague Experience



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# ESG Trends

In 2019, we witnessed a rapid rise of interest in ESG topics, research and reports. Here is a summary of ESG trends and research that inform our thinking and approach.

## Investor interest in ESG continues to rise

The number of Bloomberg customers using ESG data has more than doubled since 2012.<sup>1</sup>

## 90% of Canadian institutional investors

More than 40% of U.S. institutional investors surveyed consider ESG factors in investment decisions,<sup>2</sup> while over 90% of Canadian institutional investors surveyed have changed their policies to be attentive to ESG factors.<sup>3</sup>

## 38% increase

Investors now consider ESG factors across US\$12 trillion of professionally managed assets, a 38% increase since 2016. This represents one in four dollars of total assets under management in the U.S.<sup>4</sup>

The World Economic Forum 2019 Global Risks Report lists environmental risk as the world's most pressing issue.<sup>5</sup>

## Employees increasingly expect companies to address social and environmental challenges

“Purpose-driven” companies have 30% higher levels of innovation and 41% higher levels of retention.<sup>6</sup>

Based on a global survey, employees who derive meaning and significance from their work are three times more likely to stay with their organization.<sup>7</sup>

## 64% of U.S. millennials

Sixty-four per cent of U.S. millennials surveyed consider a company's corporate citizenship commitments when deciding what job to take.<sup>8</sup>

## The public wants to do business with brands whose values align with their own

Nearly two-thirds of global consumers prefer to purchase products and services from companies that stand for a shared purpose that reflects their personal values and beliefs.<sup>9</sup>

## 70%+ of consumers

More than 70% of global consumers surveyed link their purchase considerations to considerations that historically were tied to trust in corporations, including supply chain, reputation, values, environmental impact and customer before profit.<sup>10</sup>

## 76% of the global general population

Seventy-six per cent of the global general population surveyed wants CEOs to take the lead on change instead of waiting for the government to impose it.<sup>11</sup>

## More research/guidance is available to help understand the implications of climate risk for our economy

[Intergovernmental Panel on Climate Change Report](#)

[Task Force on Climate-related Financial Disclosures](#)

[Canada's Expert Panel on Sustainable Finance](#)

[Bank of Canada's Financial System Review \(Vulnerability 5: Climate Change\)](#)

[Canada's Changing Climate Report](#)

[UN Principles for Responsible Banking](#)



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# How We Listen to Stakeholders

There are many environmental, social and governance issues that demand our attention. We give more importance to those risks or opportunities that directly relate to TD's core business, are stated priorities for our stakeholders and are areas where we can effect change. We understand the importance of not only listening to our stakeholders but also using that feedback to take action and improve.

Stakeholder Group	Ways We Interact	Key Topics in 2019
<b>Customers</b>	Solicit feedback by phone and online Formal process for handling complaints Consumer associations Social media team	Customer service Fee changes Processing delays Credit decisions Product features or policies
<b>Colleagues</b>	Employee surveys and focus groups Executive leadership visits Intranet comment engine and online communities (Connections) Employee Ombudsman (Between Us) Employee Assistance Program Whistleblower Hotline	Improving work processes and tools Compensation and recognition Employee wellness and work/life balance Career development
<b>Shareholders and Investors</b>	Annual meeting and quarterly earnings calls Shareholder proposals Shareholder Relations team Regular meetings with investors Investor Relations website Industry conferences	Quarterly financial results Executive compensation matters Climate change and the Task Force on Climate-related Financial Disclosures (TCFD) Pipeline expansion projects Gender equality Cybersecurity and data privacy
<b>Government</b>	Government Relations teams for Canada and the U.S. Ongoing dialogue with regulators and policy-makers	Progress on implementing regulations Evolving credit card and payments landscape Working to create greater financial literacy Participation in government consultation on open banking Review of data policy
<b>Suppliers</b>	Website for prospective suppliers Email responses to supplier questions	Third-party risk management Education for small and diversely owned suppliers on doing business with large companies Carbon emissions reporting with suppliers Focus on high-risk sourcing for environmental, social and ethical issues, including modern slavery and human trafficking
<b>Industry Associations</b>	Industry association memberships Memberships with various multi-stakeholder groups Participation in financial centre bodies	Meeting needs of customers and evolving customer expectations Coordination among authorities for more workable regulation Oversight of unregulated and under-regulated market participants
<b>Communities</b>	Corporate Citizenship team Diversity and Inclusion team Indigenous Banking team Ongoing dialogue with community organizations The TD Ready Commitment Network TD Friends of the Environment	Growing income inequality Financial education Reconciliation with Indigenous communities Disaster support Priorities under the TD Ready Commitment Impact measurement and evaluation
<b>Non-Governmental Organizations</b>	Meetings, phone calls, face-to-face consultation Funding research projects Conferences and forums Over 250 engagements on environmental topics	Financing of fossil fuel energy developments TCFD and climate disclosure Financing of guns and weapons Sustainable investing Human rights



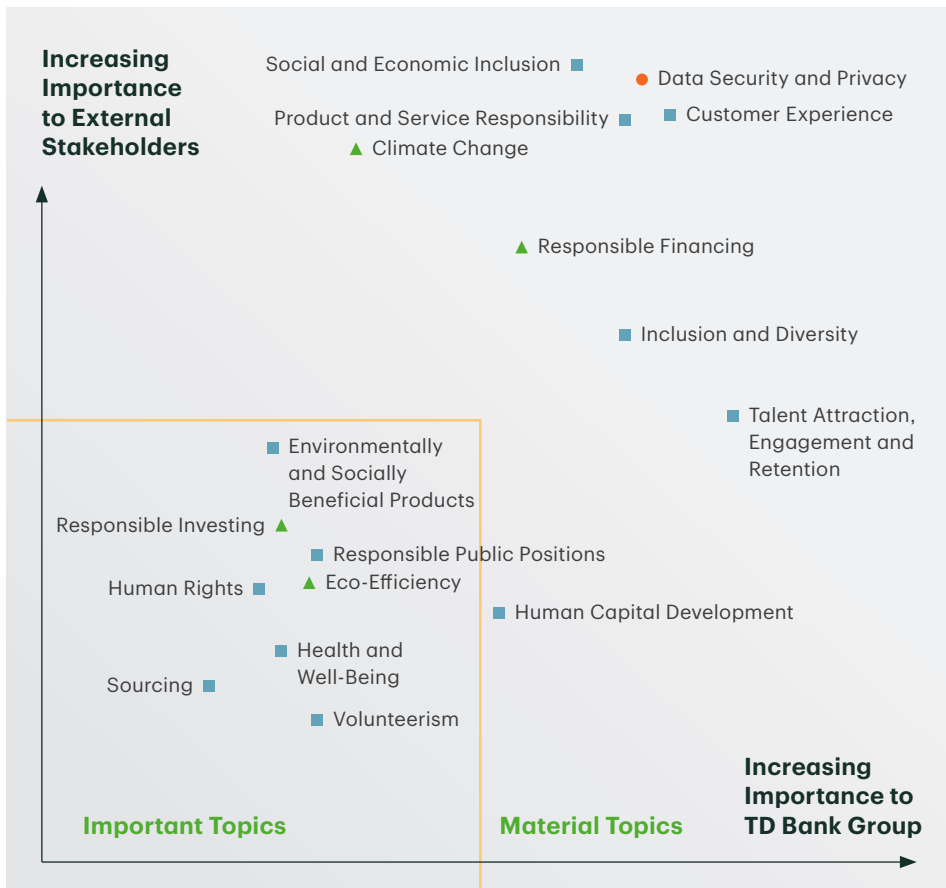
1.6

# Our ESG Material Topics

We have chosen to define materiality as those environmental, social and governance topics that we believe have the greatest importance to our stakeholders as well as to the bank. In 2018, we refreshed our materiality assessment to update and prioritize the topics that shape TD's ESG reporting. This report is structured around the nine material topics identified below.

Our usual cadence for conducting ESG materiality assessments is once every two years, with the next full assessment planned for 2020. However, since our last materiality assessment, we've seen that the global dialogue on climate change impacts and economic risks has escalated. To reflect this growing importance, the position of *Climate Change* in our matrix has moved up in importance. We have also highlighted Climate Change as an emerging risk in TD's 2019 Annual Report.

## Relative Priority of Sustainability Topics



This matrix reflects our understanding of the importance of each topic to our stakeholders and to our business. The top material topics have been grouped into three key themes of **environment, social and governance** that drive the content, structure and scope of our reporting.

- ▲ Environment
- Social
- Governance
- Tier 1

[+ ESG Reporting Details \(pg. 1\)](#)



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# ESG Scorecard and Goals

Objective		2020 Target	2019 Results (Target in brackets if applicable)	2018
<b>Environment</b>				
Support the transition to a low-carbon economy	TD's contribution to supporting the low-carbon economy (in billions)	\$100 by 2030	<b>Over \$43</b> (2017-19)	Over \$30 (2017-18)
Manage climate-related risk	Carbon-related assets relative to total assets <sup>1</sup>		<b>2.7%</b>	- <sup>2</sup>
Embed the environment into our financing decisions	Non-retail credit transactions reviewed according to TD's E&S Credit Risk Management process, which includes the Equator Principles (EP) <sup>3</sup>	100%	<b>100%</b> (100%)	100%
Reduce our environmental footprint	Be carbon neutral	Be carbon neutral	<b>Yes</b> (Be carbon neutral)	Yes (Be carbon neutral)
	Zero increase in absolute scope 1 and scope 2 GHG emissions (relative to 2015 baseline) <sup>4</sup>	Zero increase vs. 2015 baseline	21% reduction vs. 2015 baseline	14% reduction vs. 2015 baseline
<b>Social</b>				
<i>Social and Economic Inclusion</i>				
Increase financial literacy	Number of participants in a TD-sponsored financial education program	500,000	<b>633,500<sup>5</sup></b> (500,000)	530,400
	Number of TD MySpend registered users (in millions) <sup>6</sup>		<b>2.10</b>	1.65
Give financial support to create change	Total donations (%)	At or above 1 <sup>7</sup>	<b>1.25<sup>8</sup></b>	1.12
	Total donations per year (in millions)	\$1 billion in total by 2030	<b>\$126</b>	\$116
Create value in the economy	Distributed economic value (in billions) <sup>9</sup>		<b>✓ \$25.3</b>	\$24.7
Drive local economies	Total value of small business loans and other credit facilities in Canada (in billions)		<b>\$2.0</b>	\$2.2
	Total value of small business loans and other credit facilities in the U.S. (in billions USD)		<b>\$1.4</b>	\$1.4
Encourage suppliers to use responsible practices	Number of suppliers assessed for responsible practices		<b>197</b>	89

<sup>1</sup> More information on carbon-related assets can be found on [page 22](#) of this report.

<sup>2</sup> Data was not available for fiscal year 2018.

<sup>3</sup> More information on the Equator Principles can be found on [page 28](#) of this report.

<sup>4</sup> Scope 1 GHG emissions include direct emissions from heating and cooling, leased aircraft and corporate fleet. Scope 2 GHG emissions include indirect emissions from electricity, heating and cooling.

<sup>5</sup> This total includes both partial and full contributions to programs from TD. EY provided assurance over two components of this indicator, including the Canadian contribution of 484,168 and the US TD Charitable Foundation contribution of 50,373. **✓**

<sup>6</sup> Refer to [page 45](#) of this report for more information on TD MySpend.

<sup>7</sup> The 1% giving target tracks to the North American scope of TD's corporate citizenship strategy.

<sup>8</sup> Calculated as an average of Canadian net income before tax giving on a five-year rolling average ending in 2019 (breakdown includes Canada: 1.25%, U.S.: 1%).

<sup>9</sup> Economic value distributed as defined by the [Global Reporting Initiative disclosure GRI 201-1](#). Refer to [page 39](#) of this report for more details.



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# ESG Scorecard and Goals *continued*

Objective		2020 Target	2019 Results (Target in brackets if applicable)	2018
<i>Customer Experience</i>				
Deliver legendary customer service	Legendary Experience Index (LEI) – TD Composite Score	67.72 <sup>10</sup>	✓ 67.79 (64.23)	✓ 63.80 <sup>11</sup>
Digital innovation	Active online and mobile customers (in millions)		13.4	12.6
<i>Diversity and Inclusion</i>				
Be diverse and inclusive to reflect the communities we serve	Overall women (global)		✓ 56.9%	✓ 57.9%
	Women in senior management (global) <sup>12</sup>		✓ 36.8%	✓ 36.1%
	Visible Minorities in senior management (% in Canada) <sup>12</sup>		✓ 17.6%	✓ 16.3%
	People with Disabilities (% in Canada)		✓ 7.8%	✓ 6.6%
	Indigenous Peoples (% in Canada)		✓ 1.5%	✓ 1.3%
<i>Talent Attraction, Engagement and Retention</i>				
Attract and retain a diverse and inclusive workforce	% women promoted (in Canada) <sup>13</sup>		56.7%	53.3%
	% positions filled within TD (Canada and U.S.)		49.1%	55.8%
Provide a great place to work	Employee Engagement Index		✓ 84% (82%)	✓ 84%
	Average global turnover		✓ 18.5%	✓ 20.0%
Encourage volunteerism in our communities	Hours volunteered by TD employees	Increase year over year	166,000+	173,000+
<i>Human Capital Development</i>				
Support employees in their career journeys	Investment in training (in millions)		\$85.9	\$91.7
	Average number of days of training <sup>14</sup>		7.2	5.7
<b>Governance</b>				
Be diverse and inclusive	Women on Board	At least 30% of independent directors	36%	36%

<sup>10</sup> Significant methodology changes for 2020 do not allow comparisons to previous years' performance. Key changes include program weighting changes for TD Bank Digital and TD Wealth Financial Planning, a program roll-up change for TD Canada Trust Phone and sample trigger changes for TD Canada Trust Branch, TD Bank Store and TD Insurance General Insurance Customer Service Centre.

<sup>11</sup> The 2018 TD Bank Group composite score reflects February 1 to October 31, 2018, LEI survey results because the enhanced LEI was officially launched on February 1, 2018, for TD Wealth, TD Insurance and Business Banking.

<sup>12</sup> Senior Management includes Vice President level and above (in the U.S. this includes bank-titled Vice Presidents and above only).

<sup>13</sup> Figure represents the percentage of promotions earned by women in Canada.

<sup>14</sup> An average day is considered 8 hours for U.S. employees and 7.5 for all other employees.



# Governance

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2.1

# Risk Management

## Why It Matters to TD

Everyone at TD has a role to play in risk management. It's essential that we play our part to protect our business, our customers and our employees from a variety of risks in the financial services sector. These include traditional financial risks inherent to banking such as credit and interest rate risk, as well as modern-day risks such as climate change and cybersecurity threats.



## Analyst Corner

Annual Report: Managing Risk (pg. 73-77)

Proxy Circular: Update From the Risk Committee (pg. 93)

E&S Credit Risk Process and 2019 Equator Principles Reporting

## Our Approach

TD executives, directors and employees look to both our Enterprise Risk Framework and our Risk Appetite Statement for a common understanding of how TD views risk and determines the type and amount of risk that TD is willing to take to deliver the bank's strategy and enhance shareholder value.

## TD's Risk Appetite Statement

The bank takes risks required to build its business, but only if those risks:

1. Fit our business strategy and can be understood and managed
2. Do not expose the enterprise to any significant single-loss events; TD does not "bet the bank" on any single acquisition, business or product
3. Do not risk harming the TD brand

## Environmental and Social Risk

Environmental risk is the possibility of loss of strategic, financial, operational or reputational value resulting from the impact of environmental issues or concerns, including climate change, and related social risk within the scope of short-term and long-term cycles. The bank is exposed to environmental and social risks both through its business and operations and through its clients and customers. Environmental and social risks may lead to potential losses, resulting from the bank's direct and indirect impact on the environment and society, and the impact of environmental and social issues on TD (including climate change). Direct risks are associated with the ownership and operation of the bank's business, which include management and operation of company-owned or -managed real estate, fleet, business operations and associated services. Indirect risks are associated with the environmental performance of our clients in their business activities or environmental events, such as changing climate patterns that may have an impact on the bank's retail customers and clients to whom the bank provides financial services or in which TD invests. Additionally, emerging environmental and social risks are managed through governance forums, including Reputational Risk Committees.



*A key responsibility of the Board is to approve and monitor the execution of the bank's strategy and risk appetite. This report outlines how the bank incorporates ESG considerations into its strategy and operations which occur under Board oversight.*

**Brian M. Levitt**  
Board Chair

2.1

## Risk Management *continued*

The bank manages environmental risks through its policies and procedures across the bank. The bank's environmental metrics, targets and performance are reported on [pages 19–31](#) of this report. Key performance measures are reported according to the GRI and are independently assured by EY. The bank proactively monitors and assesses policy and legislative developments and maintains an open-door approach with environmental and community organizations, industry associations and responsible investment organizations.

### Key Performance in 2019

- **Climate change was categorized as a top and emerging risk for the bank in 2019:** Climate change risk has emerged as one of the top risks for the bank as extreme weather events, shifts in climate norms and risks associated with the global transition to a low-carbon economy increase and evolve. Related impacts may include strategic, financial, operational, legal and reputational risks for the bank and its clients in climate-sensitive sectors. TD continues to assess the potential impacts of climate change and related risks on its operations, lending portfolios, investments and businesses. Through our work on TCFD, we are developing standardized methodologies and approaches for climate scenario analysis by participating in industry-wide working groups and are working to embed the assessment of climate-related risks and opportunities into relevant bank processes.
- **Governance:** TD enhanced its governance on E&S risk through the formalization of a new E&S risk management function under Operational Risk Management. Our risk management group has environment risk oversight accountabilities, including establishing risk policies, processes and governance to monitor and report on these risks. TD's various business-specific and enterprise risk committees are also involved in monitoring material risks and acting as governance bodies for the escalation of material environmental and social risk issues.
- **Equator Principles:** As a signatory to the Equator Principles (EP), we also report annually on projects assessed according to the EP framework. TD participated in the consultation on updates to the principles (EP4), which included discussions about how to align the principles with evolving environmental and social risk practices.
- **Task Force on Climate-related Financial Disclosures (TCFD):** TD is participating in the United Nations Environment Programme Finance Initiative (UNEP FI) pilot studies to better understand the resilience of our credit, investment and insurance portfolios to climate-related impacts. Results of the studies will help inform methodologies for assessing both transition and physical climate risks and opportunities under various climate scenarios that are relevant to our industry. TD is the only global financial institution to be engaged in all three pilot groups. We see value in actively participating during this critical time when the methodologies that guide how to assess climate risk in our industry are beginning to be established. In support of the UNEP FI initiative, we convened an internal, cross-functional team to test the methodologies being developed to assess climate risk at the enterprise level and to provide feedback on the methodology to assist in its refinement.
- **See 2019 TCFD report *Managing Climate-Related Risks and Opportunities for an update on TD's progress.***
- **Monitoring:** In 2019, we also established an ESG working committee with cross-business representation to monitor emerging ESG topics. The committee's mandate includes increasing knowledge across various functions on emerging environmental and social risks to help coordinate our assessment and response. Any significant issues are raised at the Corporate Citizenship Council (CCC) and, when necessary, escalated to the Reputational Risk Committee.





2.2

# Corporate Governance and Integrity

## Why It Matters to TD

TD's Board of Directors is elected by TD's shareholders to oversee the management of the bank and to assure that the long-term interests of shareholders are advanced responsibly, while addressing the concerns of other relevant stakeholders.



## Analyst Corner

2020 Proxy Circular  
Code of Conduct and Ethics for Employees and Directors  
Whistleblower Hotline  
Proxy Access Policy

TD Bank Statement on Anti-Money Laundering (AML)/Anti-Terrorist Financing (ATF)/Sanctions  
2019 Statement on Anti-Corruption

## Our Approach

The Board of Directors and the management of TD are committed to leadership in corporate governance. We have designed our corporate governance policies, principles and practices so that we are focused on our responsibilities to shareholders and other relevant stakeholders and on creating long-term shareholder value. The bank is committed to proactive, open and responsive communications with shareholders, other interested parties and the public. The bank recognizes the importance of the engagement of directors with shareholders on areas core to the Board's mandate. We have an independent Chair with a clear corporate governance leadership mandate and a Board that is responsible for fulfilling a number of duties.

These include:

- Setting the tone for risk, integrity and compliance culture throughout TD
- Approving the strategy and business objectives of the bank and overseeing their execution
- Overseeing the identification and monitoring of the principal risks affecting the bank's businesses

Our [2020 Management Proxy Circular](#) provides an overview of TD's corporate governance structure, policies and practices and describes the core principles that guide our approach to governance.

## Performance in 2019

TD's Board of Directors derived from Management Proxy Circular	Target	2019	2018	2017
Number of Independent Board members	n/a	13	13	13
Percentage of independent directors <sup>1</sup>	Substantial majority	93%	93%	93%
Average annual Board attendance	At least 75%	99%	99%	97%
Average Board tenure (in years)	n/a	7.0	5.9	4.6
Percentage of women directors	At least 30% of independent directors	36%	36%	36%
Percentage of visible minority directors	n/a	14%	14%	14%
Number of Board members identified with having corporate responsibility for environmental and social matters as a key area of expertise and experience	n/a	6	4	4

<sup>1</sup> TD's Board of Directors includes 14 members in total; Bharat Masrani is not independent because of his role as Group President and Chief Executive Officer of the bank.



2.2

## Corporate Governance and Integrity continued

### Promoting Responsible Conduct

While reaching our business goals is critical to TD's success, how we achieve them is equally important. That's why the actions of our employees are subject to a number of internal policies, standards and guidelines.

<b>Code of Conduct and Ethics</b>	<ul style="list-style-type: none"> <li>• A framework for how we interact.</li> <li>• Outlines TD's commitment to providing an accessible, safe and respectful work environment that is free from harassment, discrimination or violence.</li> <li>• Clearly states that irregular business conduct will not be tolerated.</li> <li>• Applies to eligible employees and directors.</li> <li>• Requires annual training and attestation.</li> <li>• The Corporate Governance Committee (CGC) of the Board receives a report to confirm 100% of eligible employees have attested and completed training.</li> </ul>
<b>Whistleblower Hotline</b>	<ul style="list-style-type: none"> <li>• Provides a confidential and anonymous reporting channel to employees, customers, third-party workers and members of the public to report their concerns regarding TD without fear of retaliation; they can also report allegations of retaliation for having reported matters in good faith.</li> <li>• Hosted by a third party and independently managed within TD.</li> </ul>
<b>Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) Sanctions and Anti-Bribery/Anti-Corruption (ABAC)</b>	<ul style="list-style-type: none"> <li>• A framework of policies and procedures designed to:             <ul style="list-style-type: none"> <li>– Detect and deter the use of TD products and services for money-laundering and terrorist-financing activities and comply with AML/ATF laws and regulations</li> <li>– Comply with economic and trade sanctions laws and regulations</li> <li>– Provide principles of conduct to deter and detect bribery and corruption activities</li> </ul> </li> <li>• All newly hired employees are required to complete mandatory AML/ATF, Sanctions and ABAC training.</li> <li>• All existing employees are required to complete refresher training each year. The training is customized to the risks and controls relevant to different employee groups, based on role, business and location of work.</li> </ul>

### Performance in 2019

Responsible Conduct and Compliance Incident Reporting <sup>1</sup>	2019	2018	2017
Percentage of eligible employees who completed the Code of Conduct and Ethics training <sup>2</sup>	100%	100%	100%
Percentage of eligible employees who completed anti-money laundering training <sup>3</sup>	99%	– <sup>4</sup>	– <sup>4</sup>
Number of significant monetary fines or significant non-monetary sanctions for non-compliance with laws and regulations <sup>5</sup>	1 <sup>6</sup>	0	0

<sup>1</sup> TD Securities entered into a settlement agreement with and made a voluntary payment of \$9,300,900 (and \$800,000 toward costs) to the Ontario Securities Commission (OSC) in connection with the bank's previous compliance practices in its foreign exchange trading businesses.

