



TD Asset Management Inc.

Sustainable Investment Report

2023

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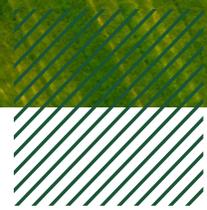
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About TD Asset Management Inc.

TD Asset Management Inc. (TDAM) is a leading asset manager in North America which directs approximately \$359 billion in assets under management (AUM) on behalf of retail and institutional investors as of October 31, 2023.¹ TDAM offers a diversified suite of investment solutions to corporations, pension funds, endowments and foundations. Additionally, TDAM manages assets on behalf of retail investors through affiliated and third-party dealers and offers a broadly diversified suite of investment solutions, including mutual funds, professionally managed portfolios and corporate class funds.



¹ All figures in this report are in CAD unless otherwise stated.



About This Report

Within this report, TDAM provides an annual review of TDAM's sustainable investment practices, progress and priorities for the 2023 fiscal year between November 1, 2022 and October 31, 2023. We start by setting out TDAM's 2023 highlights and the priorities that were established during that period to help guide our stewardship and integration efforts. We then provide a brief overview of TDAM's sustainability approach, noting our performance according to industry benchmarks, specifically the Principles for Responsible Investment (PRI)² and the Global Real Estate Sustainability Benchmark (GRESB). The report then outlines TDAM's stewardship and integration efforts, providing quantitative metrics that help demonstrate our work and principles, as well as case studies that aim to provide a well-rounded view of how we expressed environmental, social and governance (ESG) integration for applicable types of investments and investment strategies. This report also provides an overview of ESG-focused funds that were launched and thought leadership pieces that were published during the 2023 reporting period. The report concludes with a near-term outlook on what is to come. This, along with [TDAM's Sustainable Investing Approach >](#), provides information about TDAM's approach and progress in moving our sustainable investing work forward.

Scope

All information contained in this report is specific to TDAM, unless otherwise noted. This report does not contain information related to Epoch Investment

Partners, Inc. (TD Epoch), TDAM's affiliated registered investment advisor in the United States.

All numbers and figures in this report cover the reporting period between November 1, 2022 and October 31, 2023. The majority of the qualitative information also covers the same period, except in a few instances where relevant information after October 31, 2023 has been included.

In this document, references to integration or incorporation of ESG factors exclude certain strategies and asset classes, including but not limited to index-tracking funds and certain third-party sub-advised strategies. Further, the extent of integration or incorporation of ESG factors varies across TDAM funds and mandates. For certain funds where ESG factors do not form part of the fund's fundamental investment objectives or principal investment strategies, ESG factors may still be considered by a fund's portfolio manager where financially material or relevant to the investment decision-making process. It is up to each individual portfolio manager to determine whether, and to what extent, ESG considerations are to be incorporated into the financial analysis within their own investment processes, and in a manner that aligns with the fundamental investment objectives of each fund. As a result, the consideration of ESG factors may play a limited role in the investment decision-making process, meaning that ESG factors are not weighted heavily in the determination of whether to purchase, hold or sell a security in a fund's portfolio.

² The Principles for Responsible Investment is a United Nations-supported international network of financial institutions that promotes responsible investments.

Message from the Chief Investment Officer (CIO)



David C. Sykes

Senior Vice President, TD Bank Group, Chief Investment Officer, Head of Investments, TDAM

We are pleased to report our 2023 progress on sustainable investing, an umbrella term we use to describe ESG integration, research, stewardship and thought leadership. We invite you to visit our [Sustainable Investing website >](#) for more details.

At TDAM, we continuously strive to achieve investment performance and build capabilities that help us obtain better investment outcomes for our clients. We believe that having a disciplined approach to evaluating potential sources of risk and return, including ESG factors where applicable, helps us build better, more resilient portfolios. Current global complexities and challenges such as ongoing conflicts impacting commodities and trading channels, extreme weather events, the energy transition and human rights continue to interact with and impact our economic environment and investment landscape. Incorporating information and data on such current macro issues, where they may have investment implications, in our due diligence and active ownership efforts is considered prudent by us and is a part of our fiduciary responsibilities.

As investors, we rely on consistent information for portfolios we invest in. Standardized ESG data and metrics remain a challenge for investors. There are, however, global developments related to regulatory disclosures that indicate ESG disclosures are coming of age for companies and the assets we invest in. The International Sustainability Standards Board (ISSB), a body of the International Financial Reporting Standards (IFRS) Foundation, launched its first two sustainability standards in June 2023. Subject to adoption by applicable regulatory bodies, this advancement will help provide investors with reliable and consistent data, building upon internationally accepted frameworks such as the Sustainability Accounting Standards Board (SASB) and the Taskforce on Climate-Related Financial Disclosures (TCFD). As a [formal supporter of the TCFD >](#), we support companies' adoption of standardized disclosures.

From a stewardship perspective, we continue to keep our focus on systemic issues such as climate change, human capital and human rights-related risks and opportunities, and in 2023, we added biodiversity as a key area of focus. With diversified asset classes and significant assets under management, we have a clear responsibility for the long-term performance of our portfolios. We believe that with our active ownership [approach >](#), we can have meaningful discussions with portfolio companies focused on mutually beneficial long-term outcomes.

As an organization, TDAM, being a wholly owned subsidiary of The Toronto-Dominion Bank (TD), is part of the bank's efforts to continue to mitigate its operational carbon footprint and make progress on diversity, equity and inclusion efforts, and other key environmental and social initiatives that are outlined in [TD's ESG reports >](#).

2023 Achievements, Progress and Priorities

TDAM continues to build up the resources and capabilities that it considers necessary to help deliver on our goal of investment performance, including our sustainable investing practices. Climate change, human capital, human rights and biodiversity were topics of priority in 2023, taking prominence in TDAM's stewardship efforts. The following discussion highlights key developments in 2023, with greater detail provided throughout the report.

2023 Highlights

- TDAM scored 89 out of 100 in the PRI's Policy Governance and Strategy module in 2023, a significant improvement from our 2021 score of 68.³ TDAM's assessment was either four or five stars out of five stars for all modules evaluated (additional details can be found on **page 13**).
- For 2023, TDAM's TD Greystone Canadian Real Estate Strategy standing investment and TD Greystone Infrastructure Strategy maintained GRESB scores at or above the global average for their respective assessments. For a fourth consecutive year, TDAM also improved its GRESB score for TD Greystone Global Real Estate Strategy.⁴
- In 2023, TDAM had 490 ESG-focused engagements⁵ with companies (compared to 418 in 2022), primarily conducted within 299 distinct meetings (compared to 264 in 2022). These engagements were with 244 companies (up from 207 in 2022) and covered a variety of topics, including climate change, diversity and inclusion, executive compensation and human capital.⁶
- As of October 31, 2023, 92% of active equity investment funds managed by TDAM were rated as in-line or better than their corresponding benchmark based on the MSCI ESG Quality Rating.⁷
- TDAM launched the TD North American Sustainability Bond Fund, an investment fund with ESG-related investment objectives.
- 94% of eligible members of TDAM's investment team in Canada completed the PRI Academy course called Understanding Responsible Investment. The course introduces the principles that underpin and define responsible investment.
- Members of the TDAM investment team attended the 2023 United Nations Climate Change Conference (COP28) and the 2022 United Nations Biodiversity Conference (COP15). The opportunity facilitated on-the-ground engagement with investee companies, policymakers, clients and other stakeholders.