<sup>2</sup> Completion rates for Code of Conduct and Ethics training are based on the applicable definitions of eligible and exempt employees pursuant to our internal policies.

<sup>3</sup> Completion rates for AML training are based on the applicable definitions of eligible and exempt employees pursuant to our internal policies.

<sup>4</sup> The first year this data was collected was fiscal year 2019.

<sup>5</sup> For reporting purposes, we determine a significant legal action to potentially exceed \$25 million in damages and/or legal costs, a significant fine to be \$1 million or over and related to incidents that are of a regulatory nature (penalties of an administrative nature are not considered significant) and a significant non-monetary sanction to be material and related to incidents that are of a regulatory nature.

<sup>6</sup> Security National Insurance Company entered into a settlement agreement with and paid an administrative monetary penalty of \$1,400,000 to the Financial Services Commission of Ontario in connection with automobile insurance rating errors.



2.2

## Corporate Governance and Integrity continued

### Board Engagement on Environmental and Social Matters

Corporate citizenship and ESG are a key part of TD's overall business strategy to be a purpose-driven organization and are managed within a governance structure that balances broad engagement across the organization while also providing line-of-sight accountability.

Governance Body	Summary of Responsibilities	2019 Activity
<b>Board of Directors</b>	<p>The Board oversees the bank's strategic direction and the implementation of an effective risk management culture.</p> <p>For further information, refer to <a href="#">TD's Board Charter</a>.</p>	<ul style="list-style-type: none"> <li>• Overview of TD's Corporate Citizenship and ESG Strategy, including the evolving landscape</li> <li>• Approval of TD's Slavery and Human Trafficking Statement</li> </ul> <p>The Board also receives reports from the Committee Chairs after each Committee meeting, through which the Board keeps up to date with Committees' activities including those described below.</p>
<b>Corporate Governance Committee (CGC)</b>	<p>The CGC is responsible for overseeing policies with respect to ethical personal and business conduct at the bank. In support of this oversight, the CGC has specific responsibilities, including:</p> <ul style="list-style-type: none"> <li>• Overseeing TD's corporate responsibility strategy and performance</li> <li>• Staying informed about international trends and best practices in disclosure of environmental and social trends</li> <li>• Including Board-level competency on corporate responsibility of environmental and social matters</li> <li>• Providing oversight of enterprise-wide conduct risk and acting as the conduct review committee of the bank</li> </ul> <p>For further information, refer to <a href="#">TD's CGC Charter</a>.</p>	<p>In addition to the topics above, the CGC also received:</p> <ul style="list-style-type: none"> <li>• An overview of TD's Corporate Citizenship and ESG Strategy, including the evolving landscape</li> <li>• Updates on TD's participation in the TCFD UNEP FI pilots and related disclosures</li> <li>• Updates on ESG reporting, strategy and performance</li> <li>• An analysis of investors' climate-related investment strategies</li> <li>• A report on international ESG trends, and updates on the bank's ESG performance data and disclosure strategy</li> </ul> <p>In addition to Board engagement, Brian Levitt, as Board Chair, (among others) participated in 15 ESG-related engagements with shareholders. The Investor Relations and Corporate Citizenship teams had 25 ESG-related engagements with shareholders.</p>
<b>Risk Committee</b>	<p>The Risk Committee is responsible for reviewing the bank's Enterprise Risk Appetite Statement and related measures, prior to recommending it for approval to the Board annually. The Risk Committee oversees the management of the bank's risk profile and performance against its risk appetite. In support of this oversight, the Risk Committee reviews, challenges and approves significant risk management policies that support compliance with the bank's risk appetite and monitors the management of risks and trends.</p>	<p>The Risk Committee received the following:</p> <ul style="list-style-type: none"> <li>• Ongoing updates on the bank's monitoring of climate-related risk and potential impacts on its operations</li> <li>• A dedicated education session for the Risk Committee and the full Board to improve understanding and promote awareness and discussion about climate-related risks and opportunities</li> <li>• A deep-dive report on environmental risk management at TD</li> </ul>

For complete information on the activities of the Board, refer to the 2020 Proxy Circular.

2.2

## Corporate Governance and Integrity **continued**

### Linking Environmental, Social and Governance Factors in Executive Total Rewards

We have a balanced approach to executive total rewards that is intended to attract, retain and motivate high-performing executives to create sustainable value for shareholders over the long term. Our proxy circular outlines the six key principles considered when designing the executive compensation program and provides detailed disclosure of our approach. One of the objectives of the executive compensation program is to reward executives for successfully executing TD's strategy, which includes ESG factors. As a result, TD embeds ESG-related elements in the determination of the variable incentive pool and the evaluation of individual performance for executives.

TD's ESG-related objectives incorporate goals across a number of key categories, including customers, colleagues, community, the environment and governance. Metrics related to two of these categories – customers and colleagues – were included in the key metrics used to determine the variable incentive pool for senior executives under the Executive Compensation Plan in 2019. In addition, the individual performance of executives is assessed against several programs and principles that support and reflect TD's ESG goals, and this assessment of individual performance is a key determinant of variable incentive awards. These programs and principles include individual ESG objectives as appropriate for the role, consistency with the bank's Risk Appetite Statement, Code of Conduct and Ethics and cultural and behavioural standards embodied in TD's shared commitments and human resources policies and programs.

### Gender Pay

Diversity and inclusion are core values and strategic business priorities. Our goal is to sustain a working environment that is supportive of all of our colleagues – where every employee has the opportunity to realize their potential to the fullest. In keeping with these core values, we are committed to providing equitable compensation and professional opportunities for all employees, while continually working to address the key factors, including the representation of women in senior roles, that can contribute to a gender wage gap.

To deliver equitable compensation opportunities, we have comprehensive and well-established compensation programs and structures that are gender-neutral. Examples of these programs and structures include well-defined salary ranges for the majority of employees, together with tools used to facilitate year-end base salary and incentive decisions that include guidelines to support consistency in decision-making. We closely monitor these programs and structures and conduct annual reviews to confirm compensation outcomes are appropriate. During 2019, we worked with a third-party provider to complete a detailed statistical analysis of compensation to assess potential differences in outcomes based on gender. The review found that women earned more than 99 cents for every dollar earned by men in base salary and total compensation, adjusting for factors such as job level, geography and role.

We are committed to delivering equitable opportunities for all employees, including making adjustments to compensation where appropriate and continuing to monitor our programs to confirm they are being delivered in a gender-neutral manner.

[+ See TD's Approach to Total Rewards for more details.](#)

**99¢:\$1**

**women earned more than 99 cents for every dollar earned by men**





2.3

# Data Security and Privacy

## Why It Matters to TD

The trust of our customers lies at the core of our business. In the digital era, data security and privacy threats continue to evolve and escalate. Although TD has not experienced any material financial losses relating to technology failure, cyber attacks or security breaches, we remain vigilant. Any attack, breach, disruption or compromise may lead TD to experience, among other things, financial loss, a loss of customers or business opportunities, increased costs to maintain and update operational and security systems, and infrastructure and reputational damage.



## Analyst Corner

- How We Protect You (Security Measures)
- Our Privacy Commitment
- How You Can Protect Yourself

## Our Approach

Protecting our customers and our bank remains our top priority. To do so, we actively monitor and manage security and privacy risks and enhance our ability to mitigate them through enterprise-wide programs, industry best practices, and threat and vulnerability assessments and responses.

TD's Information Security and Risk Management policies outline the organizational controls we have in place to protect information. Our security measures include firewalls, data encryption and around-the-clock monitoring to maintain the quality of TD's technology systems and proactively identify unusual customer account activity.

## Cybersecurity

### Governance and Policy

- Cybersecurity is a formal component of TD's overall risk management framework. Glenn Foster, our Chief Information Security Officer, oversees our cybersecurity program and provides updates to our Enterprise Risk Management Committee's Cybersecurity Subcommittee.
- TD has a cybersecurity strategy that is regularly reviewed and updated. The Board is engaged in this process, and three directors are identified as having technology management as a key skill/experience.
- Our cybersecurity policy is internally available to all employees.

### Training and Culture

- All TD employees play a role in protecting the bank from cyber threats.
- All eligible employees complete mandatory privacy and information security training courses, which are refreshed annually.
- Key employees in high-risk job functions and executives are also offered enhanced information security training.
- TD regularly tests the effectiveness of its Cybersecurity Awareness Program and works to promote a culture that understands the critical importance of data security and privacy, areas of vulnerability and how to remain vigilant when handling data.

### Threat Monitoring

- TD has cyber threat intelligence teams dedicated to monitoring, detecting, understanding, analyzing and responding to cyber threats and assessing their likelihood and the impact they may have on business operations, infrastructure and personnel.
- TD has programs in place to assess and monitor our most critical third-party providers' cybersecurity, data security and privacy capabilities.
- See description of the TD Fusion Centre below.

### Industry Frameworks

- The maturity of TD's cybersecurity program is being measured according to the National Institute of Standards and Technology Cybersecurity Framework.
- TD also complies with many industry-level codes of conduct designed to protect consumers.
- Many TD systems have been externally audited by third parties.

### Insurance

- TD has a dedicated cyber insurance policy to help mitigate against the financial risk of cyber-related events within our insurance portfolio, although we recognize that it may not be sufficient to materially cover against all financial losses.



2.3

## Data Security and Privacy continued

### Performance in 2019

#### Data Security

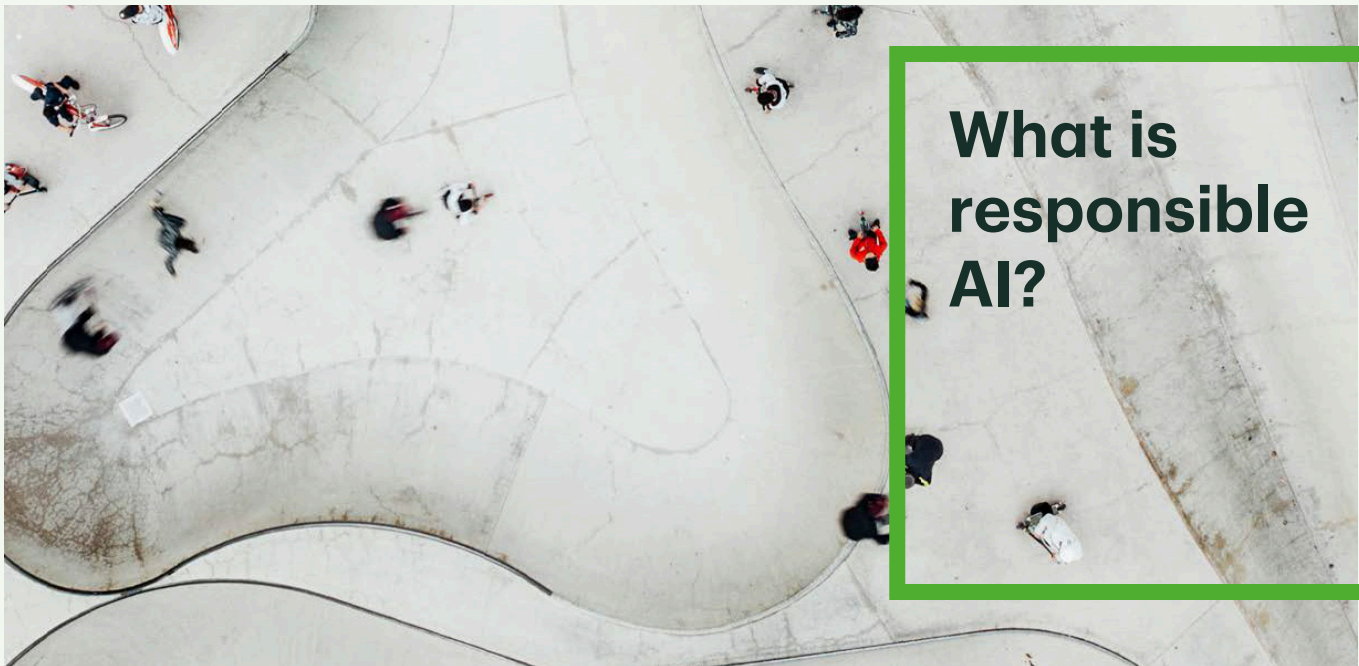
- **TD Fusion Centre:** In 2019, we established the TD Fusion Centre with the goal of building a best-in-class digital approach to cybersecurity and a new multidisciplinary approach to cyber-risk management. The centre acts as an integrated operational hub that is focused on improving the response to and detection of enterprise threats. We have brought together representatives from various teams to one location to share intelligence, enhance response times and build more efficient threat awareness. TD is investing in a fully integrated threat management capability driven by data and intelligence.
- To create a more cyber-aware culture across all levels of the organization, we enhanced our Employee Phishing Awareness Program for all employees and hosted a one-day Cyber Immersion Conference for executive leaders.
- We implemented a capability that enables email providers to authenticate emails from TD Bank before they are delivered to consumer inboxes and helps to block illegitimate emails sent by attackers impersonating TD's core email domains.
- In collaboration with Seneca College and Toronto Finance International, TD developed a new Cybersecurity and Threat Management graduate certificate program to help build the talent pool of cybersecurity professionals.

#### Privacy

<b>Governance and Policy</b>	<ul style="list-style-type: none"> <li>• A Global Chief Privacy Officer, in collaboration with other areas within the bank, oversees TD's Privacy program and reports to the Global Chief Compliance Officer. Local privacy officers are engaged in the jurisdictions where the bank operates outside of Canada.</li> <li>• TD's Global Privacy program sets out the principles according to which TD collects, uses, discloses, retains and otherwise handles and processes personal information.</li> <li>• The Global and Jurisdictional Privacy Offices ("the Privacy Office"), together with other risk and control partners, provide objective guidance, independent challenge and risk-based oversight of privacy compliance with the program and with the privacy laws and regulations applicable to the jurisdictions in which TD operates.</li> <li>• Further details on TD's practices regarding the management of personal information in the course of commercial activities are available on our external website.</li> </ul>
<b>Training and Culture</b>	<ul style="list-style-type: none"> <li>• All employees play a critical role in supporting TD's compliance with privacy laws and regulations. TD's privacy training provides employees with the skills and knowledge they can use to protect customer and employee privacy appropriately and to understand their privacy obligations. Privacy training also increases the awareness employees and contractors require to conduct day-to-day business activities in a privacy-compliant manner.</li> </ul>
<b>Regulatory Frameworks</b>	<ul style="list-style-type: none"> <li>• The Privacy Office proactively monitors for new or amended privacy-related regulatory requirements and, where required, provides guidance on the application of any changes to TD's businesses. This includes consultations and proposed updates to Canadian privacy legislation and continuing regulatory changes to state-based legislation such as the <i>California Consumer Privacy Act</i> of 2018.</li> </ul>
<b>Industry Best Practice</b>	<ul style="list-style-type: none"> <li>• The Canadian Privacy Office continues to actively participate in the Canadian Bankers Association's advocacy efforts in connection with open banking, the Digital Charter<sup>1</sup> and the Office of the Privacy Commissioner of Canada's consultation on transborder data flows.</li> <li>• The U.S. Privacy Office employees are all members of the International Association of Privacy Professionals and maintain relationships with federal and state regulators.</li> </ul>
<b>Customer Education</b>	<ul style="list-style-type: none"> <li>• We strive to have clear and easily accessible policies and practices so customers can find answers about how we manage their information.</li> </ul>

Privacy	2019	2018	2017
Number of unresolved well-founded <sup>1</sup> privacy complaints from the Office of the Privacy Commissioner of Canada	0	0	0
Regulatory privacy findings against the bank in the U.S., Europe or Asia-Pacific	0	0	0
Percentage of employees who completed Privacy training <sup>2</sup>	99.5	– <sup>3</sup>	– <sup>3</sup>

<sup>1</sup> The term "well-founded" is used by the Office of the Privacy Commissioner of Canada when the Commissioner has found that an organization has failed to respect a provision of the Personal Information Protection and Electronic Documents Act.  
<sup>2</sup> Completion rates for Privacy training are based on the applicable definitions of eligible and exempt employees pursuant to our internal policies.  
<sup>3</sup> The first year this data was collected was fiscal year 2019.



# What is responsible AI?

**72%**  
are comfortable with AI if it means they will receive personalized services

**68%**  
are concerned that they don't understand the technology well enough to know the risks

**59%**  
believe the lack of diversity among people working in the field of AI could lead to biases in the technology being developed

There is little doubt that artificial intelligence (AI) is among the most powerful new innovations in the market today. But what are the opportunities and risks of this technology, and how can companies adopting AI use it responsibly?

A new TD report brings together insights from a survey of Canadians and an expert roundtable to explore these questions. The report, entitled *Responsible AI in Financial Services*, shows that while Canadians recognize the value that AI can add to their lives and want their banks to keep pace with innovation, they're looking for a greater understanding of the technology and how it is being used.

The concerns of Canadians were reinforced at a recent roundtable hosted by TD in Toronto that brought together AI experts from multiple sectors, including financial services, technology, financial technology companies (fintechs), and academic and non-profit organizations. The participants identified the following areas of focus as financial institutions move forward with AI:

- **Explainability:** Determine how AI experts and business leaders should approach the challenge of explaining how AI models arrive at conclusions.
- **Bias:** Control for bias and re-examine the concepts of transparency, fairness and accountability in an AI-first world.
- **Diversity:** Promote the role that diversity and inclusion should play at every level of AI adoption.

As AI moves beyond the lab and into the real world, it is important that the capabilities of this new technology never compromise the confidence people place in us. TD is working collaboratively with various industry partners to better understand how responsible development of AI can enrich our lives, our customers, our economy and our future.

- + [Read the report.](#)
- + [Watch the video.](#)



*We believe that the potential benefits of AI are enormous, both for our industry and across society. It can improve lives when applied to health care, reduce poverty when harnessed by governments, serve customers when used responsibly by businesses and solve problems by finding hidden insights in data.*

*However, for this future to be realized, we must map the evolution and adoption of AI in a responsible way.*

**Michael Rhodes**  
Group Head, Innovation, Technology and Shared Services

# Environment

## In this section

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Sustainable Financing	25
Responsible Financing	26
Responsible Investing	29



# TD and the Environment

## A Message From Nicole Vadori, AVP and Head of Environment, TD Bank Group

Climate change is the defining issue of our times. The public response to the 2018 United Nations Intergovernmental Panel on Climate Change (IPCC) report continues to dominate the landscape as the world comes to terms with the consequences for the environment and economy if climate change continues unchecked. At TD, we continue to evolve our environmental strategy to identify even more opportunities for us to work to build a healthy environment for our children and the future. What was our focus a decade ago – carbon neutrality, responsible sourcing, etc. – is now the norm. Today, our attention on mobilizing sustainable finance continues so that we can help mitigate the impact of climate change and build resilience for growing climatic shifts.



We believe that there is an intrinsic link between economic growth and environmental sustainability and as a North American bank, we have a responsibility to foster both across our footprint. As climate change continues to evolve, so does progress on the technology and know-how to address climate risk. And this is where sustainable finance plays a transformational role by supporting solutions for the transition to a low carbon economy. We continue to support the transition and grow our focus on sustainable finance by pursuing opportunities that yield both environmental and economic benefits.

3.1

# Climate Change

## Why It Matters to TD

We believe that managing risks and opportunities related to climate change is increasingly important to our business. The special report *Global Warming of 1.5°C* released by the IPCC in 2018<sup>1</sup> is clear about the consequences for the environment and the economy if climate change is unchecked, but it also demonstrates that there are pathways to limit the worst of these impacts if decisive action is taken in the near future. A changing climate can lead to increased credit risk, insurance risk, market risk and other risks across TD's businesses, as well as operational risk to our physical footprint. We believe financial institutions have an important role to play in addressing climate-related impacts on their businesses and their clients and in supporting the transition to a low-carbon economy.

## Our Approach

More than a decade ago, TD was one of the first major North American banks to identify climate change as an environmental issue with economic impacts. Our business interests are primarily in Canadian and U.S. economies that have abundant oil and gas resources supplied by a wide range of service industries. Accordingly, we balance supporting conventional energy sources that fuel our current economic vitality with investing in low-carbon innovation aimed at supporting a more inclusive and sustainable tomorrow. We have maintained carbon neutral operations since 2010, embedded environmental considerations into key business segments and operations, established an enterprise-wide strategy to target a total of \$100 billion in low-carbon lending, financing, asset management and internal corporate programs by 2030 to support the transition to a low-carbon economy and deepened our activity in low-carbon innovation by supporting cleantech growth.



## Analyst Corner

Carbon Neutral Schedule: ESG Appendix (pg. 7)  
2019 Principles of Sustainable Insurance – Annual Disclosure  
TD's TCFD Report  
Low-Carbon Economy Progress Report  
2019 CDP Climate Change Questionnaire

## Performance in 2019

### Alignment With the Paris Agreement

The Paris Agreement, signed by 195 countries in 2015, is a global pact to “strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.”<sup>2</sup>

The Paris Agreement is a critical step in responding to the global threat of climate change, and TD affirms its alignment to the principle of the Agreement. We support Canada's objectives to meet the goals of the Paris Agreement and recognize our responsibility to contribute by integrating climate considerations across our business, with a focus on key areas of finance such as lending, investment, insurance and risk management, as well as our own operations.

### Supporting Climate Opportunities: TD's Low-Carbon Strategy

As a top five North American bank,<sup>3</sup> we believe that TD has an important role to play in helping the transition to a low-carbon economy in North America. This is why we have committed to a target of a total of \$100 billion in low-carbon lending, financing, asset management and internal corporate programs by 2030. Significant progress toward achieving the target is being made through the following:

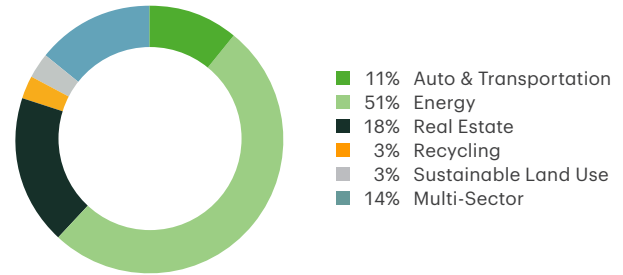
3.1

# Climate Change continued

<b>Business Impact</b>	<ul style="list-style-type: none"> <li>Supporting the growth of renewable and low-carbon energy sources, energy-efficiency practices, sustainable land use and green infrastructure within TD's main business areas, including lending, investment, asset management, advisory services and insurance</li> <li>Expanding the impact of TD's green bond strategy (issuing, underwriting and investing) to increase support for projects that provide both economic growth and environmental benefit</li> <li>Building on our nine-year record of carbon neutrality to further reduce TD's carbon footprint</li> </ul>
<b>Research and Innovation</b>	<ul style="list-style-type: none"> <li>Working with companies, ventures, projects and funds that are driving innovation to advance the cleantech market in North America</li> <li>Fostering understanding and dialogue on climate change and the low-carbon economy through research and supporting opportunities for conversations to help society and the economy make a successful transition</li> </ul>
<b>Corporate Citizenship</b>	<ul style="list-style-type: none"> <li>Targeting one million new trees to be planted in communities across North America, more than doubling the number we have helped plant since 1990</li> </ul>

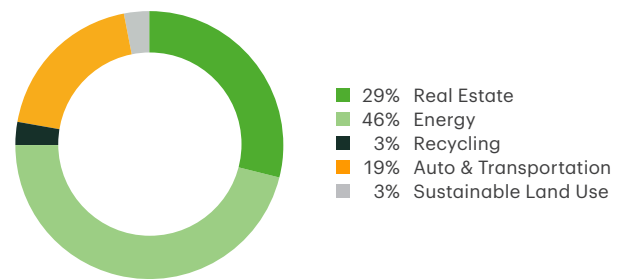
Over the last three years of our commitment, TD's contribution to the low-carbon economy totalled over \$43 billion of our \$100 billion target through our low-carbon lending, financing, asset management and internal corporate programs.<sup>4</sup> The natural capital value is estimated at over \$190 million, and the environmental impact of our contribution is over 1 million tonnes of GHG emissions avoided (equivalent to the annual energy use of approximately 134,500 homes). From an economic perspective, our financing activities have supported more than 113,000 jobs and contributed approximately \$21.8 billion to the GDP.<sup>5</sup> We are not only on track to reach our target ahead of 2030, but we are also exploring ways to innovate and develop new targets that will further advance the low-carbon economy in North America.