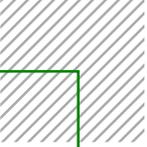
³ PRI 2023 scores are compared to PRI 2021 scores as PRI did not release an assessment in 2022.

⁴ TD Greystone Canadian Real Estate Strategy refers to TD Greystone Real Estate LP Fund and TD Greystone Real Estate Fund Inc.; TD Greystone Global Real Estate Strategy refers to TD Greystone Global Real Estate Fund L.P. and TD Greystone Global Real Estate Fund (Canada Feeder) L.P.; TD Greystone Infrastructure Strategy refers to TD Greystone Infrastructure Fund (Canada) L.P., TD Greystone Infrastructure Fund (Canada) L.P. II, TD Greystone Infrastructure Fund (Global Master) LP.

⁵ An engagement in this context is considered a direct exchange or outreach to company on a specific topic. One meeting with a company can include multiple topic engagements. Moreover, we may have multiple meetings with a company in any given year where warranted.

⁶ This information reflects meetings that were held across the ESG Research and Engagement (R&E), fundamental equity, credit research and alternatives teams.

⁷ MSCI ESG Quality Rating data is provided by MSCI. The MSCI ESG Quality Rating measures the ability of underlying holdings to manage key medium- to long-term risks and opportunities arising from ESG factors. The MSCI ESG Quality Rating is calculated using the fund weighted average ESG score adjusted for ESG rating trends and laggards.



ESG Performance Reviews

In 2022, we introduced ESG scoring and metrics in our quarterly performance reviews for our active equity and alternative asset investment strategies. In 2023, similar quarterly performance reporting went into production for our fixed income strategies and will be formally implemented in 2024 performance review meetings.

Active Equity, Including Quantitative Strategies:

Quarterly performance reviews include portfolio-level ESG quality scores, carbon metrics - as compared to their respective benchmark(s) - and controversies or headline risk reviews, which provide an additional layer of risk analysis. These internal quarterly performance review meetings serve as a forum for the CIO to discuss performance, inclusive of ESG metrics, and where internal teams such as asset allocation, investment risk and product can discuss their questions for the respective portfolio manager.

Alternative Assets:

Alternative assets, such as our direct real estate and infrastructure holdings and commercial mortgage loans, are typically less liquid and are marked to market on a less frequent basis than public investments. In 2023, TDAM continued its quarterly ESG working group meetings with its Canadian real estate managers that are responsible for the asset, property and development management of over 95% of the TD Greystone Canadian Real Estate Fund by AUM. Additionally, annual ESG engagements were conducted with each of the underlying fund managers for the TD Greystone Global Real Estate Fund, as well as for assets held within the TD Greystone Global Infrastructure Fund.

ESG-related updates and ESG performance for alternative investment strategies are also reviewed at each monthly meeting of the alternative investment team. For example, updates on a new acquisition's ESG risk profile, GRESB scores or response rates, findings from TD Greystone Mortgage Fund borrower surveys, and updates on ongoing ESG due diligence for transactions are part of ESG performance monitoring at these meetings.

Progress

Significant developments took place in 2023 with respect to sustainability disclosure standards. One key industry development was the release of the ISSB's first two sustainability disclosure standards – IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and IFRS S2, Climate-related Disclosures (IFRS S2). Many are looking to the ISSB to bring much-needed global alignment around ESG disclosure standards. Given this, TDAM provided feedback to the Canadian Coalition for Good Governance (CCGG) about its response to the ISSB's consultation on upcoming agenda and work plan priorities.

TDAM also participated in consultations on ESG-related disclosures with several other regulatory and standard setting bodies in 2023. This included engagement with the Alberta Securities Commission (ASC) on the baseline and national adoption of reporting requirements, as well as engagement with the Monetary Authority of Singapore (MAS) on climate, taxonomy and regulation. We also provided feedback to the CCGG, the Portfolio Management Association of Canada (PMAC), the Investment Company Institute (ICI), the PRI and the Responsible Investment Association (RIA) on each of their responses to the Canadian Securities Administrators

(CSA) consultation on proposed amendments to corporate governance and diversity disclosures. We continue to monitor these developments and look forward to greater standardization of ESG disclosures, because greater transparency is a positive for investors as they look to better understand the risk-return profile of their portfolios. For additional details regarding these consultations, please see the Regulatory and Industry Engagements section of this report on page 15.

As ESG-related disclosure standards advance and evolve globally, we will continue to collaborate with our investee companies as part of this journey. While the need for further ESG disclosures is becoming increasingly apparent, we encourage companies to go beyond disclosures and build sustainable strategies, policies and targets that are attainable and that can ultimately demonstrate results. While each sector faces a different set of ESG dynamics, we do hope to see progress across the following critical issues that formed TDAM's 2023 ESG focus areas: (i) general ESG performance, (ii) climate change, (iii) human capital, (iv) human rights, and (v) biodiversity, which we discuss in detail in the Stewardship section of this report.



TDAM Sustainable Investing Approach

Sustainable investing is an approach to investing that considers ESG factors within the investment process and stewardship activities of a fund. TDAM's approach to sustainable investing aligns with its philosophy of serving our securityholders' investment goals and adhering to its fiduciary duty as an asset manager. Incorporating ESG factors within the overall investment framework and for applicable investments is one way in which we further TDAM's goal of seeking to provide strong risk-adjusted returns.

TDAM has been a signatory to the PRI since July 2008. Our Sustainable Investing Approach is aligned with the six principles set out in the PRI, and is grounded in the following three core activities:

- ESG Integration
- Stewardship (engagement and proxy voting)
- Thought leadership

See [TDAM's Sustainable Investing Approach](#) > for more information on our approach to stewardship and ESG integration.

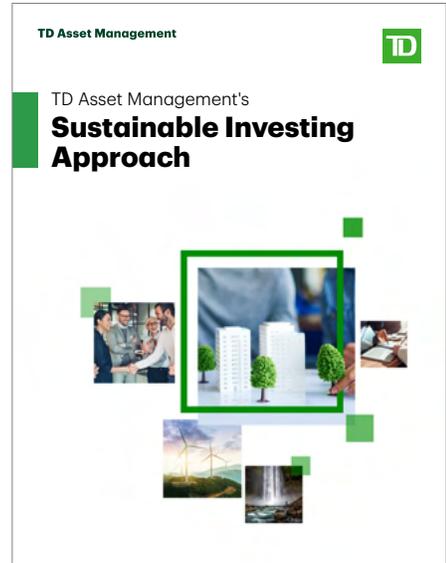


Figure 1: TDAM Sustainable Investing Approach by Asset Class

Fundamental Equities

- Systematic ESG reviews
- Thematic ESG research
- Active ownership
- Sustainable equity fund solution

Quantitative Equities

- Quantitative ESG signals
- ESG data dialogue
- Proxy voting
- Low-carbon / low volatility fund solution

Sustainable Investing Approach by Asset Class

Alternative Assets

- Environmental impact
- Health and welfare
- Integrity and accountability

Fixed Income

- ESG credit review and exposure scores
- Issuer engagement
- Sustainable balanced fund solution
- Sustainable bond fund solution

TDAM Sustainable Investing Governance Structure

Governance of sustainable investing starts with TDAM's Chief Executive Officer (CEO), who is responsible for establishing and maintaining progress on overall strategic priorities for TDAM.