## TD's Financial Support of the Low-Carbon Economy by Market Sector<sup>1</sup>



<sup>1</sup> Chart shows market sector breakdown of the over \$43 billion total. Reflects cumulative total from 2017 to 2019.

## Breakdown of Jobs Supported by Market Sector<sup>1</sup>



<sup>1</sup> Represents 2017-19 excluding the impact of multi-sector transactions because these could not be accurately estimated using the current methodology.

## Managing Climate Risk: Addressing Impacts on Business

In 2017, the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) published recommendations that provided important guidance on a more consistent approach to assessment and reporting of climate-related risks and opportunities. TCFD recommendations are structured around four core elements: governance, strategy, risk management, and metrics and targets.

In 2019, TD made notable progress toward addressing the recommendations, including the following key accomplishments:

- Governance** – held a dedicated educational session for the Board of Directors to foster informative dialogue, explore perspectives on assessing and managing climate risk and related investment strategies, and gain a better understanding of the current climate change risk landscape.
- Strategy** – built our capacity to conduct scenario analysis by testing industry methodologies through participation in all UNEP FI pilots, including publishing studies on physical risk methodologies and our climate risks in our asset management portfolios.



3.1

## Climate Change continued

- **Risk Management** – established a dedicated E&S Risk Management function that will work to enhance the frameworks and policies needed to actively manage climate-related risks; formally integrated climate change into TD’s Enterprise Risk Management processes; and continued to assess climate-related risks and opportunities across our business segments.
- **Targets and Metrics** – developed new metrics to evaluate and monitor our climate change management activities.

Going forward, we plan to continue to strengthen our internal policies to formalize how the bank accelerates and thrives in the transition to a low-carbon economy. We also plan to further develop our scenario analyses to stress-test the impact of climate-related risks and opportunities on our business strategies. We intend to continue developing appropriate metrics to support the monitoring and management of climate-related risks and opportunities.

### Carbon-Related Assets Relative to Total Assets

We are introducing a climate-related risk metric that measures our exposure to carbon-related assets relative to our total gross credit risk exposure (excluding counterparty credit risk exposures to repo-style transactions, and OTC derivatives).<sup>6</sup> To define carbon-related assets, TD follows the Task Force on Climate-related Financial Disclosures’ suggested definition of: “those assets tied to the energy and utilities sectors under the Global Industry Classification Standard (GICS), excluding water utilities and independent power and renewable electricity producer industries.” The metric is intended to be an early assessment of climate-related risks and to help monitor our concentration and exposure to climate-sensitive industry sectors over time. Our exposure to carbon-related assets totalled \$31 billion in fiscal year 2019, or approximately 2.7% of our total gross credit risk exposure, as at October 31, 2019.

### TD Insurance – Supporting Our Customers and the Insurance Industry

Extreme weather events continue to have an impact across our footprint, directly affecting our operations and the communities we serve. In Canada alone, in 2018, insured damage from severe weather reached \$1.9 billion.<sup>7</sup> At TD Insurance (TDI), we view these events as an opportunity and a responsibility to take meaningful

action to address how we can better protect our customers and support the insurance industry. We continue to research and assess ways in which we can help our customers adapt to climate change and improve our disaster recovery efforts.

- In March 2019, we established an Advisory Board on Climate Change, a first for the Canadian insurance industry. The Advisory Board comprises experts from Engineers Canada and five top Canadian universities with expertise related to climate change, severe weather and its impact on people and the planet. The Advisory Board, together with TDI executives, will develop and implement initiatives to address key climate change issues and identify opportunities for change that are of importance to TDI and the insurance industry at large.
- In April 2019, we introduced an extended water damage product – a new and easy-to-understand endorsement that includes coverage against sudden and accidental water damage.<sup>8</sup> As part of our coverage, in the event of a paid loss, we are also offering an indemnity of up to \$1,000 toward the cost of installing a backwater valve or sump pump with a power backup system, which could help prevent future losses.
- We were the second Canadian-based signatory to the United Nations (UN) Principles for Sustainable Insurance (PSI) in 2014. As a signatory, we report on our progress toward embedding the principles into all aspects of our operations. Last year, we joined a growing group of 16 PSI signatories who have committed to participating in the UNEP FI-supported pilot to implement the recommendations of TCFD in the insurance industry. But because the pilot’s focus was on non-life insurance, a separate life insurance working group, in which TDI is a participant, was also established.
- TDI’s Mobile Response Units provide quality and timely disaster relief support to our customers across Canada. In 2019, this included quick responses to severe-weather-related damage from Hurricane Dorian in Halifax.
- TDI has offered discounts on insurance for hybrid vehicles in Canada since 2008. In 2011, the program was extended to electric vehicles. In addition, TDI also offers insurance on solar panels.

### Insurance for Hybrid and Electric Vehicles

	2019	2018	2017
Number of active hybrid and electric vehicle discounts <sup>1</sup>	33,530	26,231	20,620
GHG emission reductions by TD Auto Insurance customers (in tonnes of CO <sub>2</sub> e) <sup>2</sup>	17,641	18,569	10,819

<sup>1</sup> In fiscal year 2019, 2018 data was restated due to corrected information.

<sup>2</sup> The estimates were calculated by consulting firm WSP.

**\$100b**  
TD contribution  
to supporting the  
low-carbon economy  
by 2030

**Over \$43b**  
current contribution  
to low-carbon target

**\$200m**  
fund size of ArcTern  
Ventures' Fund II  
achieved through  
our support



## Cleantech – Pathway to the Low-Carbon Economy

Advancing the development and employment of cleantech provides a significant opportunity to accelerate the pace of change. Clean technology has the potential to alleviate the harmful effects on the environment from energy production and increase the competitiveness of economies. However, cleantech companies face significant barriers when trying to raise the longer-term capital they need to develop their technology in order to grow and compete globally. This is because apart from the time and capital they need, their technology is often new and innovative.<sup>9</sup> Accordingly, they can be challenging and unconventional prospects for financing.

Recognizing the important role of cleantech companies in the low-carbon transition, in 2018, we contributed to the development of the [TD Sustainable Future Lab](#), a cleantech accelerator in Ontario that has so far supported and mentored 23 startups working on developing innovative and sustainable cleantech solutions. In 2019, we furthered our support for cleantech across the technology ecosystem by:

- Acting as a major investor in the second closing of ArcTern Ventures' Fund II, which has met its \$200 million target fund size, positioning it as the largest cleantech venture fund in Canada and among the leading cleantech venture funds in the world. Our investment in Fund II will help advance innovation and entrepreneurship in cleantech and reinforce our commitment to scaling emerging cleantech companies to support the transition to a low-carbon economy.

- Providing banking solutions to meet the unique needs of cleantech entrepreneurs. We have heard from our customers that the process around cleantech innovation can take longer to get to market than other technology solutions, so we have created a special banking offer for eligible cleantech companies.<sup>10</sup> We offer eligible cleantech companies a two-year waiver on the monthly fee for an unlimited business chequing plan in order to help make banking more affordable and to allow companies to focus on growing their businesses.
- Helping early-stage cleantech companies protect and patent their applications by expanding our unique [Patents for Startups program](#)<sup>11</sup> in collaboration with the TD Sustainable Future Lab. Over the next five years, the program will support and mentor some eligible startups that have gone through the accelerator program and are ready to patent their solutions and drive innovation in the cleantech market in North America.
- Supporting the Vancouver Economic Commission, which works to build a stronger, more resilient economy by implementing strategic programs, projects and events to meet industry needs. In 2018, we supported the Green and Digital Demonstration Program (GDDP), an initiative launched to accelerate the commercialization of solutions and pathways to market for local green innovators. Through the GDDP, innovators can test and showcase emerging technologies using the City of Vancouver's assets, infrastructure and staff.



*Building a low-carbon economy is a key priority for Canada as we move toward lowering emissions and building efficient and resilient infrastructure. We see opportunities all around us to support and foster the transition. Harnessing the enthusiasm and ingenuity of cleantech innovators is one of the best ways to inspire positive change.*

**Drew MacIntyre**

Senior Vice President (SVP), Wholesale Banking & Vice Chair and Head, Global Energy & Power Group (TD Securities Inc.)

3.2

# Eco-Efficiency

Changing weather patterns and evolving climate policies are reshaping the way we build and manage our buildings across our footprint. Commercial buildings represent about 35% of GHG emissions across North America,<sup>1</sup> making them a significant contributor to climate change.

As a financial institution with a significant physical presence, we believe it is important to minimize environmental impacts from our buildings and operations. We have been carbon neutral since 2010 and we have developed multi-year targets to be achieved by the end of 2020 in connection with GHG emissions, energy consumption, and water use and water diversion. We collect and review our data annually.<sup>2</sup> In 2019, we maintained our carbon neutrality, reduced our scope 1 and 2 GHG emissions by 21%, reduced energy use by 5% and reduced water use by 3%, all relative to our 2015 baselines. Our key business units work in an integrated manner to reduce our operational footprint, and we review our strategy and report on our performance at least annually to TD's Corporate Citizenship Council.

Studies show that consumers believe that protecting the environment contributes to, rather than hinders, economic growth<sup>3</sup> and that they are increasingly interested in green banking products that are financially competitive. To meet this demand, we have created a range of green banking products and services as part of our retail and small business offerings, including renewable energy financing, electronic banking options and paperless banking.



## Analyst Corner

- GHG Emissions: ESG Appendix (pg. 2, 3 and 4)
- Notes to GHG Emissions: ESG Appendix (pg. 5)
- 2019 GHG Emissions Assurance Statement
- Carbon Neutral Schedule: ESG Appendix (pg. 7)
- TD's Ongoing Energy, GHG and Water Reduction Initiatives: ESG Appendix (pg. 2, 4, 6 and 8)
- Environmental Goals and Scorecard: ESG Appendix
- Green Banking
- Green Products



**5%**  
reduction in  
energy use



**21%**  
reduction in  
Scope 1 and 2  
GHG emissions



**3%**  
reduction in  
water use

Note: 2019 performance is relative to 2015 baseline.

3.3

# Sustainable Financing

The Government of Canada set up the [Expert Panel on Sustainable Finance](#) in 2018 to engage with financial market participants to outline global trends, opportunities and challenges relating to sustainable finance and climate-related risk in Canada, as well as recommendations for potential next steps, roles and responsibilities.<sup>1</sup> In 2019, the panel presented its report with recommendations for mobilizing sustainable finance to address pressing environmental and social issues.<sup>2</sup> The report recommends that Canadian organizations embed ESG considerations into every aspect of their business and financing so that sustainable finance becomes synonymous with finance. Financial institutions are encouraged to integrate climate risks and opportunities in their enterprise strategy so that their financing and investment decisions, products and services are all created with a vision of achieving sustainable growth.<sup>3</sup>

The Expert Panel also notes in recommendation 9 that there is a need to “Expand Canada’s green fixed income market, and set a global standard for transition-oriented financing.” At TD, we support this recommendation and are participating in the [CSA technical committee for defining green and transition finance](#)<sup>4</sup> as a first step in exploring the transition finance market.

- We offer green financial programs and services across business lines, including ECO, a program that offers special rates on financing for hybrid and electric vehicles.

## Financing for Hybrid and Electric Vehicles

	2019	2018	2017
Dollars financed (in millions)	<b>\$192</b>	\$193	\$65
Number of financing transactions	<b>5,146</b>	5,127	2,031
GHG emissions reductions by TD Auto Finance customers (in tonnes of CO <sub>2</sub> e) <sup>1</sup>	<b>10,051</b>	12,612	3,709

<sup>1</sup> The estimates were calculated by WSP.

- We are aware of the growing interest among clients in understanding ESG factors and the related risks and in opportunities to invest in socially responsible companies.<sup>5</sup> Our Portfolio Advice & Investment Research (PAIR) group is dedicated to providing a range of services – information, ratings and portfolio construction – to TD Wealth advisors. PAIR has incorporated ESG factors into their services in order to provide TD Wealth advisors with a variety of responsible investing options for their clients.

In addition to our retail products and services, our responsible financing and responsible investing approaches are how we apply sustainable finance within our core banking segments.



*This isn't just about transitioning to a low-carbon economy; it's about looking to provide capital and financing the transition in a way that creates positive change and value for all our stakeholders. We understand that the environment and the economy are inextricably linked, and TD is exploring new ways to deliver sustainable finance options to help customers and clients reduce their own impacts.*

**Paul Douglas**

Group Head, Business Banking and Chair of the Sustainable Finance Executive Council

# Responsible Financing

## Why It Matters to TD

Financial institutions such as TD, through their resources and expertise, have a unique opportunity to have an impact on businesses and influence the economy. Many of our stakeholders expect that our own business activities and those of the clients we support follow sound environmental policies and practices. By continuing to improve how we assess environmental risks and opportunities in our lending portfolio, we have an opportunity to help our clients move toward lower-carbon business activities and effectively manage risk.

## Our Approach

Environmental and social (E&S) issues are embedded within our Enterprise Risk Management Framework. We support responsible energy development backed by federal and provincial/state energy policy, regulation and our own due diligence. Through our participation in the UNEP FI TCFD lending pilot, we are working toward a better understanding of the physical, transition and climate risks in our current portfolio, which we expect to integrate into relevant future strategic discussions.

## Environmental and Social Due Diligence

We manage environmental and social risk based on a life-cycle approach that begins before our formal engagement with a client and continues throughout our relationship. TD's Non-Retail Environmental and Social Credit Risk Process for Non-Retail Credit Business Lines governs our processes for assessing risk and contains a set of due diligence tools that are applied to all non-retail lending activities, which include general-corporate-purpose, project and fixed-asset financing.



## Analyst Corner

TD's Environmental and Social Credit Risk Process and Equator Principles Reporting

List of Stakeholder Engagements on Environmental and Social Topics: ESG Reporting Details (pg. 3 and 4)

Important components of these processes include the following:

- A list of transaction types and activities that are prohibited based on environmental and social risk, including activities within World Heritage Sites,<sup>1</sup> activities that would result in the degradation of protected critical natural habitats,<sup>2</sup> activities that would involve the purchase of timber from illegal logging operations, mountaintop-removal coal mining and production or trade in any product or activity deemed illegal under host-country laws or regulations<sup>3</sup>
- Enhanced due diligence for environmentally sensitive sectors: forestry, mining, oil and gas and pipelines, oil sands and thermal power
- An escalation process for higher-risk deals to environmental experts and senior executives within credit risk management and, in some cases, TD's Reputational Risk Committee comprising senior executives from across the bank
- Where our assessment indicates that there is potential for high residual risk, we negotiate additional E&S performance conditions, engage with the client on solutions to reduce environmental and social risk and, as a last resort, are prepared to not pursue the relationship further
- Since 2007, we have embedded the Equator Principles into our E&S Risk processes

Our E&S Risk Policy and due diligence procedures are updated on a regular basis to maintain alignment with current industry best practices. We are currently working on updates that will include a refreshed training program for applicable members of TD's Wholesale and Commercial Banking teams.



3.4

## Responsible Financing *continued*

### Performance in 2019

#### TD Gross Credit Risk Exposure<sup>1</sup>

(as at October 31, 2019)

**\$1,162 billion total**



**Breakdown**

- 56% Retail and Residential Real Estate
- 4% Non-Residential Real Estate
- 5% Natural Resources
- 6% Manufacturing and Transport
- 11% Retail and Service
- 18% Government

#### Exposure to Environmentally Sensitive Industry Sectors (approximately 11.5% of total exposure)

Non-Residential Real Estate	4.1%
Agriculture	0.7%
Forestry	0.2%
Metals and mining	0.7%
Pipelines, oil and gas	2.0%
Power and utilities	1.5%
Automotive	1.5%
Food, beverage and tobacco	0.8%

<sup>1</sup> See [TD's 2019-Q4 Supplemental Regulatory Disclosure](#), pg. 17. Excludes counterparty credit risk exposures to repo-style transactions and OTC derivatives. The 2018 and previous-year disclosures were calculated using net loans and acceptances from TD's Annual Reports.

#### TD Gross Credit Risk Exposure to Power Generation<sup>1</sup>

(as at October 31, 2019)

**\$6.8 billion total**



- 54.7% Fossil-fuel-based energy generation
- 43.7% Low-carbon energy generation
- 1.6% Other

Power generation is a subset of power and utilities and also includes customers from other industry sectors that generate power. It includes customers that generate power and excludes those that are purely involved in transmission and distribution or non-power generation. Calculated on a customer-by-customer basis using the most recent publicly available information on generation capacity (in megawatts) of energy source. Our total gross credit risk exposure to power generation was **\$6.8 billion**<sup>2</sup> as at October 31, 2019.

<sup>1</sup> Fossil-fuel-based generation includes natural gas, oil and coal. Low-carbon includes nuclear, hydroelectric and renewables (wind, solar and biomass). Generation that cannot be allocated to any of the listed generation types is included in other.

<sup>2</sup> Generation obtained through power purchase agreements (PPAs) is not considered. Also, fuel cell and other fuel storage projects are not included.

### E&S Risk-Enhanced Due Diligence Reviews by Sector 2019

Sector	Number of Reviews	Percentage
Forestry	20	6
Mining	34	11
Oil and gas, pipelines	204	65
Thermal power	56	18
<b>Total enhanced due diligence</b>	<b>314</b>	<b>100</b>



3.4

## Responsible Financing *continued*

### Equator Principles

In 2019, TD completed three Equator Principles transactions: one project finance and two project-related corporate loans.<sup>4</sup>

#### Project Finance

Sector	Category A <sup>1</sup>	Category B <sup>1</sup>	Category C <sup>1</sup>
Mining			
Infrastructure			
Oil & Gas			
Power		1	
Others			
<b>Region</b>			
Americas		1	
Europe, Middle East and Africa			
Asia-Pacific			
<b>Country Designation</b>			
Designated		1	
Non-Designated			
<b>Independent Review</b>			
Yes		1	
No			
<b>Total</b>		<b>1</b>	

#### Project-Related Corporate Loans

Sector	Category A <sup>1</sup>	Category B <sup>1</sup>	Category C <sup>1</sup>
Mining			
Infrastructure			
Oil & Gas		1	
Power			1
Others			
<b>Region</b>			
Americas		1	1
Europe, Middle East and Africa			
Asia-Pacific			
<b>Country Designation</b>			
Designated		1	1
Non-Designated			
<b>Independent Review</b>			
Yes		1	
No			1
<b>Total</b>		<b>1</b>	<b>1</b>

<sup>1</sup> For definitions of Category A, B and C, refer to: [https://equator-principles.com/wp-content/uploads/2017/03/equator\\_principles\\_III.pdf](https://equator-principles.com/wp-content/uploads/2017/03/equator_principles_III.pdf) (pg. 5).



3.5


# Responsible Investing

Increasingly, ESG factors are viewed as an important part of investment decisions.<sup>1</sup> TD Asset Management Inc. (TDAM), Canada’s largest asset manager, directs more than \$322 billion in assets on behalf of retail and institutional investors. TDAM believes that ESG risks are important factors in its investment decisions as highlighted in its Sustainable Investment Policy.

## Overview of ESG Integration

In 2009, TDAM became a signatory to the [UN Principles for Responsible Investment \(UN PRI\)](#) and was the first investment business of a major Canadian financial institution to elevate its commitment to ESG assessment. Today, the UN PRI have 2,370 signatories representing over US\$86.3 trillion of assets under management.<sup>2</sup> Our commitment to ESG integration extends beyond the UN PRI.

TDAM received an A+, the highest score for strategy and governance, and A in all other categories in an assessment of its performance under the UN PRI. The assessment conducted by the UN PRI in 2019 covered TDAM’s 2018 performance. The report is designed to provide TDAM with a sense of its standing among its asset management peers, a three-year performance trend and feedback to further its learning and development.



### Analyst Corner

- 2019 Principles for Responsible Investment and Engagement Report
- Sustainable Investment Approach
- TDAM Disclosures on Proxy Practices
- 2019 TD Green Bond (2017) Issuance – Use of Proceeds as at October 31, 2019
- TD Green Bond Framework
- ESG Appendix (pg. 12–13)

## Summary Scorecard

AUM	Module Name	TDAM's Score	Median Score
	01 Strategy & Governance	A+	A
<b>Direct and Active Ownership Modules</b>			
10–50%	10 Listed Equity – Incorporation	A	B
10–50%	11 Listed Equity – Active Ownership	A	B
10–50%	12 Fixed Income – SSA	A	B
10–50%	13 Fixed Income – Corporate Financial	A	B
< 10%	14 Fixed Income – Corporate Non-Financial	A	B

3.5

## Responsible Investing continued

TD believes that ESG analysis provides an additional lens for more robust investment analysis. TDAM employs a three-pronged approach to assessing company risk that includes:

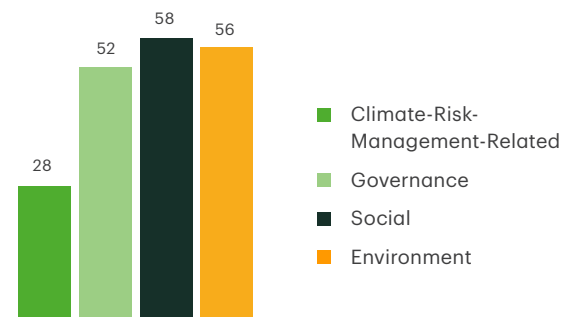
- **Investment analysis:** We integrate ESG factors into our equity and credit research to highlight risks and to provide insight on potential opportunities.
- **Engagement:** We engage directly and collaboratively with companies across a broad range of industries, meeting with company leaders to understand the potential impacts of ESG risks on their business and the processes they have in place to manage those risks. Our discussions cover the management of environmentally and socially sensitive issues such as fuel efficiency, safety, water treatment and carbon emissions, as well as corporate governance.
- **Proxy voting:** Exercising our voting rights as shareholders is one of the key ways we can positively influence environmental and social practices of the companies in which we invest.