TDAM's CIO and the Head of ESG Research and Engagement (ESG R&E) have executive accountability for ESG within the firm's investment function as part of their broader sustainable investing responsibilities. The components of TDAM's ESG governance are further described below.

TDAM's ESG R&E Team

The mandate of TDAM's ESG R&E team includes supporting the investment teams and providing subject matter expertise; leading the firm's proxy voting activities, including developing the firm's proxy voting guidelines; leading the firm's ESG-specific engagement efforts, including dedicated engagements with companies on our annual focus list; providing research and thought leadership, often in collaboration with colleagues from the investment team; advising on the development of proposed ESG-focused funds; acting as ESG subject matter experts within the firm and conducting knowledge sharing sessions with other teams across the firm; and leading the firm's climate change-related investment R&E activities. In 2023, the team added two new positions: a Vice President specializing in corporate governance and an Analyst supporting the team on research and analytics.

TDAM ESG R&E Team



Priti Shokeen
Managing Director,
Head of ESG Research &
Engagement



Vanessa Allen
Vice President,
ESG



John McHughan
Vice President,
Climate Research



Ben Lemire
Vice President, ESG,
Alternative Investments



Jackie Cheung
Vice President,
ESG



Andrid James
Analyst,
Wealth Operations



Kate Tong
Analyst,
Portfolio Research, ESG

TDAM's ESG Committee

TDAM has a dedicated ESG Committee that oversees the firm's overall sustainable investing strategy and integration efforts. The committee facilitates discussion around ESG issues, engagements and policy direction. The ESG Committee includes members of the investment management, external distribution and investment risk teams. The ESG Committee meets on a quarterly basis, in addition to ad hoc meetings, where necessary. Items that require additional discussion are escalated to TDAM's Operating Committee and TDAM's Risk Committee. The ESG Committee strives to ensure that the sustainable investment approach is implemented in accordance with the applicable mandate(s) and clearly communicated across the business. The work of the ESG Committee is communicated to senior management, including the CEO, CIO and portfolio managers, all of whom serve critical roles in advancing sustainability across the firm and within applicable portfolios that TDAM manages.

The purpose of TDAM's ESG Committee is to:

- Establish TDAM's firm-wide sustainable investing approach, policies, objectives and commitments to applicable strategies.
- Provide advice and oversight of TDAM's sustainable investing approach and policies.
- Define sustainable investing objectives, track progress and monitor effectiveness of stated approaches and commitments.
- Act as a liaison with TD to align, as appropriate, with TD's ESG policies given TDAM's fiduciary responsibility to its clients, and investment obligations and objectives.

The ESG Committee has sub-committees that oversee the workings of underlying functions where relevant, such as the Proxy Voting Sub-Committee, and the Alternatives ESG Committee. The ESG Committee supports the creation of working groups on different areas of implementation on an as-needed basis. The ESG Committee is chaired by the Head of ESG R&E, with the CIO as an ex-officio member.



Proxy Voting Sub-Committee

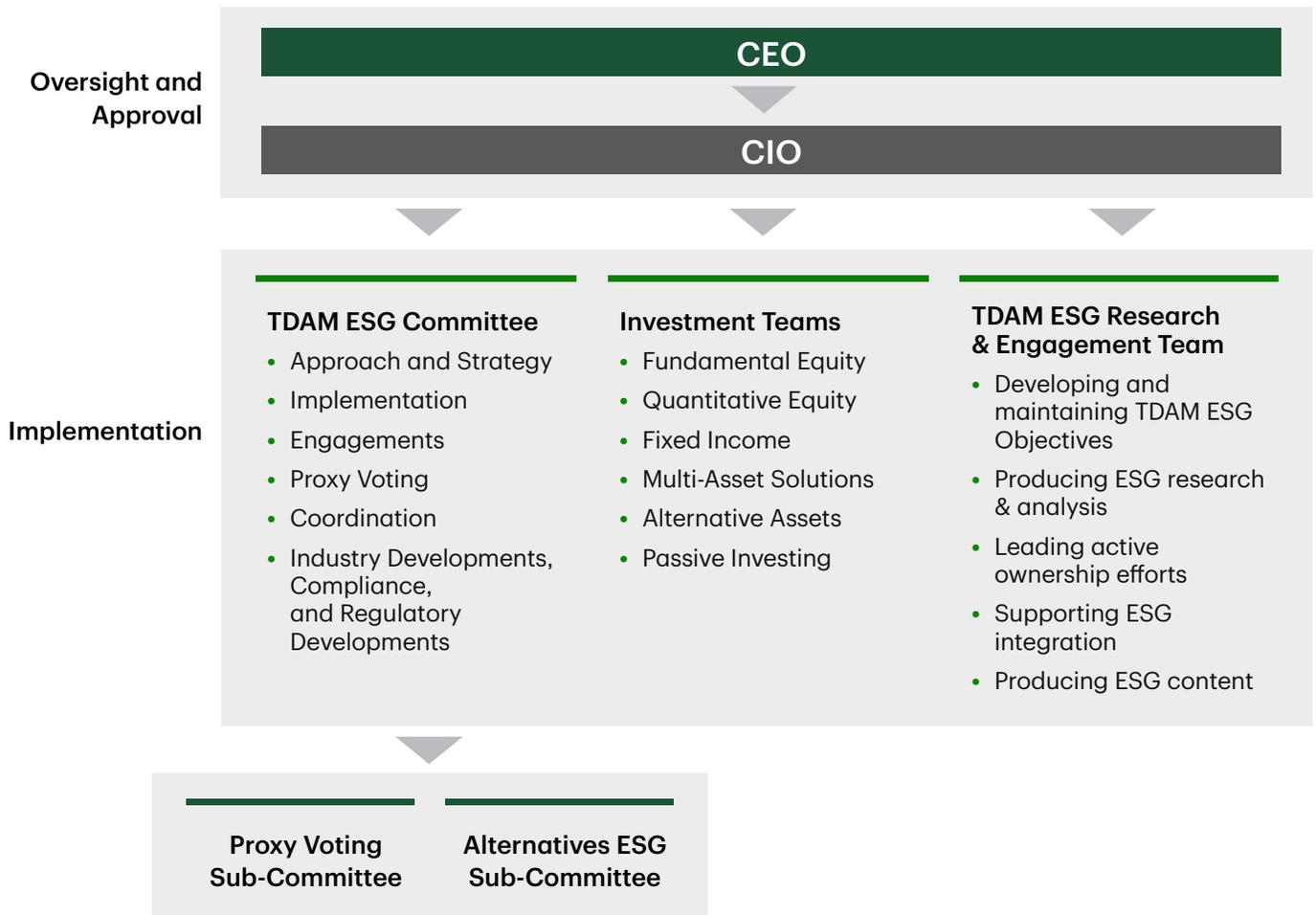
Proxy voting at TDAM is overseen and governed by a dedicated Proxy Voting Sub-Committee. The Proxy Voting Sub-Committee is responsible for reviewing and approving TDAM’s proxy voting guidelines and its custom voting instructions on ESG issues, identifying key or emerging proxy issues, and deliberating and deciding on any deviations or overrides of TDAM’s vote recommendations. The Proxy Voting Sub-Committee is comprised of members from TDAM’s public equities and ESG teams, including the CIO, Head of Equities and Head of ESG R&E.

Alternative Investments ESG Committee

TDAM’s Alternative Investments ESG Committee acts as a sub-committee of the TDAM ESG Committee, allowing for an approach that is tailored for private markets and real assets. In 2023, as a result of the private debt investment team’s integration with the alternative investments team, senior private debt representation was added to the Alternative Investments ESG Committee. The mandate of the committee is to:

- Provide advice and oversight of TDAM’s alternative investments ESG approach, strategies, policies, objectives and commitments.
- Define and approve alternative asset class ESG priorities.
- Track progress and monitor effectiveness of stated objectives and commitments.
- Review and approve updates that will be provided on an as-needed basis to TDAM ESG Committee, which the Alternative Investments ESG Committee reports into.
- Act as a decision-making body for significant alternative-investments-focused ESG initiatives and budgetary approvals.

Figure 2: TDAM ESG Governance Structure



TDAM's 2023 PRI Assessment

The PRI assessment is an annual scorecard report provided to signatories of the PRI, based on the reporting of their responsible investment activity throughout the preceding year. The reporting helps to ensure: (i) accountability, (ii) standardized transparency among signatories, and (iii) continuous improvement, as signatories are able to gauge their performance relative to their peers and industry.

In 2023, the PRI released its assessment of TDAM's responsible investment activities in 2022. The following are key highlights from the assessment:

- TDAM outperformed its peer group's median scores across all assessed modules.⁸
- TDAM was awarded four or five-star ratings across all assessed modules, with 50% of modules attaining the highest five-star rating.
- TDAM improved its module scores by an average of 20+ percentage points, as compared to its assessment in the 2021 reporting cycle.^{9,10}

The summary below includes modules for which TDAM has received an assessment and excludes any modules for which there has been no assessment.

Figure 3: TDAM 2023 PRI Assessment Summary (based on assessment of TDAM's 2022 practices)¹¹ **Module Score (out of 100)**

Module Name	Star Score	TDAM 2023	TDAM 2021	PRI 2023 Median ¹²	Assets Under Management
Policy Governance and Strategy	★★★★☆	89	68	75	-
Direct – Listed equity ¹³ – Active fundamental	★★★★☆	81	69	78	10-50%
Direct – Listed equity ¹³ – Active quantitative	★★★★☆	86	61	62	< 10%
Direct – Listed equity ¹³ – Passive equity	★★★★☆	71	49	15	< 10%
Direct – Fixed income – Sovereign, Supranational and Agency Debt	★★★★★	96	81	79	10-50%
Direct – Fixed income – Corporate	★★★★★	98	78	90	10-50%
Direct – Fixed income – Securitized	★★★★★	96	N/A	81	< 10%
Direct – Fixed income – Private debt	★★★★☆	89	90	88	< 10%
Direct - Infrastructure	★★★★★	93	75	N/A	< 10%
Direct - Real estate	★★★★★	97	98	85	< 10%
Indirect - Listed equity - Active	★★★★★	92	16	N/A	< 10%
Confidence building measures	★★★★☆	80	N/A	80	-

⁸ Peer Median is the median average score of signatories that are in the same peer categories: (1) Signatory type = Investment Manager, (2) Geography = North America, (3) Size by AUM band = 250+.

⁹ PRI 2023 scores are compared to PRI 2021 scores as PRI did not release an assessment in 2022.

¹⁰ The PRI 2021 reporting cycle reflects TDAM's responsible investment activities in 2020.

¹¹ Source: Principles for Responsible Investment – Assessment Report: <https://ctp.unpri.org/dataportalv2/assessment>

¹² Median scores of peer groups containing less than 15 signatory responses are not available.

¹³ The Listed Equity modules, previously receiving separate scores for Incorporation and Voting, now receive one score. The 2021 scores provided above are for information only. The 2021 scores for Voting are as follows: Direct – Listed equity – Active Fundamental: 39; Direct – Listed equity – Active Quantitative: 39; Direct – Listed equity – Passive: 39.

The modules are scored with a numerical grading system ranging from one to five stars. The lowest possible grade is one star, allocated to those whose responsible investment behaviour is at the lower end of what is expected from signatories. The highest score is five stars and awarded to those signatories who demonstrate leading practices within the responsible investment industry.

More information on the PRI assessment methodology can be found [here >](#). Additional information relating to the question-level assessment criteria can be found after each indicator in the Investor Reporting Framework, available [here >](#).

The 2022 responsible investment activities fueling these scores can be found in TDAM's 2023 PRI Transparency Report, available on the [PRI data portal >](#). A copy of our full assessment report is available upon request.

TDAM 2023 GRESB Assessment

GRESB is an industry-driven organization committed to assessing the sustainability performance of real estate and infrastructure portfolios (public and private companies and funds) around the globe. It is used by institutional investors to engage with their investees and investments with the aim to improve the sustainability performance of their portfolios and the global real assets sector at large.

In 2023, the TD Greystone Canadian Real Estate Strategy standing investment and the TD Greystone Infrastructure Strategy maintained GRESB scores at or above the global average for their respective assessments. For a fourth consecutive year, TDAM also improved its GRESB score for the TD Greystone Global Real Estate Strategy, as evaluated using GRESB's Portfolio Analysis Tool¹⁴. More discussion regarding this progress can be found in the **ESG Integration** section of this report.

Figure 4: TDAM 2023 GRESB Assessment Summary

GRESB Score	2020	2021	2022	2023	2023 GRESB Global Average
Real Estate Assessment					
TD Greystone Canadian Real Estate Strategy – Standing Investment	70	73	80	75	75
TD Greystone Canadian Real Estate Strategy – Development	75	79	81	82	83
TD Greystone Global Real Estate Strategy – Standing Investment (Portfolio Analysis Tool) ¹⁴	75	82	84	86	80
Infrastructure Assessment					
TD Greystone Infrastructure Strategy	70	85	87	87	82

Note: TD Greystone Canadian Real Estate Strategy refers to TD Greystone Real Estate LP Fund and TD Greystone Real Estate Fund Inc. TD Greystone Global Real Estate Strategy includes TD Greystone Global Real Estate Fund L.P. and TD Greystone Global Real Estate Fund (Canada Feeder) L.P. TD Greystone Infrastructure Strategy refers to TD Greystone Infrastructure Fund (Canada) L.P., TD Greystone Infrastructure Fund (Canada) L.P. II, and TD Greystone Infrastructure Fund (Global Master) LP.