One hundred per cent of TDAM actively managed funds have ESG factors integrated into the investment decision-making.

### Performance in 2019

- We continued to score well ahead of our global peers on the UN PRI Reporting Framework, first launched in 2013. The assessment allows TDAM to benchmark itself relative to industry peers and identify areas for improvement within TDAM's ESG framework.
- We have begun incorporating ESG-specific third-party research to complement our fundamental view of the underlying company. We also implemented engagement planning with a focus on delivering meaningful and impactful engagement outcomes.
- In 2019, TDAM had 114 ESG-focused engagements with companies. These covered a variety of topics including environmental remedies to reduce CO<sub>2</sub> emissions, water recycling efforts, waste management, workforce diversity and community engagement.

### Number of ESG-Focused Engagements<sup>1</sup>



<sup>1</sup> An engagement may include more than one topic.

- With the acquisition of Greystone Managed Investments Inc. on November 1, 2018, we have enriched the ESG expertise within TDAM. We continue to learn from Greystone's ESG practices and remain focused on continuing to embed ESG across the enterprise.
- In addition to incorporating ESG factors into the research process, our fundamental equity research team also focuses on thematic, actionable ESG-related topics with cross-sector impacts. This year the team published two white papers:

+ **The New Age of Tobacco**

+ **The IMO 2020 report**

- As of October 31, 2019, 34% of funds managed by TDAM were rated high or above average in terms of sustainability by Morningstar (a leading investment research firm).<sup>3</sup>

### TD North American Sustainability Leaders Portfolio

TDAM manages a TD North American Sustainability Leaders Portfolio for TD Private Investment Counsel. The portfolio invests in high-quality companies who contribute positively to the [United Nations Sustainable Development Goals \(UN SDGs\)](#). The portfolio was designed with the objective of "Investing with Impact." This is achieved by selecting companies who have superior profitability and growth characteristics but whose business models also contribute to advancing one or more of the UN SDGs. TDAM allows select investors to access a portfolio of quality companies knowing that their investments are aligned with their personal values.

### The Road Ahead

TDAM is committed to continued improvement of our responsible investing practices. Areas of focus going forward include:

- Establishing a process to identify and prioritize ESG engagements with companies we invest in or evaluate for investment
- Systematically reviewing sector-specific ESG issues and overall impacts on our client portfolios
- Augmenting and integrating our ESG policies for TDAM and the former Greystone, including existing Greystone policies for real estate, mortgages and infrastructure

3.5

## Responsible Investing continued

### Moving the Dial on Green Bonds

We support the growth of the green bond market across a number of our business segments through issuance, underwriting and investing.

#### Issuing

## US\$1 billion

TD Bank has issued two green bonds to date, a \$500 million bond that matured in 2017 and a US\$1 billion bond maturing in 2020. With its second green bond issuance, TD continues to help drive growth in the green bond market, bringing the total amount of green bonds issued to \$1.7 billion<sup>4</sup> since 2014. The TD Green Bond issued in 2017 was upsized from US\$500 million to US\$1 billion, was oversubscribed and attracted 70% green investors and 10 new investors to the bank.

#### Some of the projects funded by the 2017 TD Green Bond issuance

**Centre for Addiction and Mental Health (CAMH):** Construction of two modern buildings that are projected to earn LEED Gold certification in Toronto

**Solar Power Generation:** Feed-In Tariff (FIT) solar power generation sites in Northern Ontario

**Energy Services Acquisition Program – Energy Services Modernization:** Modernization and expansion of an existing district energy system (DES) in Ottawa (National Capital Region)

**+ For detailed information on these projects, see the 2019 Green Bond Use of Proceeds.**

#### Investing

## \$1.3 billion

TD's Treasury and Balance Sheet Management team considers green investments when compiling their investment portfolios for the bank. Since 2014, TD's Treasury Group has purchased approximately \$1.3 billion in green bonds as part of managing the bank's investment portfolio, which includes \$340 million purchased in 2019.

#### Underwriting

## Over \$21 billion<sup>5</sup> led by TD in sustainable bond underwriting since 2010

**Example:** US\$1 billion issue – TD Securities was an active bookrunner and advisor for Duke Energy's inaugural issue of green bonds, one of the largest issuances for the utility industry. The bond's proceeds will finance green energy projects, including zero-carbon solar and energy storage, in North Carolina and South Carolina.

The TD Securities Debt Capital Markets team has a strong role in expanding green bond markets through underwriting bonds for issuers globally. TD Securities has over the years expanded its portfolio to underwrite sustainable development bonds (SDB) – bonds linked to the UN SDGs, including the Inter-American Development Bank inaugural SDB and the International Bank for Reconstruction and Development (The World Bank) SDB. This year, TD Securities also underwrote the first-ever Secured Overnight Financing Rate green bond.

#### TD Bank Group Green Bond Investment Statement

*We believe that incorporating environmental considerations as one of the many facets of our investment decision-making contributes to the overall economy and long-term sustainability of the environment. As such, we intend to allocate a portion of new bond purchases in our Treasury investment portfolio to green investments that align with our investment strategy.*

#### Member of the Green Bond Principles

TD continues to enhance its [Green Bond Framework](#), with the most recent issuance aligned with the 2017 Green Bond Principles, the most up to date at time of issuance. We align with internationally recognized frameworks such as the Green Bond Principles to guard against greenwashing. For TD's green bonds specifically, we also employ third parties for both assurance and second opinions to ensure the validity of our measured impacts and green criteria. TD Bank is a proud member of the Green Bond Principles and an active participant on the [International Capital Market Association](#) (ICMA) Social Bonds and Green Projects Eligibility working groups for 2019–20.

# Social

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4.1

# Social and Economic Inclusion

## Why It Matters to TD

We are acutely aware that TD’s long-term success as a business depends upon the prosperity and growth of all the communities we serve. Many people are concerned that they – or their children – will be left behind, excluded from social and economic opportunities. According to a recent TD-commissioned study,<sup>1</sup> a significant proportion of Canadians surveyed are unable to pay all their bills on time or are financially vulnerable. The survey also found that certain sub-groups struggle more than others to be financially healthy. In addition, Canadians surveyed who make financial decisions alone, without professional guidance or support, are among the most financially vulnerable. It is in TD’s interest to serve the diverse needs of our customers across the economic spectrum, help foster financial inclusion and promote inclusive economic growth<sup>2</sup> across our operational footprint because social and economic inequality is a destabilizing factor for the economies we operate in and the communities we serve.



## Analyst Corner

Diversity Governance  
 TD and Indigenous Communities in Canada  
 Codes of Conduct and Public Commitments

## Our Approach

In 2018, TD launched the [TD Ready Commitment](#) – an enterprise-wide platform that is focused on helping TD meet its purpose to enrich the lives of our customers, communities and employees. Through the four distinct and interconnected drivers of financial security, vibrant planet, connected communities and better health, our new corporate citizenship strategy will help support building a more inclusive and sustainable tomorrow in a differentiated, meaningful, authentic and measurable way. Our goal is to provide financial products and services to our diverse customers, financial education tools to help bolster financial literacy and decision-making for individuals and small businesses and help support workforce development and credit counselling to help make the world around us a better place to live. As part of the TD Ready Commitment, we have refocused our community giving, targeting a total of \$1 billion in giving by 2030.



*In today’s world, it is undeniable that the private sector is giving more and more consideration to ESG factors as a way to measure business success. At TD, our commitment to ESG performance is more than a business requirement. It is a belief that as a financial institution we have a role to play to drive positive social impact through our business for the benefit of our customers, colleagues and communities. It is also an aspiration to help build a more inclusive and sustainable tomorrow. For us at TD, the social aspects of our business are broad and far-reaching, and we take this responsibility very seriously.*

**Andrea Barrack**  
Global Head, Sustainability & Corporate Citizenship



4.1

## Social and Economic Inclusion continued

### Performance in 2019

#### Encouraging Inclusion by Serving Diverse Customers

Our focus is on empowering our customers through providing products, services and tools to improve access to financial services and build financial confidence.

Diverse Customer	Products and Services
<b>Low-Income Customers</b>	<ul style="list-style-type: none"> <li>• TD offers a wide range of products and services, including low-fee chequing accounts, ATMs in low-income areas and home mortgage programs such as Right Step and HomeReady. We open personal accounts regardless of whether a person is unemployed, is or has been bankrupt or is unable to make an initial deposit, subject to required conditions.<sup>3</sup></li> </ul>
<b>People With Disabilities</b>	<ul style="list-style-type: none"> <li>• All of our ATMs support audio guidance, allowing customers to insert headphones into a jack so people with visual disabilities can listen to the options to transact at the ATM.</li> <li>• Many of the ATMs support keypad assistance, making it easier for customers with limited reach or mobility challenges to transact at the ATM.</li> <li>• Accessibility services are an integral part of our customer-facing employees' customer service training.</li> <li>• American Sign Language is available on many of our branch tablets in Canada.</li> </ul>
<b>Newcomers</b>	<ul style="list-style-type: none"> <li>• We updated our New to Canada banking package to provide a choice of chequing with no monthly fee for the first six months.</li> <li>• TD also provides a credit card with no Canadian credit history required.</li> <li>• We have over 6,000 ATMs across North America, with over 2,800 in Canada that are multilingual. Our <a href="#">New to Canada</a> website has information and resources in 14 different languages to help newcomers with building a financial foundation in Canada.</li> <li>• Our mobile banking app is available in simplified and traditional Chinese to improve ease of access for the more than one million Canadians<sup>4</sup> for whom a Chinese language is the primary language spoken at home.</li> </ul>
<b>Indigenous Peoples</b>	<ul style="list-style-type: none"> <li>• We have a dedicated Indigenous Banking team that works closely with our internal business partners to help provide a comprehensive approach to serving Indigenous clients.<sup>5</sup></li> <li>• In 2019, we renovated the TD Park Royal banking branch in West Vancouver, British Columbia, located on the unceded traditional territory of the Squamish First Nation, with art that reflects the community in which it resides.</li> </ul>
<b>LGBTQ2+</b>	<ul style="list-style-type: none"> <li>• Our team has LGBTQ2+-focused business development managers across Canada and the New York metropolitan area.</li> <li>• We have made all-gender restrooms the design standard for all our new and renovated retail locations across our North American footprint.</li> <li>• We partnered with the Stonewall Community Development Corporation and SilverBills to provide financial literacy classes to LGBTQ2+ seniors in New York City.</li> </ul>
<b>Women</b>	<ul style="list-style-type: none"> <li>• We support organizations that align with our mission such as The Big Push's business accelerator program that helps early-stage, women-founded technology companies become investment-ready and scale at a faster rate.</li> <li>• Women entrepreneurs are a growing segment who are powering economies in communities in which we do business, and we aspire to be the preferred bank for these entrepreneurs by helping to facilitate their success and growth.</li> </ul>

### Three-Year Performance

	2019	2018	2017
<b>Right Step Mortgage</b>			
Number of families helped	428	447	583
Amount borrowed (in millions USD)	\$83	\$86	\$109
<b>HomeReady Loan</b>			
Number of loans originated	667	904	706
Volume of loans (in millions USD)	\$124	\$148	\$110



4.1

# Social and Economic Inclusion *continued*

## Financial Education

As the fifth largest bank in North America,<sup>6</sup> TD has an important role to play in helping people from all walks of life improve their confidence in their financial future by helping to build their financial knowledge. Our financial education activities are overseen by the Financial Education Council in Canada and by the Community Development Services team in the U.S.

2019 Target	Rating	2019 Result <sup>2,3</sup>	2020 Target
Help 500,000 participants improve financial literacy through a TD-sponsored program <sup>1</sup>	<span style="color: green;">●</span>	<b>633,500</b>	500,000

● Met   ● On track   ● Did not meet

<sup>1</sup> Participants include people that take part in an initiative or program or people that are reached by an initiative or campaign which aims to improve their financial habits, knowledge, skills and attitudes toward financial literacy.

<sup>2</sup> This total includes both partial and full contributions to programs from TD.

<sup>3</sup> EY provided assurance over two components of this indicator, including the Canadian contribution of 484,168 and the US TD Charitable Foundation contribution of 50,373.

### Canada

- TD commissioned a [benchmarking study](#) to assess the overall financial well-being of Canadians.<sup>7</sup> This is part of our long-standing commitment to increasing financial confidence and well-being by understanding the complex state of financial health in Canada. By looking at how Canadians surveyed spend, save, borrow and plan, TD, through the TD Financial Health Index, has made an effort to shed light on the macroeconomic conditions of groups including people with disabilities, the LGBTQ2+ community, Indigenous Peoples, women and lower-income households.<sup>8</sup> The TD Financial Health Index found that of the Canadians surveyed, 27% are considered financially healthy, almost a third are unable to pay all their bills on time and nearly one in five are considered financially vulnerable. The index also found that financial advice supports better financial decision-making and that certain groups struggle more than others to be financially healthy. The findings of the TD Financial Health Index demonstrate the value of TD's suite of inclusive banking products and services and of our investment in initiatives that aim to improve the financial education of children, adults and small businesses. We have made this Index report public so that all stakeholders – institutions, communities and governments – can access the information for the betterment of all Canadians.



## Analyst Corner

- TD Helps
- TD Ready for You Website
- TD Bank Learning Center
- The Financial Clinic

- During **Financial Literacy Month** (November 2018), we focused on kids and money. Our campaign was based on the insight that good financial habits are formed at a young age<sup>9</sup> and that many parents are not confident about discussing money with their kids. According to a TD-commissioned survey,<sup>10</sup> as children are becoming increasingly digitally savvy, Canadian parents are concerned about the negative impacts on their children, and over 90% of parents surveyed feel it is their responsibility to teach their children to use digital payments responsibly. TD provides digital tools to help parents feel confident talking to their kids about money. We also held fireside chats across Canada to encourage our employees to engage in conversations about money. This year's activities are designed to further encourage our Canadian customers to engage in discussions about financial literacy with their children.

### U.S.

- TD's financial education classes are aimed at enhancing financial literacy skills across our U.S. footprint, with classes tailored to adults, youth and low- and moderate-income (LMI) communities. TD customers and consumers in the U.S. can also access interactive financial education content 24/7 from any mobile device or computer through the **TD Bank Learning Center**. The centre offers a variety of modules, including modules on mortgages, credit scores and reports, and identity theft.
- TD is helping the **Financial Clinic**, a non-profit organization located in New York City, to further financial education for unbanked and underbanked families with a US\$250,000 grant from the TD Charitable Foundation. This support has enabled the Financial Clinic to embed financial security strategies into the program models of various local social service organizations in Newark and Camden, New Jersey; Miami, Florida; and Boston, Massachusetts. Across the three states, the clinic has built the financial security of over 900 LMI customers and bolstered the training and support provided to the partner social service organizations.



4.1

## Social and Economic Inclusion continued

- In 2017, TD partnered with the **National Foundation for Credit Counseling (NFCC)** to fund financial capability and credit counselling for small business owners across the U.S. TD’s US\$3 million investment over three years in NFCC’s Sharpen Your Financial Focus program for small business owners gives participants access to specialized financial education coaching, educational resources and financial products and services. With TD’s support, the NFCC will help educate a minimum of 10,000 small business owners over the next three years. Between November 2018 and August 2019, the TD grant has supported over 1,890 small business owners through over 1,850 financial reviews and over 600 targeted education sessions. Overall, we have supported over 5,000 small business owners through more than 4,850 financial reviews and over 3,000 targeted education sessions.
- Working with EVERFI, a digital education company, and through the TD Charitable Foundation, we brought foundational financial skills to over 3,000 students in 62 elementary schools across New Jersey by sponsoring the **TD Financial Scholars Program**. The pilot program is committed to delivering high-quality, unbiased financial education at scale to schools in the highest-need communities at no cost to the students, schools or taxpayers. Through free, interactive, online courses, students covered topics such as needs versus wants, borrowing money, savings and investing. The financial education courses use assessments to measure students’ knowledge gain. Students who participated in the TD Financial Scholars Program increased their assessment scores by an average of 48%. After completing the program, students have a more thorough understanding of financial concepts and are better prepared to make decisions that will help them achieve their financial goals in the future. In 2019–20, the program will expand to schools in LMI communities in Massachusetts and Florida.

### Three-Year Performance

Financial Education (U.S.)	2019	2018	2017
Number of financial education classes <sup>1</sup>	896	1,702	1,670
Number of attendees: financial education classes <sup>1</sup>	14,392	19,181	25,241
Number of youth attendees: financial education classes <sup>1</sup>	5,379	7,037	9,901
Number of financial education classes: LMI communities <sup>2</sup>	310	254	– <sup>3</sup>
Number of attendees: financial education classes – LMI <sup>2</sup>	7,193	4,548	– <sup>3</sup>

<sup>1</sup> Financial Education reporting system migration and subsequent blackout period are contributing factors leading to decreased Financial Education event data during fiscal year 2019.

<sup>2</sup> Fiscal year 2018 figures have been restated as a result of methodology changes and changes to the LMI qualification process related to financial education.

<sup>3</sup> The data for fiscal year 2017 could not be verified.

4.1

## Social and Economic Inclusion *continued*

### Strategic Philanthropy

We believe that helping communities thrive is a business imperative for TD.

#### Through Philanthropy:

- The TD Ready Commitment will target \$1 billion in total philanthropic spending by 2030 to help open doors for a more inclusive and sustainable future. Grant application requests are approved by the Community Investment Committee in Canada and the TD Charitable Foundation in the U.S.
- In Canada we also help support grassroots environmental initiatives through the TD Friends of the Environment Foundation (TD FEF).
- In the U.S., one of the programs we support is the Non-profit Training Resource Fund, which provides donations to eligible organizations for employee job training, education and professional development.

#### Through our Business – Shared Value:

- TD has also continued to focus on increasing the economic capacity of underserved U.S. communities in areas such as community services, revitalization and small business economic development. TD Bank has provided community development loans and investments in underserved locations and supported tax credit programs and other investments supporting local initiatives for LMI individuals and families.
- One of the tax credit programs we support is New Markets Tax Credits (NMTC), which is operated through our wholly owned subsidiary TD Community Development Corporation (TDCDC).
- In 2019, TDCDC provided a US\$15 million NMTC allocation toward the construction of a new Cape Ann YMCA facility in Gloucester, Massachusetts. TDCDC’s financing spurred the redevelopment of a blighted, federally designated brownfield site in a Gloucester community that had been hard hit by job losses in the fishing industry, which has historically been the economic driver of the local economy. With the NMTC investment, the Cape Ann YMCA expects to offer more than 5,600 individuals and families from low-income households free or reduced-price services, including childcare and after-school, preschool and health-related programs – more than doubling the current 2,400 households served. The new Cape Ann facility is projected to bring 50 permanent jobs to the area and retain 144 jobs.



### Analyst Corner

ESG Appendix: London Benchmarking Group Canada Summary (pg. 22)

Apply for Funding Canada

Apply for Funding U.S.

### Reskilling the Workforce in Canada

TD is committed to helping create financial security and giving people the skills they need to feel confident that they can succeed, thrive and feel ready for the future in a time of new technological innovations.

- Through a TD Ready Challenge grant, we are supporting Windmill Microlending, an organization that provides loans to immigrants with established experience and skills so they can gain the required licensing or training they need to continue their careers in Canada. Windmill is on track to more than double the number of immigrants it is serving annually, from 488 in 2017–18 to 1,000 in 2019–20.
- We also supported Seneca College through a TD Ready Challenge grant to deliver the TD-HELIX Transformation Initiative called Career Recharge that helps reskill and upskill career professionals at risk of job loss due to changes in the labour market.

### Affordable Housing in the U.S.

TD is committed to addressing the enduring problem of affordable housing in the U.S. by mobilizing investment and collaboration.

- The TD Charitable Foundation supports organizations working to increase access to affordable housing in LMI U.S. communities.
- TD Bank also makes investments through community development loans and services to companies developing or preserving affordable housing in LMI areas. One such investment is through Low-Income Housing Tax Credits (LIHTC), which benefits underserved communities to support new construction and rehabilitation of affordable housing for families, individuals and elderly residents.
- Through the TD Charitable Foundation, TD Bank is a long-time supporter of the Local Initiatives Support Corporation (LISC), an organization that works in affordable housing by providing technical assistance and training and by funding critical gaps in capital access to local partners. Through our support, between October 2018 and September 2019, local partners have invested \$47.7 million and leveraged \$427.7 million, which will result in the development and preservation of 1,840 affordable housing units.

4.1

## Social and Economic Inclusion *continued*

### Performance

Targets	Progress	2020 Target	2019 Result
Maintain our North American charitable giving at or above 1% of net income before taxes, a target set by Imagine Canada and the Giving USA Foundation <sup>1</sup>	●	1.0%	<b>1.25%</b> <sup>2</sup>

● Met   ● On track   ○ Did not meet

<sup>1</sup> The 1% giving target tracks to the North American scope of TD's new corporate citizenship strategy.

<sup>2</sup> Calculated as an average of Canadian net income before tax giving on a five-year rolling average ending in 2019 (breakdown includes Canada: 1.25%, U.S.: 1%).

### Three-Year Performance

<b>TD Corporate Giving<sup>1</sup></b>	<b>2019</b>	2018	2017
Total giving (in millions)	<b>\$126</b>	\$116	\$107
<b>TD Friends of the Environment Foundation</b>			
Total donations (in millions)	<b>\$5.2</b>	\$5.1	\$6.0
Number of projects	<b>605</b>	642	603
<b>TD Charitable Foundation</b>			
Total donations (in millions USD)	<b>\$21.8</b>	\$21.6	\$20.4
Total sponsorships (in millions USD)	<b>\$4.0</b>	\$4.4	\$4.4
Non-profit Training Resource Fund (USD)	<b>\$222,000</b>	\$189,000	\$76,000
Number of grants: Non-profit Training Resource Fund	<b>183</b>	211	83
<b>TD Bank Community Development Programs</b>			
Community development loans (in billions USD)	<b>\$1.9</b>	\$1.6	\$1.4
Tax credit programs and other investments for LMI individuals and families (in millions USD) <sup>2</sup>	<b>\$459</b>	\$361	\$325
<b>Affordable Housing</b>			
TD Charitable Foundation affordable housing donations (in millions USD)	<b>\$2.71</b> <sup>3</sup>	\$5.81	\$5.28
Community development loans for LMI areas (in millions USD)	<b>\$747</b>	\$793	\$537
Number of units supported by community development loans	<b>6,818</b>	9,229	5,850
Low-Income Housing Tax Credits (in millions USD)	<b>\$378</b>	\$327	\$275

<sup>1</sup> All amounts converted into Canadian dollars using Bank of Canada exchange rates. For the total value of our contributions, refer to the [summary provided by London Benchmarking Group Canada \(ESG Appendix: pg. 22\)](#) which performs an annual independent audit of our community investment.

<sup>2</sup> Total investments are funded by TD Bank's Community Capital Group only. These investments are made on behalf of TD Bank, N.A. and TD Bank USA NA; it does not include grants (TD Charitable Foundation) or mortgage-backed securities (Treasury).

<sup>3</sup> The decrease in 2019 is due to the Housing for Everyone grant, a subset of the affordable housing donations, being paid out two months later than prior years in order to align with The Ready Challenge. No grants were paid out in fiscal year 2019.

4.2

# Economic Value

By maintaining a strong business with solid revenues, we can pay our employees fair wages and benefits, compensate our suppliers and support small, medium and large-sized businesses. Our business strategy is to produce long-term profitable growth by building strong franchises to deliver value to our customers, colleagues, shareholders and the broader community.

## Supporting Small Business

We support businesses across Canada and the U.S. through loans (new and existing) and other credit facilities and through offerings of bank accounts, merchant and cash management services to help manage payments. These businesses are critical drivers of local economies and are, accordingly, an integral part of our customer base.

## Performance in 2019

### Canada

We are committed to supporting the success of businesses in Canada through our product and service offerings and through the strong relationships that our Business Bankers build with our customers and communities. By providing advice, access to financing, and specialized services, we aim to help small, medium and large businesses find solutions to help them thrive. While operating within our risk appetite, we strive to be there for customers throughout the economic cycle.

In recognition of the differing needs of businesses in Canada, we have Business Bankers dedicated to different industry, business and demographic segments such as agriculture, auto finance, real estate, franchise, women entrepreneurs, Indigenous Peoples, professionals and members of the LGBTQ2+ community and agricultural business owners. We also consistently explore creative ways to help businesses grow and prosper. For example, our sponsorship of QuantumShift, an exclusive leadership development program for CEOs/presidents and business owners, enables more than 50 Canadian business leaders each year to discover innovative leadership strategies.

### U.S.

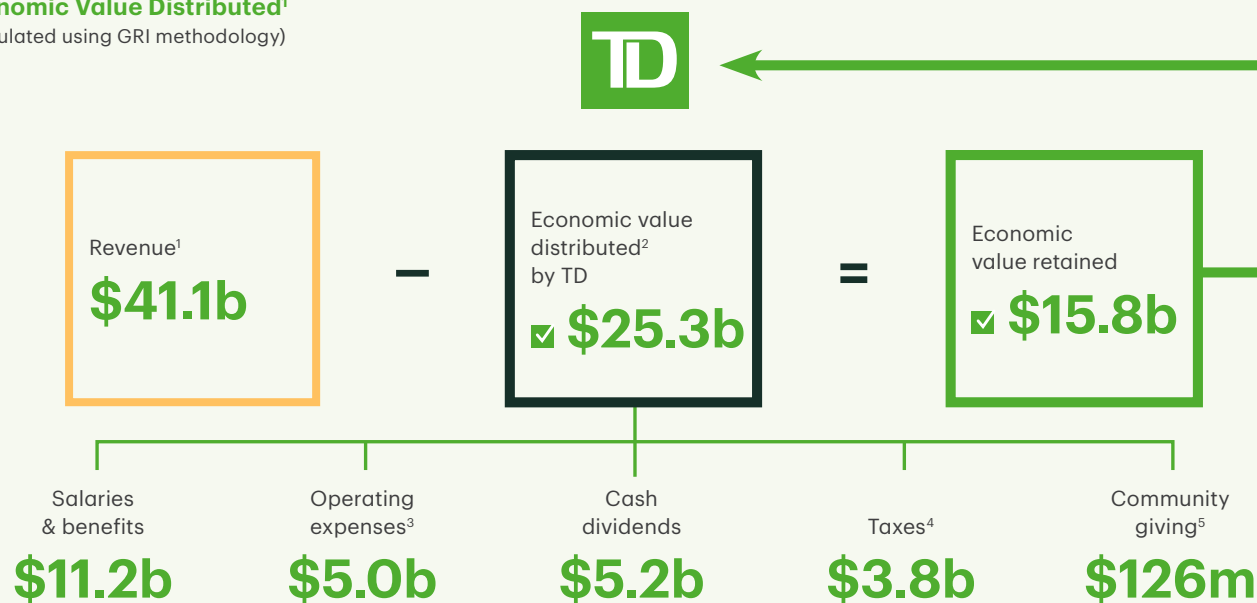
TD Bank is a leader in Small Business Administration (SBA) lending. It has helped over 2,900 businesses grow in 2019 through the SBA lending program and works to help small businesses reach their full potential through access to capital. TD Bank is also involved in looking at different ways in which to help support small businesses. These include introducing digital options to enhance reach and efficiency and supporting microfinance initiatives with lending and business development.

- TD Bank has a growing business providing financing and business solutions to health-care institutions such as hospitals, long-term care providers, physician practice groups and outpatient and ancillary health-care companies. TD Bank is committed to supporting local health-care needs and providing business management advice. These health-care institutions play a vital role in community life, with many providing care in underserved communities.
- TD Bank launched the [Digital Application for Small Business](#) in mid-2018 for borrowing requests of up to US\$100,000.<sup>1</sup> Compared to applications submitted in person, the decision process overall for digital applications is faster by one day, with over 15% of the decisions being made on the same day and over 60% within two days. This program has also supported our efforts to engage with LMI communities more effectively. Since mid-2018, applications from small businesses in LMI communities submitted digitally are higher by 3% than applications submitted in person. The plan is to grow the program capabilities and increase borrowing requests to US\$1 million in fiscal year 2020.
- TD Bank, through the TD Charitable Foundation, has supported **Accion**, a non-profit network that has provided microfinance loans to owners of the smallest businesses (micro-entrepreneurs) throughout the U.S. since 2002. Many of these micro-entrepreneurs tend to be minorities and women with typically fewer than five employees and capital needs between US\$500 and US\$250,000. In 2019, TD Bank contributed US\$300,000 to Accion's Maine to Miami Small Business Lending and Financial Education Program, which is expected to provide over 6,800 small business owners across 13 states with critical counselling, business development tools and US\$13 million in loan capital. Between 2013 and 2018, referrals from TD Bank resulted in 311 entrepreneurs receiving US\$3.2 million from Accion. In 2018 alone, 74 small business owners received close to US\$762,000, with 55% disbursed to clients from minority backgrounds.
- TD Bank, through the TD Charitable Foundation, has supported **Grameen America**, a non-profit microfinance organization that has provided loans to women in poverty since 2017, with an annual US\$100,000 grant. Ninety per cent of Grameen's clientele are minority women from LMI households. With support from the TD Charitable Foundation, since 2017 Grameen has provided more than US\$860 million in microloans to over 74,450 members in Boston, New York City, Newark, Charlotte and Miami. Grameen America clients saw their annual incomes increase by more than US\$1,790. With a consistent loan repayment rate of more than 99%, Grameen's model has a proven track record of long-term sustainability.

4.2

## Economic Value continued

### Economic Value Distributed<sup>1</sup> (calculated using GRI methodology)



<sup>1</sup> The economic value retained calculation is defined by the [GRI standard](#). TD also earns and distributes economic value through other channels, including earnings from our investments, absorbing credit losses, covering our customers' insurance claims, sharing revenue with our retail credit card partners, paying all operating expenses, and returning capital to shareholders through share repurchases. If these factors were included, net revenue would be \$42.3b, economic value distributed would be \$38.3b, and economic value retained would be \$4.0b.

<sup>2</sup> Amounts based on International Financial Reporting Standards. See the bank's [2019 Annual Report](#) for more information.

<sup>3</sup> Operating expenses include occupancy, equipment, marketing and business development, professional and advisory services and communications.

<sup>4</sup> Includes sales taxes, municipal and property taxes, insurance premium taxes, business taxes and capital taxes. Excludes \$587 million in payroll taxes, which are included in salaries and benefits for the purpose of this exhibit.

<sup>5</sup> Includes cash donations in North America and the U.K.

### Three-Year Performance

<b>Canada</b>	<b>2019</b>	2018	2017
Total value of small business loans and other credit facilities (in billions)	<b>\$2.0</b>	\$2.2	\$2.0
Number of small business loans and other credit facilities	<b>32,000+</b>	33,000+	29,000+
Canada Small Business Financing Program (in billions) <sup>1</sup>	<b>\$1.35</b>	\$1.31	\$1.12
<b>U.S.</b>			
Total value of small business loans and other credit facilities (in billions USD)	<b>\$1.4</b>	\$1.4	\$1.4
Number of small business loans and other credit facilities	<b>42,400</b>	42,130	36,340
Total amount of lending through the 504 loan program (in millions USD) <sup>2</sup>	<b>\$85.8</b>	\$71.5	\$61.0
Number of Digital Applications for Small Business	<b>5,620</b>	2,164	- <sup>3</sup>
Amount requested through Digital Applications for Small Business (in millions USD)	<b>\$139</b>	\$82	- <sup>3</sup>
Average size of loan requested through Digital Applications for Small Business	<b>\$28,000</b>	\$38,000	- <sup>3</sup>
Number of financial education seminars for small business owners <sup>4</sup>	<b>339</b>	496	- <sup>5</sup>
Number of attendees at financial education seminars for small business owners <sup>4</sup>	<b>5,235</b>	6,088	- <sup>5</sup>

<sup>1</sup> Cumulative since 2009.

<sup>2</sup> 504 loans lend long-term fixed-rate financing to approved small businesses to acquire fixed assets for either expansion or modernization.

<sup>3</sup> The first year this data was collected was fiscal year 2018.

<sup>4</sup> The figures for 2018 have been restated as a result of methodology changes and changes to the LMI qualification process related to financial education.

<sup>5</sup> The data for fiscal year 2017 could not be verified.



## How is TD supporting the agriculture industry?

**\$69.4b**  
farm sales in  
Canada<sup>2</sup>

**2.6%**  
contribution of  
agriculture and  
agri-food  
manufacturing  
sector to the  
Canadian GDP<sup>3</sup>

**28.7%**  
female farm  
operators<sup>4</sup>

The agriculture industry in Canada is at a critical time amid trade tensions, changing weather patterns and fluctuations in domestic and international economies. As the Canadian agriculture industry looks for new solutions in response to the new dynamics, TD is committed to supporting our agricultural customers and the communities that they serve. This support comes through the extension of credit, deposit and cash management support, as well as through assistance with succession planning. In addition, we have supported the Canadian Agricultural Loans Act program that eases access to credit for farmers and have also participated in the Financière agricole du Québec farm financing program to support farmers in Quebec.

TD has a dedicated group of Agriculture Bankers, many of whom are farmers themselves, who provide advice to agricultural producers, sharing deeply relevant experience.

In addition to serving our agriculture customers with industry expertise, we also support the industry through sponsorships. This year, we sponsored the Advancing Women in Agriculture Conference, which offers women from all facets of agriculture across Canada an opportunity for networking and learning. We also support agricultural leaders of tomorrow through our sponsorship with 4-H Canada, whose mission is to empower youth to be responsible, caring and contributing leaders that effect positive change in the world around them. We do this by awarding financial scholarships each year to 4-H members who are pursuing post-secondary education in agriculture, ag-science or agri-business at a Canadian university or college.

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*When I started with the bank, I wanted to work in the agriculture business to give back to the industry that I grew up in. I wanted to help farmers grow their business and make them viable for the next generation.*

**Nicole Stelter**  
VP, Agricultural Services

4.3

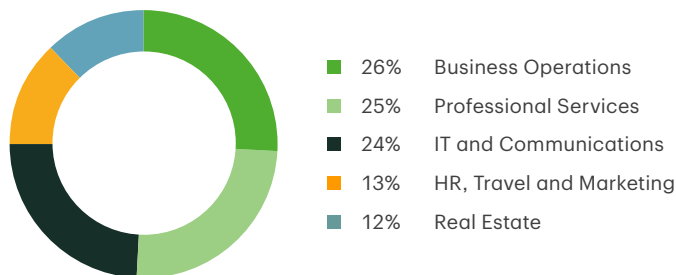
# Responsible Sourcing

## Performance in 2019

- We spent approximately \$6.9 billion on the procurement of goods and services from third-party suppliers, of which the majority are based in North America.
- TD developed an Inclusive and Sustainable Event Guide to assist TD in meeting its goal of hosting events that have a minimal environmental impact, are inclusive and accessible, and align with TD's values and the TD Ready Commitment. We included specific questions related to human trafficking that can be used by TD's event planners when engaging a venue or third-party supplier.
- Also included in the new guide is our Carbon Neutral Events Program, which allows any TD event planner to offset the carbon produced during our events.
- TD issued a Limited or Single-use Item Waste Reduction Guideline to provide rules and requirements to reduce the acquisition and use of limited or single-use items with a focus on items that are plastic or petroleum-based. The guideline will help us reduce our operational footprint across our business operations and mitigate reputational risk through the elimination of limited or single-use items in our operations, meetings and events. One example of a limited or single-use item we are striving to eliminate from our operations is the plastic stir sticks in our corporate kitchens.
- We received B- from the CDP Supplier Engagement Rating.

The following is a category spend breakdown for TD's supplier base in 2019.

## 2019 Spend on TD's Sourcing



- We updated our Supplier Code of Conduct to better communicate to our suppliers our expectations regarding human rights with a focus on anti-discrimination and anti-human trafficking. We also added language to encourage our suppliers to use diversely owned companies in their supply chains.
- This year we were able to assess a larger number of suppliers according to our updated Supplier Code of Conduct.



## Analyst Corner

- Supplier Code of Conduct
- Prospective Supplier Website
- TD Inclusive and Sustainable Events Guide

	2019	2018	2017
<b>Number of suppliers assessed against the updated Supplier Code of Conduct</b>	<b>197</b>	89	154

We will continue to require our products and services to be responsibly sourced with an improved approach that is integrated into the strategic sourcing process. We expect our suppliers to adhere to our updated Supplier Code of Conduct.

## Supplier Diversity

We have designed our North American Supplier Diversity Program to promote a level playing field and encourage the inclusion of women, visible minorities, Indigenous Peoples, the LGBTQ+ community, people with disabilities, veterans and other diverse groups in our procurement selection process.

TD is a member of nine diverse supplier organizations in North America that certify a supplier's diversity credentials. We also educate our own employees to raise awareness of our Supplier Diversity Program.

In 2019:

- TD became a corporate member of the Inclusive Workplace and Supply Council of Canada (IWSCC).
- We were once again named a top 50 diversity organization by DiversityInc, a diversity publication. We also received a National Business Inclusion Consortium Best-of-the-Best award based on our supplier diversity practices.
- For the past several years, we have surveyed some of our key primary suppliers on diversity spending with their supplier networks to encourage diversity further down our supply chain. This Tier 2 reporting informs our overall spending decisions and sends a signal to our primary suppliers that supplier diversity is important to us. We have started the process of surveying and engaging more of our prime suppliers to expand our Tier 2 reporting and thereby encouraging more primary suppliers to participate.



4.4

# Tax

## Tax Governance

The Audit Committee of the Board oversees TD's financial reporting, including the review of tax and tax planning matters that are material to the bank's financial statements. TD's approach to tax governance includes these key elements:

- Complying with all applicable tax laws, rules and regulations
- Maintaining tax compliance as a fundamental part of our business practice
- Complying with arm's-length principles for TD Bank Group's intragroup transactions between different countries and jurisdictions
- Managing tax risk to avoid unnecessary disputes
- Working transparently and co-operatively with the appropriate tax authorities
- Consulting with leading law and accounting firms to obtain expert, objective advice and opinions on tax matters
- Proactively working with policy-makers and revenue authorities to assist in the development of tax legislation and assessing its economic implications

TD applies the tax transfer pricing principles and documentation requirements under the local country laws for each jurisdiction where we operate and follows the Organisation for Economic Co-operation and Development guidelines. TD has transparent working relationships with the Canada Revenue Agency and other tax authorities and often obtains advance tax rulings where legal uncertainty exists.

## Taxes We Pay

TD pays corporate income taxes on the profits we earn, as well as various taxes incurred in our business operations. TD's business strategy is focused on our core markets of Canada and the U.S. In 2019, 99% of our taxes were paid in these jurisdictions.



## Analyst Corner

Taxes Paid in Canada – TD's 2019 Public Accountability Statement

ESG Appendix (pg. 22)

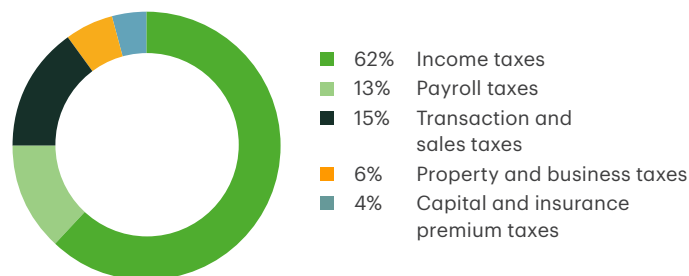
In the U.S., we make significant investments in affordable housing as discussed in Section 4.1, Social and Economic Inclusion, of this report. These investments result in Low-Income Housing Tax Credits, which lower the taxes we pay in the U.S. We also invest in municipal bonds in the U.S., which pay tax-free interest. These and similar credits are the main reason why our tax liability is lower than the statutory tax rate.

## Taxes We Collect

TD collects taxes on behalf of governments in the countries and regions where we operate. The taxes we collect include:

- The employee portion of payroll taxes
- Income tax on behalf of employees
- Property tax on behalf of customers who are mortgage holders
- Transaction tax on customer activities to which sales taxes apply
- Withholding taxes on behalf of investors

## Types of Taxes Borne by TD in 2019



Amount of Taxes Borne by TD Bank Group (in millions of dollars)	2019	2018	2017
Income taxes	2,735	3,182	2,253
Payroll taxes for over 85,000 employees in the jurisdictions where TD operates	587	538	517
Transaction and sales taxes	678	487	462
Capital and insurance premium taxes	168	148	136
Property and business taxes	243	237	202
<b>TOTAL</b>	<b>4,411</b>	<b>4,592</b>	<b>3,570</b>
Effective income tax rate – reported	20.7%	23.1%	18.3%
Effective total tax rate	29.6%	30.2%	26.2%

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# Customer Experience

## Why It Matters to TD

Customer experience strategy has long been a competitive differentiator for TD. Customer experience for financial institutions is linked to increased business and lower rates of attrition.<sup>1</sup> Proactive customer relationship management also helps reduce regulatory risk. But traditional customer service expectations have now been upended by technology as financial institutions find themselves operating in an evolving digital landscape. Today, TD and other financial institutions serve customers across a variety of channels such as branch, phone, digital and mobile. Banks that continue to lead in customer service will often economically outperform their peers, making it vital for TD to maintain and constantly improve our legendary customer service.<sup>2</sup>



## Analyst Corner

- To Our Customers
- Problem Resolution Process
- Codes of Conduct and Public Commitments
- Office of the Ombudsman
- TD Ombudsman Annual Report

## Performance in 2019

### Legendary Customer Service

In 2019, we exceeded our LEI target (see table below). Leveraging a best-in-class platform, we contact customers within one business day to seek feedback regarding their most recent interaction with TD. In 2019, nearly 1.2 million customers across North America provided feedback through this survey measurement program. Despite setting our most aggressive target yet, this year, we exceeded our target by over three points (see table below). LEI results are shared in real time with TD to improve our performance, and our customers' feedback has a direct tie to a majority of bank employees' variable compensation.

### Improving Our Customer Experience Measurement Capabilities

- We completed a digital transformation of our LEI program – now all our businesses aligned with one key customer service metric across businesses and channels to drive consistency in the experience we deliver. Survey response rates have nearly doubled, and our employees' ability to understand, analyze and act on feedback has significantly improved. To drive a better customer experience, we rolled out and expanded our ability to follow up with target customers who request a call back through our survey.

## Our Approach

TD uses its Legendary Experience Index (LEI) to measure its customer experience and drive insights to improve the experience in moments that matter most to customers. TD is making significant investments in research, digital tools and platforms, AI and other new technologies and solutions to anticipate market and customer needs. Innovation in digital technology and AI will play a key role in helping us create and deliver new personalized banking experiences for our customers across all channels – from branch banking to mobile and digital channels.

Objective	Progress	2020 Target	2019 Results (target in brackets)	2018 Results
Deliver legendary customer service	●	67.72 <sup>1</sup>	✔ 67.79 (64.23)	✔ 63.80 <sup>2</sup>

● Met   ● On track   ○ Did not meet

<sup>1</sup> Significant methodology changes for 2020 do not allow comparisons to previous years' performance. Key changes include program weighting changes for TD Bank Digital and TD Wealth Financial Planning, a program roll-up change for TD Canada Trust Phone and sample trigger changes for TD Canada Trust Branch, TD Bank Store and TD Insurance General Insurance Customer Service Centre.  
<sup>2</sup> The 2018 TD Bank Group composite score reflects February 1 to October 31, 2018, LEI survey results because the enhanced LEI was officially launched on February 1, 2018, for TD Wealth, TD Insurance and Business Banking.



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## Customer Experience continued

- We have also delivered customer journey mapping initiatives to help TD business teams understand the moments that matter most to customers and identify opportunities for further investment.
- Finally, we expanded our method of gathering customer feedback by broadening and aligning our listening sources and by piloting new survey methods including text messages.

### Resolving Problems

TD strives for the first employee who learns about a customer's concern to resolve it. For front-line employees in Canadian Personal Banking, TD has introduced a new support line to provide advice/support on effective problem resolution to supplement existing training (Step 1).<sup>3</sup> The closed loop feedback (CLF) program enables customers to connect with managers quickly and be contacted to discuss their feedback. In 2019, approximately 16,000 CLF requests were resolved and closed.

If an issue is complex or the customer does not feel the matter is resolved, the concern may be escalated to TD's Customer Care team in Canada (Step 2). Improvements and process enhancements made in 2019 have resulted in over 80% of escalated complaints being resolved within one business day after customers speak with a Customer Cares manager in Canadian Personal Banking.

In the event a customer's concern remains unresolved, they may choose to contact the TD Office of the Ombudsman (Canada). The TD Office of the Ombudsman is the third step in the complaint resolution process in Canada. Customers may escalate their concern to the Office of the Ombudsman in writing after they voice their complaint as part of Step 1 and escalate their complaint as part of Step 2.

In the U.S., our Chairman's Service Center receives customer complaints directly. The Chairman's Service Center is responsible for complaint management and maintains a cross-functional framework for all customers, business lines and channels while keeping customer experience at the heart of problem resolution.

- There was a 26% increase in cases opened by the TD Office of the Ombudsman (Canada) over the prior year. Rising escalation numbers to the Ombudsman is consistent with the increased volume of overall complaints. Customers now have more communication channels through which they can submit complaints. Equipped with feedback from customers across all of TD's Canadian businesses, the Ombudsman is in a unique position to identify potential risks and make recommendations for process changes that benefit the customer. In 2019, the top three complaints received were errors, service levels, or delays and decisions made by the line of business.
- In 2019, there was a 15% decrease in the complaints referred to our Chairman's Service Center in the U.S. We attribute the decrease to the programs we implemented in the past year that focus on customer service. These include #BeLegendary, which focuses on issue resolutions, and enhancements to our First Point of Contact Complaint tracking initiative, both of which have helped resolve complaints prior to customer escalation. Primary drivers of complaints regarding our retail store and phone interactions were customer service, product knowledge and fees.

### Customer Complaint Resolution

Canada	2019	2018	2017
Number of problems referred to Personal Banking Customer Care	16,401 <sup>1</sup>	13,103	9,630
Number of customers who contacted the TD Ombudsman <sup>2</sup>	4,380	3,846	4,245
Number of complaints requiring investigation by the TD Ombudsman <sup>2</sup>	971	774	779
Percentage of complaints resolved by the TD Ombudsman <sup>2</sup> within 90 days (target 90%)	99%	100%	97%
Complaints investigated by the OBSI <sup>3</sup> and ADR Chambers Banking Ombuds Office	246	177	187
Percentage of complaints investigated by the OBSI <sup>3</sup> and ADR Chambers Banking Ombuds Office where the resolution differed from the TD Ombudsman	5%	6%	7%
U.S.			
Total number of complaints referred to the Chairman's Service Center	19,300	22,818	8,927
Percentage of escalated customer complaints resolved by the Chairman's Service Center within designated service-level agreements (target 95%)	97%	98%	98%

<sup>1</sup> In 2019, we experienced an increase in recorded complaints due to our growing customers/transactions, as well as enhanced customer and resolution processes.