Find more information regarding GRESB and the methodology behind these scores on the [GRESB website >](#).

¹⁴ The GRESB Portfolio Analysis Tool allows investors to examine the performance of an aggregate portfolio against self-selected benchmarks to gain valuable insight into investments, strategy and overall ESG performance. TDAM utilizes a Gross Asset Value (GAV)-weighted portfolio analysis methodology to assess the ESG performance of each of its fund managers within TD Greystone Global Real Estate Fund (currently covering over 90% of the fund's holdings, it could be seen as a representative evaluation of the fund's ESG performance).

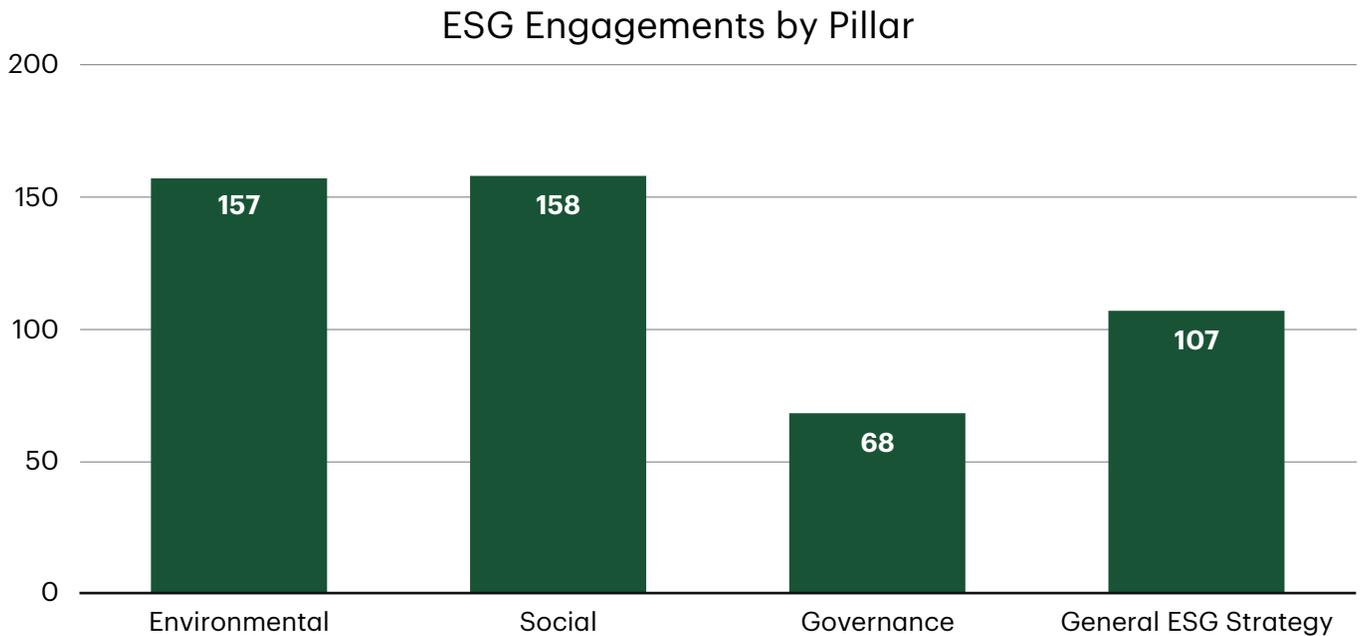
Stewardship

TDAM takes an active stewardship approach across its investments, including engagement with portfolio entities¹⁵ and proxy voting. Stewardship practices are implemented as part of TDAM's overall firm-level aggregated process and serves as an effective mechanism to communicate with a company's board and management on financially material issues, which may include ESG-related issues.

ESG Engagements

In 2023, TDAM had 490 ESG-focused engagements¹⁶ with portfolio entities (compared to 418 in 2022), primarily conducted within 299 distinct meetings (compared to 264 in 2022). These engagements were with 244 entities (up from 207 in 2022) and covered a variety of topics, including climate change, human rights, diversity and inclusion, executive compensation and human capital. We also spoke to entities about their general approach to sustainability, advancement of ESG analysis and reporting, and views on evolving regulation around sustainability disclosures. The issues discussed in each engagement meeting depends on the information we see as most pertinent to understanding company risks and direction.