<sup>2</sup> TD Office of the Ombudsman data includes Personal Banking, Business Banking, Fraud, Insurance and Wealth business lines (Canada).

<sup>3</sup> Ombudsman for Banking Services and Investments.

4.5

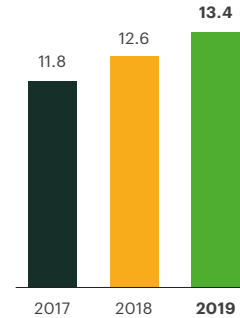
# Customer Experience continued

## Digital Innovation

### Enhancing Our Legendary Customer Service With Significant Investments in Technology

We prioritize making the right investments in technology to deliver our legendary customer service to our digital, branch and phone channel customers. We use technology so that customers can digitally access their accounts safely, whenever and wherever they want. Our technology needs to keep pace with the demands of the increasing volume of digital transactions, the increasing pace of functional changes and enhancements, and a focus on keeping customers safe and secure from evolving cyber threats. Through our investments, we have significantly enhanced our technology to build efficient and resilient digital infrastructure and provide user-friendly digital interfaces that are intended to deliver a best-in-class customer experience for our increasing number of active digital North American customers.

### Active Online and Mobile Customers (in millions)



In 2019, we delivered exceptional customer experiences and drove high levels of engagement through the following initiatives targeted toward both customary and specialized services that we provide to our customers:<sup>4</sup>

<p><b>Customer Access and Experience</b></p>	<ul style="list-style-type: none"> <li>By providing real-time information, <b>TD Clari</b> is powering personalized digital interactions with customers through data and insights. By providing answers to a variety of questions and real-time information with a human-like charm, TD Clari is helping customers feel more confident about their finances.</li> <li>To empower our customers, we launched <b>Global Money Transfer</b>. Through Global Money Transfer, TD and Western Union are working together to help customers send money with confidence. Global Money Transfer provides real-time quotes to customers and enables them to send money to over 200 countries and territories with confidence using EasyWeb and the TD app.</li> <li>Through the <b>Homeowners' Journey</b> we are building deeper, more personalized relationships with our customers. The Homeowners' Journey makes it simple and convenient for consumers to take control of the application process and apply for a mortgage with features that include 24/7 access, save and resume, status tracking and document upload.</li> <li>We are modernizing, optimizing and simplifying our operations to transform how we do business. We converted Small Business online banking users to the new <b>U.S. Digital Platform</b> and mobile app, adding new functionality such as single sign-on for Consumer and Small Business accounts.</li> <li>The new <b>TD Wheels</b> mobile app elevates the car-buying experience for Canadians by offering a personalized digital experience that gives them a view of their car-buying options, including allowing users to get pre-qualification for vehicle financing.</li> </ul>
<p><b>Financial Advice, Planning and Security</b></p>	<ul style="list-style-type: none"> <li>TD Wealth continues to evolve to reflect the changing needs of our clients. In 2019, we launched two new offerings within TD Direct Investing – <b>GoalAssist</b> and <b>Learning Centre</b> – both industry-leading services developed through a collaboration with innovative fintechs.</li> <li>TD <b>MySpend</b>, our companion app, empowers customers with real-time knowledge of where their money goes, allowing users to monitor their spending habits. The app, which helps improve customer financial well-being, has over two million enrolled users, with enrolment having doubled in just over two years.</li> </ul>
<p><b>Innovation</b></p>	<ul style="list-style-type: none"> <li>Since its acquisition in early 2018, <b>Layer 6</b> has grown both as an AI research lab and as a developer of applied machine learning techniques to help reshape the banking experience for many of our over 26 million customers. Through enterprise applications across different layers of our business, including retail banking, risk management and capital markets, Layer 6 has been applying advanced machine learning techniques that uncover insights from the bank's customer data.</li> <li>To enable TD to adapt and quickly respond to changing customer needs, we have announced a strategic relationship with Microsoft to use <b>Microsoft Azure</b>, which will give us the tools designed for secure, agile and flexible access to data and AI resources.</li> </ul>
<p><b>Security</b></p>	<ul style="list-style-type: none"> <li>We launched <b>new credit card features</b> on all TD Visa consumer credit cards and, for the first time in Canada, all TD credit card holders can temporarily block their Canadian credit cards from any in-person international charges through the TD mobile app. These card controls are part of our multi-layered approach to security strategy, which above all focuses on putting customers in charge and in control of their banking.</li> <li>We launched <b>Verified.Me</b> – a third-party blockchain-driven digital identity service to help users confirm their identities and share their personal information with participating third parties.</li> </ul>

4.6

# Product and Service Responsibility

## Why It Matters to TD

As a bank, we provide our customers with a wide range of options while maintaining responsible sales practices so that our customers can have confidence in their choices and long-term financial security. Increasingly, stakeholders expect TD to consider the environmental, social and economic impacts of our products and services and will choose to invest in us, work for us or bank with us based on our efforts and progress.

## Our Approach

TD has an enterprise-wide New Business and Product Approval policy that is approved by the Chief Risk Officer. The policy establishes standard practices to support consistent processes for approving new businesses, products and services across the bank. The policy is supported by business segment processes that consider significant aspects and risks of a new product, including conduct risk and reputational (e.g., customer satisfaction) risk. When designing new products and services, TD's development process includes consultation with customers and stakeholders to understand how these products and services will help meet our customers' financial needs. Furthermore, TD considers product and service responsibility to be a shared accountability across our Legal, Marketing, Product Group, Distribution and Corporate Citizenship departments.

## Performance in 2019

### Educating Our Customers With Clear Language and Communication

Using clear language is a cornerstone of delivering a legendary customer experience. We want our customers to properly understand how our products and services work, as well as their rights and obligations, so they can make informed financial decisions. In Canada, TD has Clear Language Principles to guide our employees and a Clear Language Basics course to train our employees who write customer documentation.

In Canada we continued our clear language journey in 2019 by revising eight of our core agreements in Every Day Banking, Personal Savings & Investing, and Personal Lending using TD's Clear Language Principles. We also started working on revisions to our personal lending and TD credit card account documents and will be testing the redesigned documents to gain customer and colleague insights to further refine our clear language approach.



## Analyst Corner

- To Our Customers
- Codes of Conduct and Public Commitments
- Understanding Tied Selling
- How We Protect You (Security Measures)
- Our Privacy Commitment

## Our Responsible Sales Practices

Our products and services are designed to meet our customers' needs.

- Across our businesses, we have checks and balances in place to support adherence to our corporate values and selling practices.
- Employees who interact with customers receive training on product features, Know Your Customer policies and compliance with regulatory requirements.
- Branch and phone-based sales representatives are trained to use discussion tools in their conversations with customers. These tools prompt employees to ask the customers the right questions to determine their financial needs and suggest appropriate solutions to meet them.

In 2019:

- We continued to review and enhance our Performance Management Framework so that our employees are recognized and rewarded for doing the right thing for our customers.
- The CGC, which oversees the bank's conduct risk program, provided regular reporting on the program to the Board. The CGC also received updates from the bank's Chief Compliance Officer on the status and effectiveness of the conduct risk program.

We continue to enhance our sales monitoring capacity, controls and techniques and continue to take action to investigate and address any issues with employees and customers. Last year, we established a dedicated Conduct Risk and Sales Practice team to help our Canadian Personal Banking employees in achieving their business results with integrity and further reinforce and develop checks and balances that are related to adherence to TD's corporate values and practice.

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## Product and Service Responsibility *continued*

We also continue to reinforce messaging from our leadership about integrity and TD's Code of Conduct and Ethics, which emphasizes our imperative to act ethically and with integrity. We take any issues or concerns raised by or about our employees very seriously. We promptly deal with any related concerns brought forward to us through communication channels in place.

We continue to evolve our employee incentive and reward programs to incorporate features that are aligned with desired behavioural outcomes anchored in integrity and ethics. This includes having a balanced approach to our programs, which may include a variety of factors, such as customer experience and both team and individual performance, with an ability to adjust both compensation pools and individual incentive and reward decisions based on employee behaviour.

### Future Ready in Canada

In 2018, TD introduced Future Ready, an initiative designed to further develop our colleagues' expertise in providing advice to our customers, with the ultimate goal of increasing customer confidence. To help our employees become more confident in providing advice, we have redefined branch roles, delivered leadership training and advice workshops and increased our commitment to coaching. We also launched a balanced performance incentive plan for employees that is anchored on customer needs and can be adjusted on a quarterly basis, taking into account aspects including customer demand, business opportunity and economic factors. We have made investments in adding incremental advisors, leaders and branch administrative support and created new roles to reduce administrative burdens in branches, freeing up capacity for better coaching and more training. Since introducing Future Ready, our Legendary Experience Index (LEI) scores have increased.<sup>1</sup> Future Ready will position TD to continue to provide elevated advice while offering products and services that help customers feel more financially confident.

### Ethical Business Practices

TD's Code of Conduct and Ethics (the "Code") establishes the standards that govern the way we deal with our colleagues, customers, shareholders, governments, regulators, suppliers, competitors, the media and the public at large. Complying with the Code is part of the terms and conditions of employment with TD. As a responsible business enterprise and corporate citizen, TD is committed to conducting its affairs to the highest standards of ethics, integrity, honesty, fairness and professionalism. While reaching our business goals is critical to our success, equally important is the way we achieve them. Every employee and member of the Board of Directors of TD is expected and required to assess every business decision and every action on behalf of the organization in light of whether it is right, legal, fair and within our risk appetite. This applies at all levels of the organization, from major decisions made by the Board to day-to-day business transactions. As part of this commitment, in compliance with applicable laws, we offer our products and services without regard to any basis protected by law such as race, colour, religion, national origin, gender, sexual orientation, marital status and disability.

In the U.S., we comply with U.S. fair banking legislation and, to that end, we have adopted a Fair and Responsible Banking Policy to support our mission of mitigating the risk to the consumer, preventing discriminatory practices and unfair, deceptive or abusive acts or practices. The Policy focuses on key areas where we monitor our effectiveness for our customers: accepting applications, marketing and advertising, developing and delivering products and services, operations, third-party service providers, the loan decisioning process, the loan pricing process, loan servicing and mitigation, compliance with laws that prohibit redlining and reverse redlining, and model usage. To support the bank's monitoring, we have adopted a Complaint Policy that enables the bank to capture our customer pain points so that they can be understood and resolved. The information gleaned helps the product and service owners understand and respond to the customer experience.

4.6

## Product and Service Responsibility continued

### Protecting Our Customers

We pride ourselves not only in being responsible but also in equipping our customers through multiple channels with the tools and services needed to protect their finances now and in the future.

- Through our TD website and mobile apps, we promote smart online usage by offering information and tips to customers to recognize and prevent fraud. We can also send customers text messages through TD Fraud Alerts to notify them of suspicious activity made with their TD Access Card for their personal banking accounts.
- We are aware that seniors often have unique financial needs and that financial fraud is often directed at seniors. In Canada and the U.S., we have adopted internal policies that demonstrate our commitment to deliver services that meet the needs of seniors and to make banking safer and more secure for seniors. For example, in Canada, we have adopted the Code of Conduct for the Delivery of Banking Services to Seniors and, in the U.S., we have customer-specific anti-exploitation policies for seniors and vulnerable adults.

- We offer multiple options through products and arrangements to incentivize our customers to save. In the face of rising tuition, we encourage our customers to save for their children’s future education through products and initiatives including the Canada Learning Bond (CLB).
- We offer credit and repayment solutions to help our personal and small business customers facing uncertainty and financial hardship. These measures help them avoid expensive alternative financing methods and help us retain their business and avoid potential losses.

### Three-Year Performance

	2019	2018	2017
<b>Savings Plans</b>			
Amount saved through automated savings plans (in billions) <sup>1</sup>	<b>\$4.6</b>	\$4.5	\$4.3
Payments facilitated by CLB (in millions) <sup>2</sup>	<b>\$23.8</b>	\$22.0	\$15.9
<b>Financial Hardship Services</b>			
Restructured loans (in millions) <sup>3</sup>	<b>\$111.1</b>	\$78.0	\$77.9
Number of Canadian customers helped by restructured loans <sup>3</sup>	<b>15,487</b>	17,639	20,724
Restructured troubled real estate assets (in millions USD)	<b>\$114.9</b>	\$176.6 <sup>4</sup>	\$172.9
Number of U.S. customers helped by restructured real estate assets	<b>388</b>	536 <sup>4</sup>	1,181

<sup>1</sup> For more information on automated savings plans, refer to <https://www.td.com/ca/en/personal-banking/how-to/ways-to-save/automated-savings/>

<sup>2</sup> Fiscal year 2018 and fiscal year 2017 data was restated due to corrected information.

<sup>3</sup> Through TD Helps, a program that supports customers in Canada facing financial challenges, customers are encouraged to talk to us so we can help get them back on track before it's too late.

<sup>4</sup> Fiscal year 2018 data was restated due to corrected information.

4.7

# Diversity and Inclusion

## Why It Matters to TD

For TD, diversity and inclusion are and have been a strategic priority for over a decade. Organizations that have cultivated and embedded diversity and inclusion foster innovation and creativity, widen the talent pool, increase employee satisfaction and outperform their peers financially.<sup>1</sup> The leaders of the future will be known not only for cultivating an inclusive workplace, but for providing inclusive customer experiences and for being advocates for creating an inclusive society.

## Our Approach

We have embedded diversity and inclusion into every aspect of our business to help create an inclusive bank that reflects the diverse communities we serve. In 2005, we formed what is now known as the Inclusion and Diversity Leadership Council (IDLC) to set the bank's diversity and inclusion strategy and oversee its progress. The IDLC is committed to finding new and creative ways to promote diversity and embed inclusion in the bank's culture and infrastructure by providing our employees with work that matters, opportunities beyond expectation and inspiring leadership. In 2018, we combined the Diversity and Inclusion Centre of Excellence in Canada and the U.S. to form a Global Centre of Excellence with a commitment to creating an inclusive culture. In 2019, we continued to build a fully integrated diversity and inclusion strategy starting with our colleagues and extending to the way we serve and connect with customers and communities. We monitor representation of under-represented groups on a regular basis with a focus on our workforce continuing to represent the diverse communities we serve. We are evolving our programs to monitor that we are being inclusive of all groups.

## Building a Diverse and Inclusive Organization

We developed an inclusive leadership strategy to reinforce the value of inclusion and teach our managers actionable strategies to engage and leverage the full potential of diverse teams and minimize negative consequences resulting from unintentional bias. We launched an Inclusive Leadership curriculum to help our people managers identify biases and other non-inclusive behaviours. Since 2017, more than 3,000 people managers in Canada and the U.S. have completed the program. We have also created an inclusive leadership resource guide to support learning and development specialists in their efforts to build diversity and inclusion messaging into business-specific training and to complement our centrally driven training. Through our new learning platform, TD Thrive, we launched a Diversity and



## Analyst Corner

- Code of Conduct and Ethics
- Our Commitment to Diversity
- Diversity Governance
- Employment Equity Report – Canada only
- TD and Indigenous Communities in Canada

Inclusion-Lead Yourself-Thrive Pathway in September 2019 to give our employees the opportunity to enhance their understanding of diversity and inclusion, build the skills they need to learn and thrive today and in the future.

## Performance in 2019

- We publicly shared our support for and commitment to the *Equality Act* and the Massachusetts Businesses for Freedom Coalition to help protect all individuals from discrimination due to sexual orientation or gender identity and expression.
- To equip our employees to authentically deliver legendary service to all our customers and employees, including the transgender and gender-non-binary community, we developed and launched a proprietary gender identity and expression learning program for employees in Canada.
- We enhanced our medical benefits for transgender employees to include facial feminization, chest contouring and masculinization, tracheal shave and voice training, making us one of the few organizations in Canada to offer this level of holistic support.
- To help increase our understanding of Indigenous communities, we organized several speaker events and employment initiatives in support of key dates such as National Indigenous History Month, National Indigenous Peoples Day and Orange Shirt Day.
- We started an Indigenous Peoples Mentorship Program pilot in July 2019 to assist Indigenous employees and interns and help them enhance their skills and marketability for future jobs at TD and elsewhere. The first cohort has 15 participants in Toronto and Halifax, predominantly TDI interns, and they are being mentored by 15 mentors from Innovation, Technology & Shared Services and TDI.
- We created a custom program – Visible Leadership – with The Humphrey Group to support our employees who are visible minorities in achieving their full potential by strengthening their ability to lead and inspire. To date, 500 visible minority employees have participated in over 30 cohorts. In addition, approximately 200 employees have also participated in the supplementary one-year group mentoring cohort led by members of the Visible Minority Leadership committee.



4.7

## Diversity and Inclusion *continued*

- We expanded our pilot of the Humphrey Group's Enabling Leaders program, a development program created specifically for TD employees who identify as having a disability to hone their leadership abilities.
- We have expanded our partnership with Specialisterne Canada, a non-profit organization that works to provide employment opportunities to people within the autism spectrum. The partnership now incorporates an assessment of our current recruitment, hiring and onboarding practices in Canada.
- TD employees who are veterans supported local high school seniors who have chosen to enlist through an event organized by Our Community Salutes (OCS), a national non-profit organization that helps communities recognize, honour and support high school seniors who plan on enlisting in the U.S. Armed Services.

### Moving Toward Gender Equality

In keeping with our core values of diversity and inclusion, we are committed to providing all our employees with opportunities for professional development and equitable compensation, while continually working to address the key factors, including the representation of women in senior roles, that can contribute to a gender wage gap. We have comprehensive and well-established programs and structures that are gender-neutral and designed so that employees performing the same job have the same opportunity, with the goal of achieving internal equity and fairness.

In 2019, we developed and launched a pilot program, Engaging Men in Women's Advancement, available for delivery in any business line, function or group. The program is aimed at increasing awareness of gender equity issues and clarifying the role that men play in supporting gender equity at work, with the intention of driving lasting cultural change across the enterprise.

In addition, we leverage the results from our annual global engagement survey at an organizational level to understand the overall colleague experience at TD, as well as within key segments of the employee population and major business lines. Through our employee engagement survey index, women scored 84%, which is consistent with the enterprise-wide experience.

### Workforce Diversity at TD (%)

Global <sup>1</sup>		2019	2018	2017
Women	Women on Board (% of all directors)	<b>36.0%</b>	36.0%	36.0%
	Overall	<b>56.9%</b>	57.9%	58.6%
	Senior Management <sup>2</sup>	<b>36.8%</b>	36.1%	37.3%
Canada <sup>3</sup>				
Visible Minorities <sup>4</sup>	Overall	<b>38.1%</b>	30.7%	28.2%
	Senior Management <sup>2</sup>	<b>17.6%</b>	16.3%	14.5%
Indigenous Peoples <sup>4</sup>	Overall	<b>1.5%</b>	1.3%	1.2%
	Senior Management <sup>2</sup>	<b>1.1%</b>	1.1%	1.4%
People with Disabilities <sup>4</sup>	Overall	<b>7.8%</b>	6.6%	5.7%
	Senior Management <sup>2</sup>	<b>7.0%</b>	5.9%	4.9%
U.S. <sup>5</sup>				
Minorities <sup>4</sup>	Overall	<b>36.8%</b>	40.4%	39.0%
	Executives <sup>6</sup>	<b>16.8%</b>	15.3%	15.1%

<sup>1</sup> Includes all full-time and part-time employees, excluding those on long-term disability (LTD). A new global methodology was implemented for 2017 and 2018 reporting.

<sup>2</sup> Senior Management includes Vice President level and above (in the U.S. this includes bank-titled Vice Presidents and above only).

<sup>3</sup> Includes all Canadian businesses and full-time and part-time employees, excluding those on LTD.

<sup>4</sup> Data is voluntarily disclosed by employees.

<sup>5</sup> Includes TD, America's Most Convenient Bank™ employees, excluding those on LTD.

<sup>6</sup> EEO-1 Category A. This refers to executive/senior-level officials and managers.

Additional categories of reporting on workforce diversity can be found in the [ESG Appendix](#) on pages 18 and 19.

4.8

# Human Rights

## Respecting Human Rights

In every country in which TD operates, we support and respect the protection of human rights. We also share the values reflected in international proclamations about human rights, such as the Universal Declaration of Human Rights. TD’s primary businesses are conducted in countries that are governed by strong legal and human rights regulations. We abide by the expectations and requirements of such human-rights-related laws of the countries where we operate.

We adhere to, and in many cases exceed, all applicable labour laws and standards addressing issues such as equal pay, hours of work and child labour. TD’s Respectful Workplace Policy and our Health and Safety Policy articulate our commitment to providing a work environment free from any form of harassment and unlawful discrimination, where every employee, customer, client, third-party worker and vendor is treated with dignity and respect. TD’s employees are at the heart of everything we do, and we encourage a diverse and inclusive working environment. TD’s model is one of employee engagement, and we encourage open dialogue to help us create a positive working environment where all employees can thrive.

In 2018, we joined Business for Social Responsibility’s (BSR) Human Rights Working Group, which supports companies in implementing the United Nations Guiding Principles on Business and Human Rights (UNGP). To align with the UNGP, we have been undertaking a review of current practices and procedures and are working toward integrating the UNGP across our bank-wide operations and practices. For instance, in 2019, we updated our Supplier Code of Conduct to better communicate to our suppliers our expectations regarding human rights with a focus on discrimination and human trafficking. We also added language to encourage our suppliers to use diversely owned companies in their supply chains.



### Analyst Corner

- Code of Conduct and Ethics
- Supplier Code of Conduct
- TD Bank Group Slavery and Human Trafficking Statement
- TD Bank Statement on Anti-Money Laundering, Anti-Terrorist Financing and Sanctions
- Statement on Anti-Corruption

We expect and require every TD employee and director to assess every business decision and action on behalf of the organization in light of whether it is right, legal and fair as per the TD Code of Conduct and Ethics. Specific internal investigation and escalation processes are followed when concerns are raised regarding harassment, unlawful discrimination or other conduct that would contravene these policies. Employees and directors attest to compliance with these policies on an annual basis. We recognize Indigenous rights and support the principle of free, prior and informed consent (FPIC) as applied in Canada in the development of new projects. TD has the appropriate policies and practices in place to address the risk of slavery and human trafficking in our business activities and supply chain. Our Human Rights Working Committee is responsible for annually updating the TD Bank Group Slavery and Human Trafficking Statement.

## Three-Year Performance

	2019	2018	2017
Total number of employee training hours related to human rights <sup>1</sup>	91,913	94,913	– <sup>2</sup>

<sup>1</sup> The total number of hours related to human rights training was calculated using a 100% allocation applied to the total hours spent on human-rights-related courses in fiscal 2018 and 2019. Courses cover topics such as TD’s Code of Conduct and Ethics, diversity and inclusion, fair banking and serving customers with disabilities.

<sup>2</sup> The first year this data was collected was fiscal year 2018.

4.9

# Talent Attraction, Engagement and Retention

## Why It Matters to TD

Our future success depends on our ability to attract, develop, deploy and retain the best diverse talent. As individuals are focused on working for organizations that align with their values, we at TD believe it is our purpose to empower colleagues to grow their skills, gain perspectives and create impact at work and in their communities.