Figure 5: Engagements by Pillar, Topic, Sector and Region

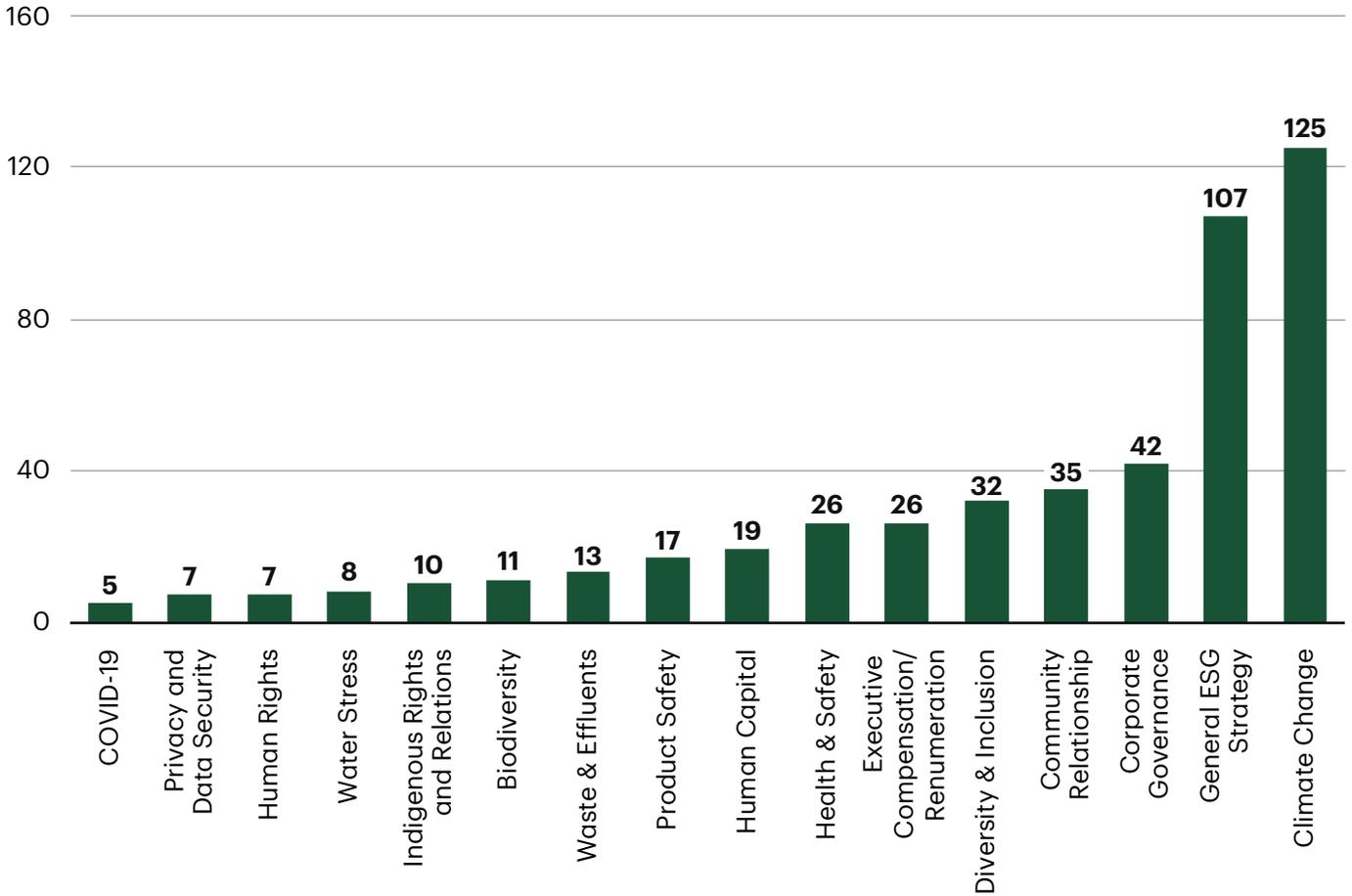


Stewardship

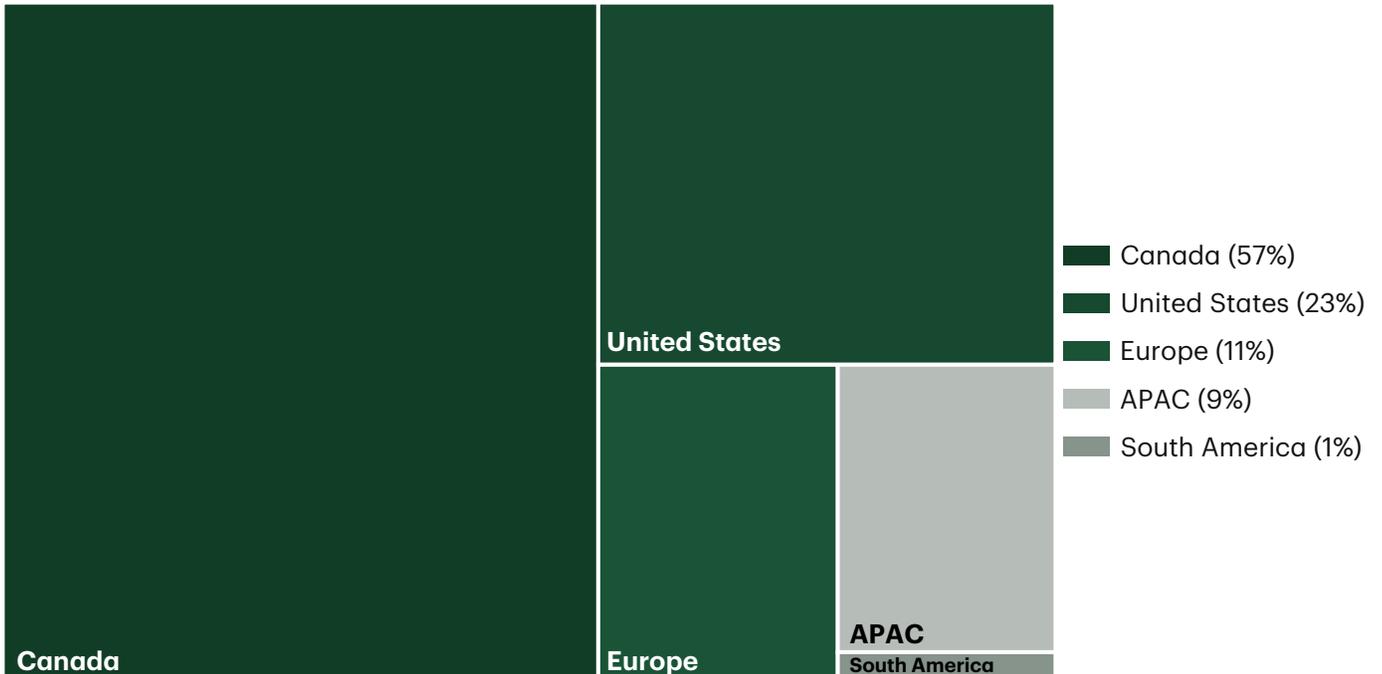
¹⁵ Entities refers to and captures listed equity issuers, asset managers (such as property managers in direct real estate portfolios), borrowers in private debt and mortgage portfolios, and listed and non-listed corporate and non-corporate debt issuers.

¹⁶ An engagement in this context is considered a direct exchange or outreach to a company on a specific topic. One meeting with a company can include multiple topic engagements. Moreover, we may have multiple meetings with a company in any given year where warranted.

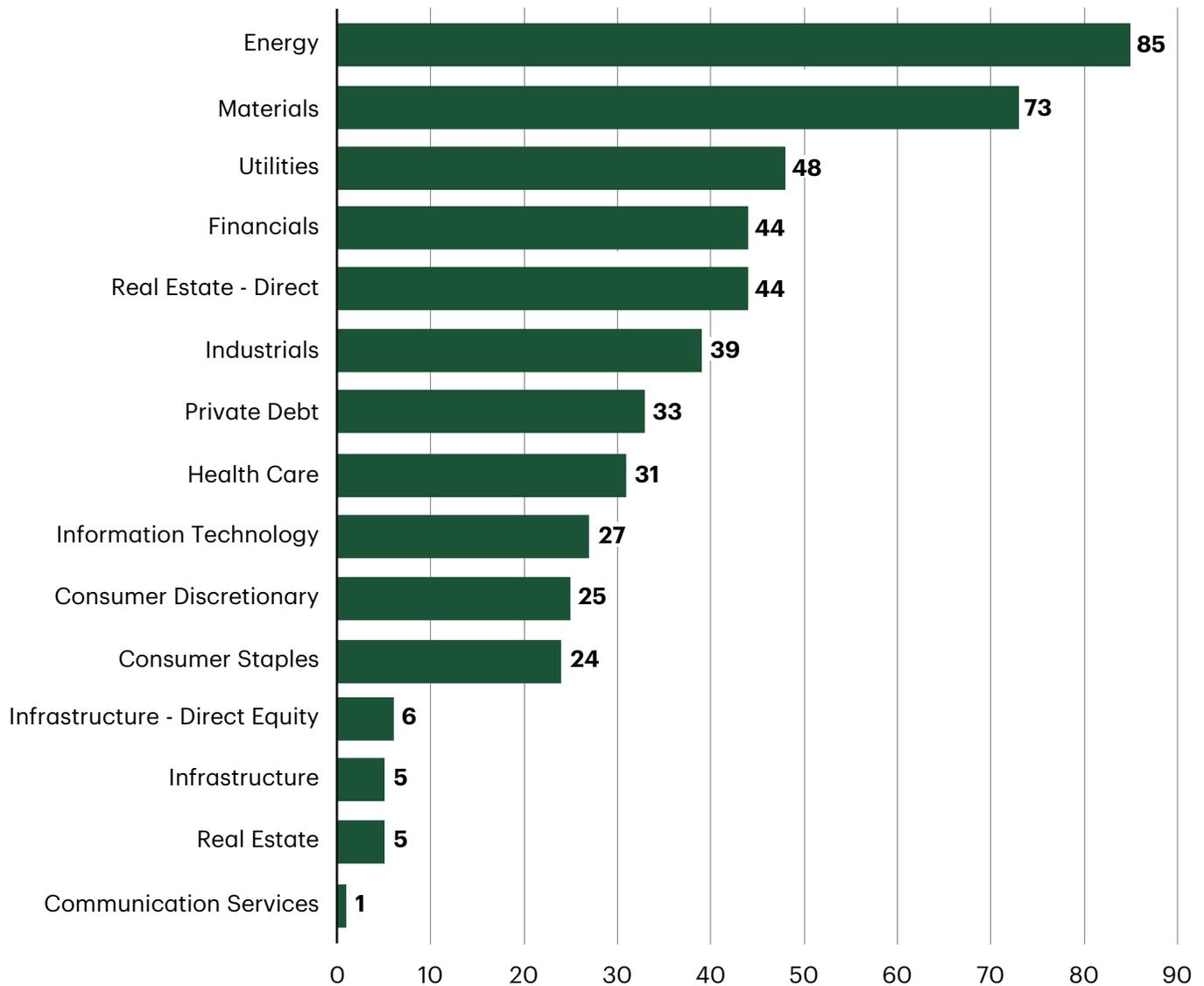
ESG Engagements by Topic



ESG Engagements by Region (%)



ESG Engagements by Sector



The depth of ESG discussions vary by engagement. Below are the four main avenues by which engagements are initiated:

1. Initiated by the research analyst or portfolio manager.
2. Stemming from the ESG R&E team's engagement focus list.
3. Requested by an entity following the release of its sustainability report or in advance of a proxy vote at its annual meeting of shareholders.
4. By way of a collaborative investor engagement.

Engagement

Each avenue provides valuable insight into an entity's business dynamics and the impacts of material ESG issues. The more intensive ESG discussions are conducted by the ESG R&E team, directly with the entity or by way of a collaborative engagement, with the intention to influence improvements and progress in ESG performance.

The ESG focus list targets companies where ESG performance may be lagging, but there is opportunity for meaningful improvements over time. The ESG focus list approach for 2023 had five primary categories: (i) general ESG (poor) performance, (ii) climate change, (iii) human capital, (iv) human rights, and (v) biodiversity. Consideration for focus list selection included identifying low performers in each respective area using a combination of metrics, research and TDAM's exposure to these entities. Focus list meetings are conducted by the ESG R&E team and are well-attended by TDAM's sector analysts and portfolio managers. The 2023 ESG focus list included approximately 50 entities, with some changes throughout the year due to exposure adjustments and certain company mergers.

Figure 6: ESG Engagement Meetings by Team¹⁷

Team	ESG Engagement Meetings
ESG R&E Team	73
Equity Team	131
Fixed Income Team	36
Alternative Investment Team	59
Total	299

Source: TDAM; November 1, 2022 to October 31, 2023.

Escalation Process

In 2022, TDAM's ESG Committee formally adopted an escalation process where, on an as-needed basis, the ESG R&E team and other investment team members may escalate items. This can be done in cases where company progress is assessed as being insufficient to mitigate ESG risks, or in cases of poor responsiveness from a company about how it is managing its ESG risks. The escalation process has multiple steps, including further engagement (individually or via industry groups), adverse proxy votes where appropriate, potential filing of shareholder resolutions, and (for active mandates) potential for reduced exposure should other escalation strategies fail to achieve results and the relevant portfolio manager deems the issue to negatively change the risk and return profile of the asset.

¹⁷ Refers to separate meeting numbers.

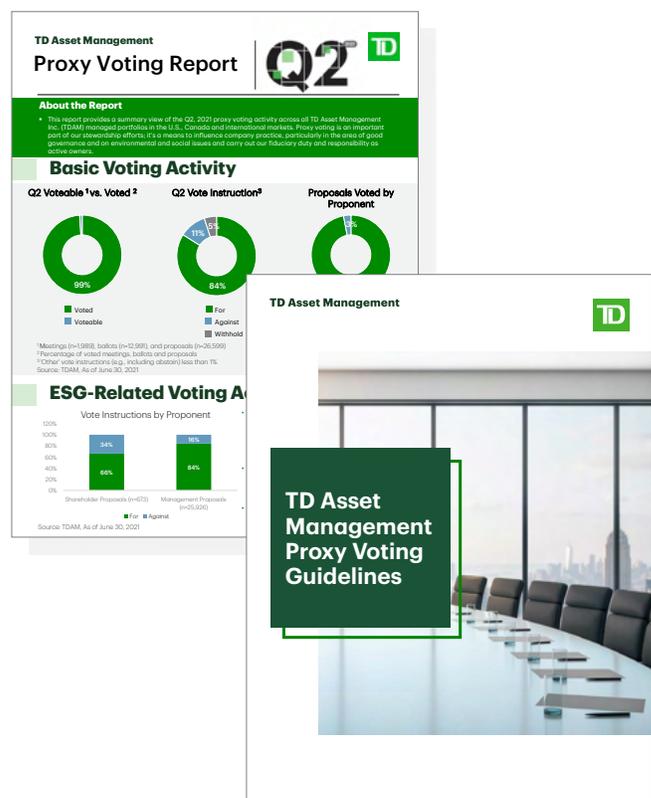
TDAM Proxy Voting

We take our share ownership with a great deal of responsibility as fiduciaries for our clients. Our ESG R&E team along with our investment research teams provide reviews of key proposals to help support portfolio management voting decisions to ensure we continue to uphold the best interests of our clients.

TDAM provides further transparency about our stewardship efforts with the publication of our [Proxy Voting Guidelines](#) >, [quarterly proxy voting summary reports](#) > and near real-time disclosure of [TDAM's proxy voting history](#) >.

TDAM's Proxy Voting Guidelines set forth our expectations of investee companies when it comes to governance practices and management of environmental and social risks. It aims to provide transparency about how TDAM may vote on key items and emerging issues. These Guidelines generally recommend voting in favour of the following:

- ESG proposals that seek standardized reporting on ESG issues.
- ESG proposals that request information regarding an issuer's adoption of and adherence to relevant norms and standards.
- Shareholder resolutions advocating enhanced disclosure and transparency.