## Our Approach

At TD, we are committed to providing our people with an inclusive environment within which they can engage in meaningful and fulfilling work. Our Diversity Sourcing team focuses on attracting top talent from diverse communities in alignment with an enterprise-wide talent acquisition strategy. We have new teams of talent diversity champions to source and attract talent that reflects the communities we serve. We measure our performance through our employee engagement score and voluntary turnover rates. We offer enterprise-wide employee experience initiatives and programs that enrich the lives of our people and inspire them to work toward providing our customers with legendary service. We also provide an ethical culture, competitive benefits and meaningful work standards and policies and strive to be a workplace that is responsive to the needs of our employees.

## Attracting a Diverse and Inclusive Workforce

We have a team dedicated to sourcing and attracting diverse talent. We value diversity and are committed to recruiting visible minorities, LGBTQ2+ people, people with disabilities, women, Indigenous Peoples and veterans.

In 2019, some of our initiatives to attract a diverse workforce included the following:

- Working with community organizations to help develop the LGBTQ2+ leaders of tomorrow and to attract talent by supporting career development and networking opportunities through conferences and regional events.
- Partnering with several organizations such as the Canadian Association of Urban Financial Professionals and the Black Female Accountants Network to develop and promote Black professionals. In addition, we lead events and community outreach initiatives specifically designed to attract talent from the Black community.



## Analyst Corner

Workforce Profile: ESG Appendix (pg. 17 and 18)

Our Commitment to Diversity

Campus Recruitment

- Leveraging the TD Assistive Technology Lab, unique among financial institutions in Canada, to provide assistive technology for both our employees and customers to attract and support people with disabilities, who already face higher unemployment rates.<sup>1</sup> Since 2016 when the program was initiated, we have made 10,000 forms of assistive technology available to over 6,000 employees, with over 1,200 provided in 2019.
- Continuing to partner with Specialisterne Canada to employ talent within the autism spectrum. Our partnership has led to approximately 40 hires over the past four years. Now we have developed a pilot with Specialisterne within the technology department in the U.S. and will eventually expand across our U.S. footprint.
- Partnering with Lime Connect, a global non-profit organization that attracts, prepares and connects high-potential university students and professionals, including veterans with disabilities, with scholarships, internships and full-time careers at TD.
- Starting an Indigenous internship program at TDI in 2017 with two interns in Halifax. The program has since expanded to Toronto, and in 2018 and 2019 we welcomed 14 Indigenous interns for four months.
- Partnering with ACCES Employment to assist in the design and execution of a program for professional women new to Canada. The program, Empowering Women, delivers a week of training to help participants find jobs delivered by over 100 leaders from TD and professional consultants. Since 2016, TD has sponsored 11 cohorts from which 177 women have graduated; 145 women have been employed in their chosen field, with 53 of them at TD.

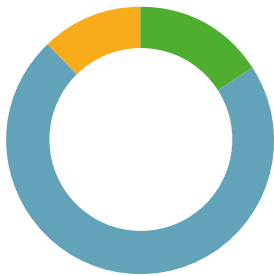
TD is committed to continuing to build an inclusive environment, where every colleague is valued, respected and supported. In addition to looking at insights by gender at an organizational level, we are committed to understanding and working to ensure a positive experience and engagement across all other dimensions of our workforce. In 2019, over 51.9% of our new hires were female.

We also invest significantly to attract and develop talent to create the workforce for the future. We recruit using employee referrals, search firms and social media. We also work to attract and develop “generation next” talent by offering rotational programs, paid internships and management associate programs.

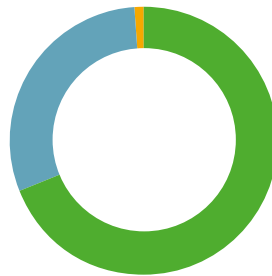
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# Talent Attraction, Engagement and Retention *continued*

## Employee Age Profile



## Employees by Region<sup>1</sup>



## Employee Engagement

We have evolved the employee experience from employee satisfaction to more recent measures of effective leadership practices that create positive ties between employees and TD. Employee experience is now an integrated experience that brings together the entire enterprise, including human resources and senior leadership practices, to strive to create an environment with opportunities for our employees to participate in causes that matter to them, such as social and environmental initiatives.

Our employee engagement scores on a five-point scale has remained steady at 4.26 and our employees have consistently reported they are proud to work for TD. Our employees have also rated us highly on our ethical behaviour as an employer and as a business.

## Investing in Talent

**6,222**

employees who have worked at TD for more than 25 years

**49.1%**  
positions filled within TD

**40,082**  
hires

**1,069,791**  
job applicants in North America

**51.9%**  
percentage of women hired

**69,662**  
hiring manager interviews

**56.7%**  
percentage of promotions were for women in Canada<sup>2</sup>

<sup>1</sup> Data reflects head count rather than full-time equivalent.

<sup>2</sup> Figure represents the percentage of promotions earned by women in Canada.

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# Talent Attraction, Engagement and Retention continued

Objective	Progress	2020 Target	2019 Result	2018 Result
Provide a great place to work	Employee Engagement Index	●	82%	84%
	Average global turnover		18.5%	20.0%

● Met   ● On track   ○ Did not meet

	2019	2018	2017
Engagement Score (5-point rating scale)	4.26	4.26	4.22

### Listening to Employees – Global Survey Results<sup>1</sup>

Employee Engagement Index (EEI) Composite:	2019	2018	2017
My work gives me a personal feeling of accomplishment.	79%	80%	79%
I plan to be with TD one year from now.	84%	84%	83%
I am proud to say I work for TD.	88%	87%	85%
TD is doing the right things to make a positive impact on the communities in which it does business.	89%	89%	87%
TD is doing the right things to make a positive impact on the environment.	87%	88%	86%
TD supports employees' ambitions to get involved in corporate responsibility initiatives (e.g., community or environmental initiatives).	89%	89%	87%

<sup>1</sup> Percentage of respondents who agreed or strongly agreed with the statement.

Our employee engagement is overseen by the Colleague Experience Council, which acts in a strategic advisory capacity on employee programs and initiatives. The council defines priorities and drives coordinated change on enterprise-wide colleague experience initiatives that address barriers to employee engagement. These initiatives are informed by feedback and ideas from our employees, again emphasizing TD's inclusive culture. One example is our new internal ideation platform, iD8.

In February 2019, we launched iD8 so that ideas from all TD employees could be heard and considered for action. The platform is segmented to allow for focused action within the most relevant business functions. For example, if a colleague submits an idea for a solution that is relevant to HR processes – even though they may not work in HR – that idea is shared with HR's iD8 experts. In the eight months since launching iD8, we have received over 14,000 ideas from employees across TD. One example is an idea from a Contact Centre Agent who identified a redundant step in one of our processes. While, on the surface, removing this step seemed simple, the change had a positive impact on 46,000 employee and 23,000 customer interactions and resulted in savings of over \$300,000 annually.

## Fostering Opportunities for Women in Technology (WIT)

TD is working to achieve gender parity in the technology field by using the WIT community to recruit women into TD Technology and enable them to thrive. In 2019, WIT sponsored five industry events to recruit women and improve the science, technology, engineering and mathematics (STEM) participation for girls and women. WIT also sponsored several mentoring and career-building initiatives within TD. TD's arrangement with #movethedial, an organization focused on increasing the participation and leadership of all women in technology, expanded into the U.S. footprint. We also launched #movethedial TD Stories events and accountability circles, which are self-led communities of women and male allies who support each other and drive inclusion through an open dialogue. Through these initiatives, we strive to position TD as a leader and technology company of choice for women and a champion for improving the gender parity in STEM.



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# Talent Attraction, Engagement and Retention continued

## Retention

One of the ways in which we assess employee engagement and satisfaction is by looking at how well we retain our talent. In 2019, TD's average global turnover decreased to 18.5% from 20.0% in the previous year. Our voluntary turnover in Canada at 13.1% decreased year over year and remains within the normal range of our peer group, reflecting our branches' longer-hours business model, which in turn requires a higher complement of part-time employees. In the U.S., where the voluntary turnover rates tend to be higher, we continue to make improvements, with our rates holding steady at 17.8%.

Improvements in our retention rates have been positively affected through a targeted focus on enhancing how we recruit, onboard and develop our employees. While some enhancements are enterprise-wide, we are also focusing our investments and programs toward employees in areas with higher rates of attrition, such as in our retail banking and contact centre operations. Examples of our targeted efforts include:

- Continuing to invest in our Total Rewards packages and advancing employee well-being through programs that support our employees' needs through various life stages.<sup>2</sup>

- Reviewing and elevating our candidate onboarding experience at all levels helps employees feel welcome, form new relationships and understand how they can grow their careers within TD. In the U.S., we have created the new-hire orientation program I AM TD, a required one-day in-person orientation program. I AM TD immerses every new U.S. employee into the TD culture and introduces them to our core principles, benefits and values. The program provides all employees, but particularly employees in roles with higher-than-average attrition areas, with a sense of belonging to TD and a path to fulfilling their career aspirations.
- Building confidence in achieving career aspirations is critical to an engaged workforce. This is why we have enhanced progressive career models designed to provide more paths within TD for colleagues to develop their skills and progress in their careers and have launched industry-leading learning solutions such as TD Thrive. In Canada, for example, our Future Ready program has helped to establish a variety of new roles and growth opportunities, supported by a refreshed approach to role-based learning and confidence journeys. These investments provide our colleagues with the additional tools and training they need to succeed for their current and future roles, with increased transparency into the skills and competencies required for the next step.

Employee Turnover (%)	2019	2018	2017
Average global turnover rate	✓ 18.5%	✓ 20.0%	✓ 20.0%
<b>Canada</b>			
Voluntary <sup>1</sup>	✓ 13.1%	✓ 14.3%	✓ 13.8%
Involuntary <sup>2</sup>	✓ 2.0%	✓ 2.7%	✓ 2.2%
Retirement	✓ 1.1%	✓ 1.5%	✓ 1.3%
Total <sup>3</sup>	✓ 16.2%	✓ 18.5%	✓ 17.2%
<b>U.S.</b>			
Voluntary <sup>1</sup>	✓ 17.8%	✓ 17.8%	✓ 18.9%
Involuntary <sup>2</sup>	✓ 5.2%	✓ 4.6%	✓ 4.8%
Retirement	✓ 0.7%	✓ 0.6%	✓ 0.6%
Total <sup>3</sup>	✓ 23.7%	✓ 23.0%	✓ 24.3%

<sup>1</sup> A voluntary exit from TD occurs when the employee chooses to leave TD.

<sup>2</sup> An involuntary exit from TD occurs when employment is terminated.

<sup>3</sup> Totals may not add up due to rounding.



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# Health and Well-Being

TD is committed to creating better health outcomes for our over 85,000 employees and recognizes that if people cannot be confident about their health, they cannot be confident about their future. One important way we address this is by offering extensive programs to help our employees assess, manage and improve their physical, financial and mental well-being. We believe our programs will drive employee growth and development and contribute to future business growth.

## Physical Well-Being

TD's Health and Safety (H&S) policy spans Canada and the U.S. and has a comprehensive H&S management system that delivers regular training and communication to keep managers and employees informed. In Canada, the H&S team, a National Policy H&S Committee, people managers and H&S representatives in each location across the country work with employees so that H&S programs support applicable regulations and are effective across our operations. The H&S programs in the U.S. are overseen by a safety team with support from Safety Committees, Human Resources, people managers and employees across the enterprise.



## Analyst Corner

- Summary of Benefit Programs
- TD's Approach to Job Transitions
- TD's Approach to Total Rewards
- Code of Conduct and Ethics
- Whistleblower Hotline

## Work-Related Injuries<sup>1</sup>

	2019	2018	2017
<b>Canada</b>			
Minor injuries <sup>2</sup>	402 (0.62%)	359 (0.57%)	290 (0.49%)
Disabling injuries <sup>3</sup>	172 (0.27%)	290 (0.46%)	188 (0.32%)
Employee days absent beyond day of injury <sup>4</sup>	2,140	3,485	2,409
Fatalities due to work-related accidents	0	0	0
<b>U.S.</b>			
Medical/report-only claims filed through workers' compensation <sup>5</sup>	397	420	389
Indemnity claims filed through workers' compensation	58	33	35
Employee days absent beyond day of injury	2,912	1,912	1,315
Fatalities due to work-related accidents	0	0	0

<sup>1</sup> Figures in parentheses indicate accident statistics as a percentage of our workforce in the country noted, as at the end of the calendar year.

<sup>2</sup> Injuries that are treatable in the workplace with no time lost beyond the day of injury.

<sup>3</sup> Injuries that result in lost time in the workplace on any day following the injury for each of the years shown.

<sup>4</sup> Number of and severity of disabling accidents have decreased, resulting in fewer days absent.

<sup>5</sup> Workers' compensation claims below \$2,500 or any claim that requires no payment or activity other than generating a report.

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## Health and Well-Being *continued*

### Childcare Leave

TD is committed to fostering a strong, caring organizational culture by supporting employees when they welcome a child into their families. Our comprehensive childcare leave policies are available to all eligible employees (including same-sex parents, biological parents, adoptive parents or parents of children born via surrogate). When both parents work for TD, childcare leave benefits are available to each parent. In addition to the formal leaves policies, TD's Employee and Family Assistance Program (EFAP) is available 24/7 and can provide childcare options, referrals to community resources and other additional support during this time of transition. Returning parents can also take advantage of childcare provider discounts.

#### Canada:

Leave Type	Criteria	Total Leave Time	Top-Up Benefit
<b>Maternity Leave</b>	Available for the person who is pregnant or has recently given birth (including people who are biological surrogates)	Up to 17 weeks	Maximum 6 weeks top-up to 100% of their salary
<b>Parental Leave</b>	Available to birth and adoptive parents who are caring for a newborn or newly adopted child	Up to 63 weeks <sup>1</sup>	Maximum 6 weeks top-up to 100% of their salary

<sup>1</sup> The total amount of childcare leave that may be taken by the person who gives birth cannot exceed 78 weeks.

The employee who gives birth and chooses to take both maternity and parental leave is eligible for a maximum of 12 weeks of top-up to 100% of their salary. Employees returning from childcare leave can opt to return to normal duties gradually over a maximum of 12 weeks.

### United States:

In the U.S., TD's Paid Parental Leave (PPL) program provides 16 weeks of fully paid, job-protected leave to all eligible parents welcoming a new child into their family through birth or adoption. PPL incorporates both childbirth and bonding-related leaves and runs concurrently with any government or company-paid disability or family leave benefits that apply during that period.



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# Health and Well-Being *continued*

## TD's Approach to Well-Being



### Examples of benefits:

#### Physical Well-Being

- Benefit plans
- Wellness account
- Seasonal flu shot coverage
- Insurance coverage
- Workplace accommodations
- WELL building standard
- Health and safety
- Health coaching
- Naturopathic services
- Nutrition services

#### Financial Well-Being

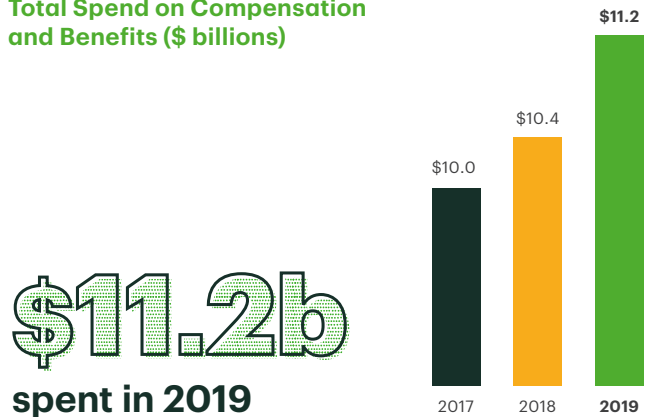
- Compensation
- Employee savings plans
- Share ownership plan<sup>1</sup>
- Pensions/401(k)
- Scholarship programs
- Incentive plans
- Discounts and banking benefits
- Discounted backup childcare<sup>1</sup>
- Discounted childcare rates<sup>2</sup>
- Tuition reimbursement
- Discounted tuition rates<sup>2</sup>
- Financial support services

#### Mental Well-Being

- Vacation/PTO (paid time off)
- Reward and recognition
- Leave policies
- Flexible work options
- Volunteer grants
- Professional counselling
- Employee Family Assistance Program (EFAP)
- Family support services
- Legal support services
- Critical incident response

<sup>1</sup> These benefits are available to Canadian employees only.  
<sup>2</sup> These benefits are available to U.S. employees only.

## Total Spend on Compensation and Benefits (\$ billions)



### Financial Well-Being

TD is committed to providing our employees with a competitive total rewards package with the flexibility to meet their needs and the changing needs of their families. We offer a comprehensive benefits plan that includes medical, dental and insurance options. We also offer a competitive compensation package, an employee share ownership plan (Canada), a registered pension plan (Canada) and 401(k) (U.S.) and group savings plans to help employees meet their financial goals.

We have designed our benefits plan to provide employees with essential benefits to protect them from unanticipated financial hardship. We offer a wide range of optional coverage since we understand that the needs of our employees vary by person and over time. TD provides resources to support employees as they choose the benefits plan that best meets their needs. Employees receive assistance for coverage from TD through benefit credits (Canada) or subsidies (U.S.).

In 2019:

- TD introduced new tools to help employees understand and make informed benefits decisions, including an animated video, typical employee profiles, an interactive benefits decision tool and an enhanced benefit costing tool in Canada.
- TD launched customized videos and guided content to help employees understand tools such as tax-free health savings accounts and better plan for unexpected medical health care costs in the U.S.

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## Health and Well-Being continued

We offer online retirement and financial planning tools for our employees to assist them with personalized projections for their short-term and long-term plans. Our employees can also access legal and financial support services for several issues, including debt management, legal bankruptcy, contracts and housing. In the U.S., in addition to these tools and services, we offer estate planning support services.

### Mental Well-Being

TD offers a variety of resources to support employees and people managers with their mental well-being, including online tools, educational training and access to a comprehensive employee and family assistance program. Last year we launched new online mental health training for all Canadian employees to support a mentally healthy workplace, with an additional support module for people managers. By the end of November 2019, over 20,500 employees and people managers had completed this training, which helps employees build mental health awareness and develop stress management and resiliency skills, supports their mental well-being and enables them to access support when needed.

We continue to build on our commitment to support mental health and well-being and in 2020 in Canada we will:

- Increase mental health practitioner annual limits to \$3,000/year across all medical options
- Expand the list of mental health practitioners to include counsellors, occupational therapists, psychotherapists and registered nurse psychotherapists
- Change co-insurance of mental health practitioners to 100% for all medical options

### Program Enhancements

At TD, we regularly benchmark our benefits program against those of other leading employers so that we continue to meet the diverse needs of employees. In the U.S., we implemented a number of coverage enhancements for 2020, which include:

- Investments to help employees and their families stay physically and mentally healthy by covering 100% of generic medications for physical ailments caused by diabetes, high blood pressure and high cholesterol and for chronic mental health conditions such as depression and anxiety
- A new diabetes care program introduced to help improve the health of employees with diabetes by providing comprehensive and high-touch clinical support and including free access to important diabetic medical supplies and a diabetes coach

### Employee Relations

Our employees have several channels through which they can comfortably and safely raise their concerns directly within the organization.

- The **Employee Complaint Resolution Process** provides our employees with various channels to report their concerns. The process facilitates the reporting of their concerns to the right point of contact so that they are resolved quickly, objectively and without any fear of retaliation. TD is committed to protecting individuals from reprisal in any form, no matter what channel an employee chooses to raise their concerns.
- **Between Us: Employee Ombudsman Office** offers confidential, impartial and informal guidance, which is available for all employees to discuss work-related concerns and review possible options for resolution. In 2019, over 1,200 employees accessed support and advice through this program.
- Our **Whistleblower Hotline** is a confidential and anonymous reporting channel available to employees, customers, third-party workers and members of the public to report their concerns regarding TD without fear of retaliation; they can also report allegations of retaliations for having reported matters in good faith. Our hotline is hosted by a third party and managed independently within TD.

TD has an Employee Relations group that maintains meaningful work standards, policies and practices consistent with TD's commitment to the overall employee experience and the bank's business objectives, as well as legal and regulatory requirements. The group provides guidance to human resource practitioners and management on complex employment matters to promote the consistent application of TD's policies and practices across the organization and the fair and transparent resolution of matters raised. Our focus is to strengthen the employer-employee relationship and improve employee engagement, satisfaction and retention.

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# Volunteerism

TD recognizes the importance of volunteerism as a community and employee engagement tool and as a way for our employees to be included in and form a part of the TD Ready Commitment. Throughout the year, our employees participate in a variety of fundraising and community programs and events.<sup>1</sup>

- Our TD Mindpower: Analytics for Social Good initiative launched in 2018 and has already completed six projects in 2019 for non-profit organizations across Canada, volunteering over 1,500 hours to help those organizations leverage data and analytics. We have now expanded to over 110 volunteers working on 12 projects in four cities in Canada and the U.S. TD Mindpower pairs non-profit organizations with a dedicated team of TD data and analytics employees who volunteer their time and skills to help the organization draw new insights and grow their community impact from data.

- We invest time and money in support of financial education programs across our North American footprint. For instance, our employee volunteers discussed key topics in the home-buying process in the U.S. at educational events for potential homebuyers. In Canada, we continued our relationship with Money Matters – a free program for adult learners that teaches topics such as banking, saving and building credit. Our programs strive to focus on underserved or disadvantaged communities – including the low-income, youth, Indigenous and newcomer communities.

## Three-Year Performance

Financial Education Volunteerism	2019	2018	2017
Investment in community financial education programs (in millions)	\$6.0	\$4.5	\$5.2
Number of people helped by the investment	633,500	530,400	683,000
Number of participants in Money Matters – Canada	14,972	12,166	– <sup>1</sup>
Number of employee volunteers – Money Matters	354	388	370
Number of educational events for LMI homebuyers – U.S. <sup>2</sup>	277	313	– <sup>1</sup>
Number of potential LMI homebuyers who attended these events – U.S. <sup>2</sup>	3,323	4,060	– <sup>1</sup>

<sup>1</sup> The data could not be verified for fiscal year 2017.

<sup>2</sup> The figures for 2018 have been restated as a result of methodology changes and changes to the LMI qualification process related to financial education.



**166k+**  
total volunteer hours

4.12

# Human Capital Development

## Why It Matters to TD

TD's ability to attract and retain the best diverse talent, while sustaining and deepening the relationship with its current employees, is critical to maintaining its legendary customer experience. One of the reasons employees will choose to stay at TD is the opportunity for personal and professional development. TD is committed to supporting, mentoring and preparing them to thrive in the economy of the future.



## Analyst Corner

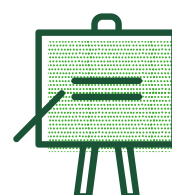
Developing Leaders

Training and Development

## Our Approach

We invest to help employees build the skills they need to learn and grow today and for the future. We also identify opportunities for employees to take on challenging and interesting work across TD to achieve their career goals. We are building programs and platforms to upskill our workforce and assist employees as they transition into new roles as the banking industry evolves. Our development programs are anchored in the skills and capabilities critical to TD and curated to the unique needs of our employees. The commitment to creating robust development opportunities is supported by leaders at every level as they encourage employees to bring their whole selves to work and deliver their best to communities, customers and each other.

**\$85.9m**  
investment  
in training



## Performance in 2019

### Investing in Development

We provide wide-ranging opportunities and resources to support our employees in every stage of their career journeys, including regular career coaching, mentoring and training. In 2019, we invested \$85.9 million globally in training and developing our employees. The average number of days of training invested per person increased from 5.7 to 7.2 days. Employees also receive individual performance reviews and have regular development planning discussions with leaders.

## Three-Year Performance

Investment in Employee Development (Global)	2019	2018	2017
Investment in training (in millions) <sup>1</sup>	\$85.9 <sup>2</sup>	\$91.7 <sup>3</sup>	\$81.8
Investment in training per employee <sup>1</sup>	\$918	\$971	\$933
Amount employees received through TD's tuition assistance (in millions)	\$9.6	\$9.8	– <sup>4</sup>
Average number of days of training <sup>5</sup>	7.2	5.7	4.8
Average hours of training <sup>6</sup> per:			
Executive <sup>7</sup>	49	56	31
People manager <sup>7</sup>	46	41	44
Employee (non-manager) <sup>7</sup>	56	46	39

<sup>1</sup> Includes the courses available through TD's MyLearning System, as well as external courses, certifications and accreditations.

<sup>2</sup> Investment in training may not capture all project or program costs incurred by the business, including business transformation projects where learning-related costs are captured through a separate system. Despite the overall decrease in 2019, there has been increased investment in Core Corporate L&D, TD Thrive, Technology Solutions and Finance and TD Securities.

<sup>3</sup> Overall increase in training spend was due to investment in a new training technology platform (TD Thrive) and support of business transformation projects.

<sup>4</sup> The methodology used for TD's tuition assistance was updated for 2018 and 2019 and may not be comparable to previous years.

<sup>5</sup> An average day is considered 8 hours for U.S. employees and 7.5 for all other employees.

<sup>6</sup> Excludes training hours tracked outside TD's MyLearning System because the data is not available and cannot be reasonably estimated.

<sup>7</sup> Executive includes TD job levels Associate Vice President (AVP) and above. People manager includes an employee who has one or more direct reports. Employee (non-manager) includes an employee who does not have any direct reports.

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## Human Capital Development *continued*

### Developing Our Leaders at Every Level

At TD, we know that stronger leaders create an environment that engages employees, which drives better results and performance. All of our development and leadership programs – both core and elective – have an average Net Promoter Score<sup>1</sup> of 73%, exceeding the industry benchmark of 44%. In 2019, we delivered leadership programs for thousands of leaders, including the following:

- **ELEVATE** is our signature development program for AVP/Vice President (VP)s and is focused on inclusive leadership behaviours that are proven business accelerators. In this interactive two-day workshop, our leaders grapple with the real-life trade-offs and tensions needed to balance employee engagement, client experience and profitability. In May 2019, we achieved our target of reaching approximately 2,000 of our executives in 14 months.
- **EXCEL** is our leadership development program created specifically to reach the non-executive leaders in our businesses. These leaders can now hone their leadership capabilities through a program that mirrors ELEVATE but with modifications to make the content relevant, contextual and useful to the experienced non-executive employee group. In 2019, we delivered the program to over 3,500 people managers across the bank.
- **ACTIVATE** is our leadership development program for new people managers to provide them with the tools and knowledge they need to transition quickly and smoothly within their first six months. Annually, we reach over 50% of newly hired or promoted people managers. Application of this program has been very successful, with 65% of the participants reporting that they have applied the skills they learned as part of their everyday routine.

In 2019, we launched Change Leadership Agility and an Innovation program to the curriculum, recognizing the importance of these critical leadership capabilities now and in the future. Over 3,000 employees have participated in electives programs.

**Leadership Ready** is a self-directed leadership learning portal designed to offer all TD employees tools and resources to support their leadership development efforts. With over 450 assets and over 120,000 visits, Leadership Ready delivers engaging, impactful and relevant leadership learning to empower employees with the skills to be effective leaders at TD.

In 2018 we launched **TD Thrive** – a new development platform in partnership with Degreed, an education technology company, to empower our employees to self-select the skills and capabilities they need to learn and grow today and well into the future at their own pace. Over the past year, we have offered 188 pathways of curated learning content to help our employees close critical skill gaps. In 2019, we added a TD Thrive Chrome extension to all bank browsers and launched the platform on mobile devices so that employees can access content at any time. Since the launch, over 50% of employees have actively accessed the platform and viewed content more than 275,000 times.

### Building Our Leadership Pipeline

TD also makes additional targeted investments in an annually identified pool of diverse talent who are expected to be the successors to senior leadership. Since 2015, we have offered programs each year to invest in our future leaders, including the following:

- **Ignite** is a high-potential talent program launched in 2019 and targeted toward VPs. This program, the first of its kind at TD, provides select VPs with a two-year leadership curriculum to strengthen their leadership and management skills.
- **Leading with Impact** is an experience-based program that challenges participants through a combination of critical experiences and classroom learning, with a focus on driving real business impact and developing leadership capabilities.
- **Pod Coaching** is a facilitated group coaching experience for newly appointed AVPs that supports leadership capability building and transitions them to a new level of leadership.
- **6in6 Mentoring** is an enterprise-wide cross-business mentoring experience that matches select AVPs to SVP mentors to give mentees an early opportunity for exposure and advocacy. A similar program exists in our retail business for senior management employees.

Our programs are already having an impact. In 2019, 38% of our top talent moved into more senior roles and 40% into lateral positions. We have evolved and expanded our programs to reach employees at all levels and have created a supportive environment in which each employee plans, owns and lives their own personal and professional development journey.



# 2019 Awards and Recognition

## ESG Indices:

TD is included in the following:

Dow Jones Sustainability World Index (sixth year in a row)

Dow Jones Sustainability North America Index

FTSE4Good Index

ISS-oekom Prime

Euronext Vigeo World 120 Index

STOXX Global ESG Leaders Index

## Environment:

Received a rating of A- on its CDP disclosure

Received a B- CDP Supplier Engagement Rating

Named one of Canada's Greenest Employers for the 11th consecutive year by Mediacorp Canada

TD Bank received a Leadership in Greener Purchasing award for the banking sector from Office Depot for high levels of green spending

## Social:

Named one of Canada's Best Workplaces in Financial Services and Insurance by Great Place to Work for the 14th consecutive year

TD Ameritrade recognized by Forbes as a Best Employer for New Graduates in 2019

TD Bank was named one of Forbes' 2019 Best Employers for Diversity

TD ranked second on the 2019 LinkedIn Top Companies list: Where Canada Wants to Work Now

Indeed Top-Rated Workplaces: Best in Canada for a second year in a row

TD was included in the Bloomberg Gender-Equality Index for the fourth year in a row

Mediacorp Canada:

- One of Canada's Top 100 Employers for the 12th year in a row
- One of Greater Toronto's Top Employers for the third year in a row
- One of Canada's Best Diversity Employers for the eighth year in a row
- One of Canada's Top Employers for Canadians Over 40 for the second year in a row
- One of Canada's Top Employers for Young People

Included in DiversityInc's Top Companies for LGBT Employees for the ninth year in a row

Included in DiversityInc's Top 50 Companies for Diversity (19th place)

TD Bank (including TD Ameritrade and TD Securities) received 100% on the Human Rights Campaign Corporate Equality Index in support of the LGBTQ2+ community for the 10th consecutive year

For the fifth consecutive year TD Bank achieved the top score of 100% on the Disability Equality Index (DEI), which rates U.S. companies on their disability inclusion policies and practices

TD Bank named one of *DIVERSEability Magazine's* 2019 Top Disability-Friendly Companies

TD Bank was named one of the National Business Inclusion Consortium's 2019 "Best of the Best" Corporations for Inclusion

TD was awarded the Gold Quill Award of Excellence for Human Resources and Benefits Communication by the International Association of Business Communicators (IABC) in recognition of our communications

## Governance and Reputation:

TD was named as the 2019 Best ESG Reporting in Canada by *IR Magazine*

J.D. Power Canadian Retail Banking Customer Satisfaction Study named TD Bank "highest in customer satisfaction among the big five retail banks"

J.D. Power Award for Retail Banking Customer Satisfaction in the Southeast Region in the U.S.

J.D. Power has named TD Auto Finance #1 among non-captive lenders in its Canadian Dealer Financing Satisfaction Study, a ranking by auto dealers of their finance providers

TD Canada Trust named Most Trusted Brand for Bank/Trust Company by Reader's Digest Canada for the second year in a row

Named Best Bank in Canada by *Euromoney* magazine for the second year in a row

TD won Most Innovative Digital Bank award in Global Finance's 20th Annual Best Digital Bank Awards

Recognized as one of the long-term digital winners in Autonomous Research's annual rankings of 59 global banks and the only Canadian bank to receive the award



# Endnotes

## Performance Summary for Investors

<sup>1</sup> Reflects the apportioned-value of lead managed green, social, and sustainable bond underwriting by TD.

### 1.3 Our Strategy & Purpose

<sup>1</sup> By number of branches.

### 1.4 ESG Trends

- <sup>1</sup> Bloomberg: <https://www.bloomberg.com/company/announcements/bloomberg-publishes-2016-impact-report/>
- <sup>2</sup> Callan ESG Survey: <https://www.callan.com/wp-content/uploads/2018/07/Callans-2018-ESG-Survey.pdf>
- <sup>3</sup> Investment Executive: <https://www.investmentexecutive.com/news/research-and-markets/survey-underscores-growing-importance-of-esg-to-canadian-institutional-investors/>
- <sup>4</sup> Environmental Leader: <https://www.environmentalleader.com/2018/11/american-esg-investing/>
- <sup>5</sup> World Economic Forum: <https://www.weforum.org/agenda/2019/01/these-are-the-biggest-risks-facing-our-world-in-2019/>
- <sup>6</sup> Deloitte: <https://www2.deloitte.com/us/en/insights/deloitte-review/issue-16/employee-engagement-strategies.html>; <https://www2.deloitte.com/insights/us/en/topics/corporate-responsibility/harnessing-impact-of-corporate-social-responsibility-on-talent.html>
- <sup>7</sup> The Energy Project: <https://theenergyproject.com/why-you-hate-work-2/>
- <sup>8</sup> Cone Communications: <http://www.conecomm.com/research-blog/2016-millennial-employee-engagement-study>
- <sup>9</sup> Accenture: <https://www.businesswire.com/news/home/20181205005061/en/Majority-Consumers-Buying-Companies-Stand-Issues-Care>
- <sup>10</sup> Edelman Trust and Brands: <https://www.edelman.com/research/trust-and-brands-the-next-giant-step>
- <sup>11</sup> Edelman Trust Barometer: <https://www.edelman.com/research/trust-barometer-expectations-for-ceos-2019>

### 2.3 Data Security and Privacy

<sup>1</sup> [https://www.ic.gc.ca/eic/site/062.nsf/eng/h\\_00108.html](https://www.ic.gc.ca/eic/site/062.nsf/eng/h_00108.html)

### 3.1 Climate Change

- <sup>1</sup> <https://www.ipcc.ch/sr15/>
- <sup>2</sup> <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>
- <sup>3</sup> By number of branches.
- <sup>4</sup> For more information on the methodology used to calculate TD's contribution and impact assessment, see the [Low-Carbon Economy Progress Report](#).
- <sup>5</sup> The low-carbon economy total impact values (natural capital value, GHG, GDP and jobs) are inclusive of green bond finance impact values. The number of jobs is measured in full-time equivalents (FTE).
- <sup>6</sup> <https://www.ic.gc.ca/eic/site/098.nsf/eng/00023.html>
- <sup>7</sup> To be eligible, a cleantech company must be affiliated with a Canadian accelerator centre or incubator center.
- <sup>8</sup> Patents for Startups is a non-equity-based program to support the rigorous patent application process in Canada, the U.S. and elsewhere. TD is the first bank in North America to offer this program.
- <sup>9</sup> As reported under Basel Pillar 3 CRB (e) columns A, B, and C; see TD's 2019-Q4 Supplemental Regulatory Disclosure, pg. 17 ([https://www.td.com/document/PDF/investor/2019/2019-Q4\\_Regulatory\\_Capital\\_Disclosure\\_F\\_EN.pdf](https://www.td.com/document/PDF/investor/2019/2019-Q4_Regulatory_Capital_Disclosure_F_EN.pdf)).
- <sup>10</sup> <http://www.ibc.ca/on/resources/media-centre/media-releases/severe-weather-causes-190-million-in-insured-damage-in-2018>
- <sup>11</sup> Water damage caused by sewer backup, sump pump failure and ground and surface water entering a home below ground level, as well as fresh water overland flooding.

### 3.2 Eco-Efficiency

- <sup>1</sup> UN Environment: Global Status Report 2017: [https://www.worldqbc.org/sites/default/files/UNEP%20188\\_GABC\\_en%20%28web%29.pdf](https://www.worldqbc.org/sites/default/files/UNEP%20188_GABC_en%20%28web%29.pdf)
- <sup>2</sup> Some of the data is also assured annually. For more information, see our [assurance statement](#).
- <sup>3</sup> Environics Research, 2018. [Canadian Environment Barometer](#).

### 3.3 Sustainable Financing

- <sup>1</sup> <https://www.fin.gc.ca/n19/19-064-eng.asp>
- <sup>2</sup> Final Report of the Expert Panel on Sustainable Finance – Mobilizing Finance for Sustainable Growth [http://publications.gc.ca/collections/collection\\_2019/eccc/En4-350-2-2019-eng.pdf](http://publications.gc.ca/collections/collection_2019/eccc/En4-350-2-2019-eng.pdf)
- <sup>3</sup> Final Report of the Expert Panel on Sustainable Finance – Mobilizing Finance for Sustainable Growth, page IV ([http://publications.gc.ca/collections/collection\\_2019/eccc/En4-350-2-2019-eng.pdf](http://publications.gc.ca/collections/collection_2019/eccc/En4-350-2-2019-eng.pdf)).
- <sup>4</sup> The CSA technical committee for defining green and transition finance is working to develop Canadian-specific standards and definitions for green and transition finance: <https://www.scc.ca/en/standards/notices-of-intent/csa/sustainable-finance-defining-green-taxonomy-for-canada>
- <sup>5</sup> According to a survey by Natixis Investment Managers (previously called Natixis Global Asset Management), 61% of investors spoke with their advisors about ESG factors in 2017, compared to 47% the year prior, and more than two-thirds said it was important to make a positive social impact through their investments.

### 3.4 Responsible Financing

- <sup>1</sup> Unless they are exempted or allowed within the conditions of the World Heritage Site designation and/or sponsored/supported by the relevant national responsible authority.
- <sup>2</sup> As designated according to World Conservation Union classification and International Finance Corporation Standards.

- <sup>3</sup> These include those ratified under international conventions and agreements; production or trade of wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); deals that directly relate to the trade in or manufacturing of material for nuclear, chemical or biological weapons or for land mines or cluster bombs; and lending deals that are directly related to the mining of conflict minerals.
- <sup>4</sup> See [TD's 2019 Equator Principles reporting](#) for further details.

### 3.5 Responsible Investing

- <sup>1</sup> <https://www.forbes.com/sites/georgkell/2018/07/11/the-remarkable-rise-of-esg/#7522aa131695>
- <sup>2</sup> [Principles for Responsible Investing Annual Report 2019](#).
- <sup>3</sup> Morningstar Research Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.
- <sup>4</sup> The figure is the total of the \$500 million bond and the Canadian dollar value (at the trade date) of the US\$1 billion bond.
- <sup>5</sup> Reflects the apportioned-value of lead managed green, social, and sustainable bond underwriting by TD.

### 4.1 Social and Economic Inclusion

- <sup>1</sup> [TD Financial Health Index Report 2019](#).
- <sup>2</sup> [https://www.researchgate.net/publication/328174781\\_Centre\\_for\\_Global\\_Finance\\_Working\\_Paper\\_Series\\_No11\\_2018\\_Financial\\_inclusion\\_and\\_economic\\_growth\\_What\\_do\\_we\\_know](https://www.researchgate.net/publication/328174781_Centre_for_Global_Finance_Working_Paper_Series_No11_2018_Financial_inclusion_and_economic_growth_What_do_we_know); [http://www3.weforum.org/docs/WEF\\_GCP\\_Economic\\_Growth\\_and\\_Social\\_Inclusion\\_pager.pdf](http://www3.weforum.org/docs/WEF_GCP_Economic_Growth_and_Social_Inclusion_pager.pdf)
- <sup>3</sup> For a complete description of the products we offer low-income customers, refer to [page 23 of the 2018 ESG report](#).
- <sup>4</sup> According to Statistics Canada.
- <sup>5</sup> For more information on our work with Indigenous communities, refer to our [TD and Indigenous Communities in Canada](#) report.
- <sup>6</sup> By number of branches.
- <sup>7</sup> Financial health is defined as the extent to which individuals are able to comfortably meet their financial needs and commitments now and in the future.
- <sup>8</sup> Defined as households with income below \$30,000.
- <sup>9</sup> <https://www.pbs.org/newshour/economy/making-sense/money-habits-are-set-by-age-7-teach-your-kids-the-value-of-a-dollar-now>
- <sup>10</sup> TD Bank Group commissioned Environics Research Group to conduct an online survey of 1,151 Canadians from October 3 to 11, 2018. All respondents were parents of kids 4-17 years of age.

### 4.2 Economic Value

- <sup>1</sup> In line with our commitment to accessibility, the loan application is accessible to Americans with disabilities as required under the Americans with Disabilities Act.
- <sup>2</sup> Data is from 2015. Source: <https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2017018-eng.htm>
- <sup>3</sup> Data is from 2015. Source: <https://www150.statcan.gc.ca/n1/daily-quotidien/190730/da190730a-eng.htm>
- <sup>4</sup> Data taken from the 2016 Census of Agriculture. Source: <https://www150.statcan.gc.ca/n1/en/pub/96-325-x/2017001/article/54925-eng.pdf?st=DSOIVWYd>.

### 4.5 Customer Experience

- <sup>1</sup> Proprietary analysis conducted by TD in 2019 to examine links between customer experience and growth.
- <sup>2</sup> Banks that provide leading customer service experiences outperform their peers according to *The US Banking Customer Experience Index, 2018 – How US Banks Earn Loyalty With The Quality Of Their Experience*.
- <sup>3</sup> See [page 32 of the 2018 ESG report](#) for information on existing training and resources for employees launched in prior years.
- <sup>4</sup> See [page 35 of the 2018 ESG report](#) for digital initiatives launched in previous year.

### 4.6 Product and Service Responsibility

- <sup>1</sup> Our LEI scores increased after the launch of Future Ready (compared to 2019 Q1). We saw improvement in the following attributes: "Increased Business," "Was Knowledgeable" and "Went Beyond Initial Needs."

### 4.7 Diversity and Inclusion

- <sup>1</sup> [https://www.wsj.com/articles/the-business-case-for-more-diversity-11572091200?mod=hp\\_lead\\_pos5](https://www.wsj.com/articles/the-business-case-for-more-diversity-11572091200?mod=hp_lead_pos5); <https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>; <https://www.catalyst.org/knowledge/why-diversity-and-inclusion-matter>.

### 4.9 Talent Attraction, Engagement and Retention

- <sup>1</sup> <https://www.policyalternatives.ca/publications/monitor/disability-and-job-churn>
- <sup>2</sup> Refer to [page 58](#) in the Health and Well-Being section of this report for a list of the benefits available to all our employees.

### 4.11 Volunteerism

- <sup>1</sup> For more details, refer to the [2019 TD Ready Commitment report](#).

### 4.12 Human Capital Development

- <sup>1</sup> In the learning industry, Net Promoter Score (NPS) is a common metric that measures the likelihood of the learner to recommend the experience to others. In 2019, the average NPS was 73, which is 29 points higher than the industry standard. NPS is expressed as a whole number, not a percentage. This data was gathered from 10,800 TD learners.



## Caution Regarding Forward-Looking Statements

From time to time, The Toronto-Dominion Bank (the “bank”) makes written and/or oral forward-looking statements, including in this document, in other filings with Canadian regulators or the United States (U.S.) Securities and Exchange Commission (SEC), and in other communications. In addition, representatives of the bank may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the “safe harbour” provisions of, and are intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements made in this document, the Management’s Discussion and Analysis (“2019 MD&A”) in the bank’s 2019 Annual Report under the heading “Economic Summary and Outlook”, for the Canadian Retail, U.S. Retail, and Wholesale Banking segments under headings “Business Outlook and Focus for 2020”, and for the Corporate segment, “Focus for 2020”, and in other statements regarding the bank’s objectives and priorities for 2020 and beyond and strategies to achieve them, the regulatory environment in which the bank operates, and the bank’s anticipated financial performance. Forward-looking statements are typically identified by words such as “will”, “would”, “should”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “plan”, “goal”, “target”, “may”, and “could”. By their very nature, these forward-looking statements require the bank to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the physical, financial, economic, political, and regulatory environments, such risks and uncertainties – many of which are beyond the bank’s control and the effects of which can be difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Risk factors that could cause, individually or in the aggregate, such differences include: credit, market (including equity, commodity, foreign exchange, interest rate, and credit spreads), liquidity, operational (including technology, cyber security, and infrastructure), model, reputational, insurance, strategic, regulatory, legal, conduct, environmental, capital adequacy, and other risks. Examples of such risk factors include the general business and economic conditions in the regions in which the bank operates; geopolitical risk; the ability of the bank to execute on long-term strategies and shorter-term key strategic priorities, including the successful completion of acquisitions and dispositions, business retention plans, and strategic plans; the ability of the bank to attract, develop, and retain key executives; disruptions in or attacks (including cyber-attacks or data security or other breaches) on the bank’s information technology, internet, network access or other voice or data communications systems or services; fraud or other criminal activity to which the bank is exposed; the failure of third parties to comply with their obligations to the bank or its affiliates, including relating to the care and control of information; the impact of new and changes to, or application of, current laws and regulations, including without limitation tax laws, capital guidelines and liquidity regulatory guidance and the bank recapitalization “bail-in” regime; exposure related to significant litigation and regulatory matters; increased competition from incumbents and non-traditional competitors, including Fintech and big technology competitors; changes to the bank’s credit ratings; changes in currency and interest rates (including the possibility of negative interest rates); increased funding costs and market volatility due to market illiquidity and competition for funding; Interbank Offered Rate (IBOR) transition risk; critical accounting estimates and changes to accounting standards, policies, and methods used by the bank; existing and potential international debt crises; environmental and social risk; and the occurrence of natural and unnatural catastrophic events and claims resulting from such events. The bank cautions that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the bank’s results. For more detailed information, please refer to the “Risk Factors and Management” section of the 2019 MD&A, as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related to any events or transactions discussed under the headings “Significant and Subsequent Events, and Pending Transactions” in the relevant MD&A, which applicable releases may be found on [www.td.com](http://www.td.com). All such factors should be considered carefully, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, when making decisions with respect to the bank and the bank cautions readers not to place undue reliance on the bank’s forward-looking statements. Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2019 MD&A under the headings “Economic Summary and Outlook”, for the Canadian Retail, U. S. Retail, and Wholesale Banking segments, “Business Outlook and Focus for 2020”, and for the Corporate segment, “Focus for 2020”, each as may be updated in subsequently filed quarterly reports to shareholders. Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting the bank’s shareholders and analysts in understanding the bank’s financial position, objectives and priorities and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. The bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf, except as required under applicable securities legislation.





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