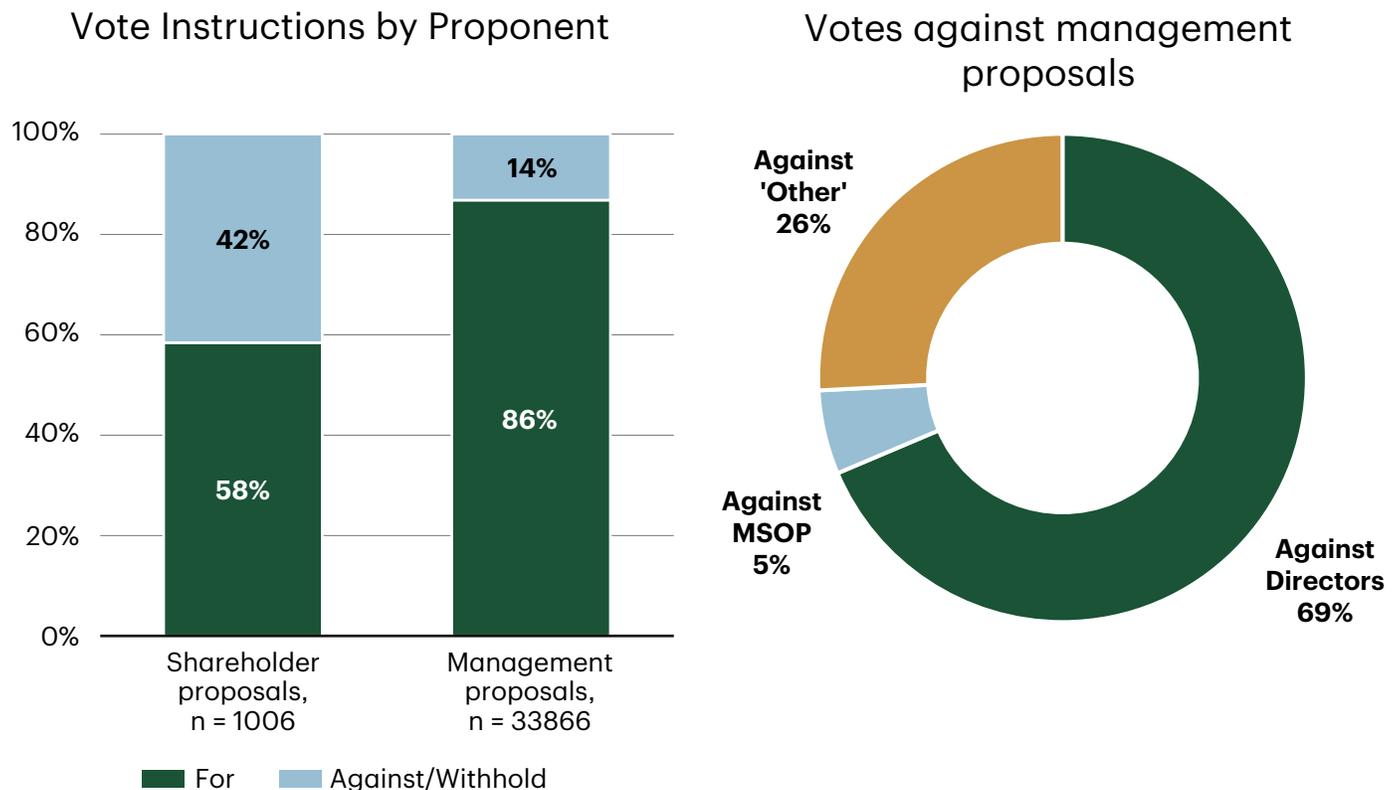


For fiscal year 2023, TDAM voted on 35,615 proposals, voting against¹⁸ 14% of management proposals and voting against 42% of shareholder proposals.

- Management proposals:** The majority of the votes against management (69%) were votes against directors. 53% of adverse director votes related to a lack of board diversity. Another 37% of adverse director votes related to a lack of board independence, with additional companies impacted in 2023 as TDAM shifted its expectation from a majority of independent directors to two-thirds independence. Misalignment of executive compensation also fueled 6% of votes against directors and often accompanied a vote against management’s Say-on-Pay proposals. In addition, 3% of votes against directors was sparked by companies having more than a third of their board with lengthy board tenures (over 15 years). Overboarded directors¹⁹ also impacted TDAM votes, which caused 3% of adverse director votes.
- Shareholder proposals:** Support for shareholder proposals spanned various environmental and social issues. TDAM supported 189 social shareholder proposals, of which 24% related to political contribution and lobbying disclosures, 16% pertained to human rights assessments and another 15% addressed workforce diversity. TDAM also supported 94 environmental shareholder proposals, of which 81% were related to climate change. In cases where we found a shareholder proposal overly prescriptive or misaligned with our proxy voting guidelines, we did not vote in support of the proposal.

TDAM has put in place automated standing instructions to recall all loaned shares from the firm’s security lending program for a short period ahead of a company’s annual meeting when proxy proposals are up for vote. We took this measure to implement a more robust, systematic stewardship that capitalizes on every opportunity to put forward our views on advancing sustainability across applicable types of investments and investment strategies. We provide a quarterly comparison below of the increased voting exercised within TDAM’s portfolios (figure 8).

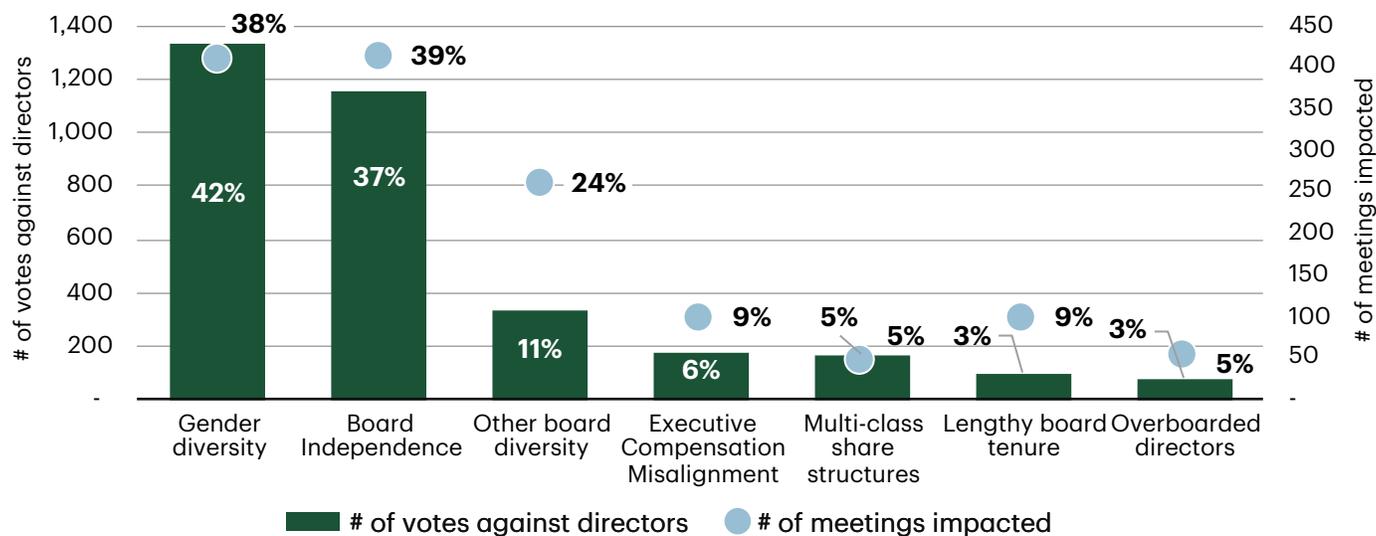
Figure 7: 2023 Proxy Season Overview



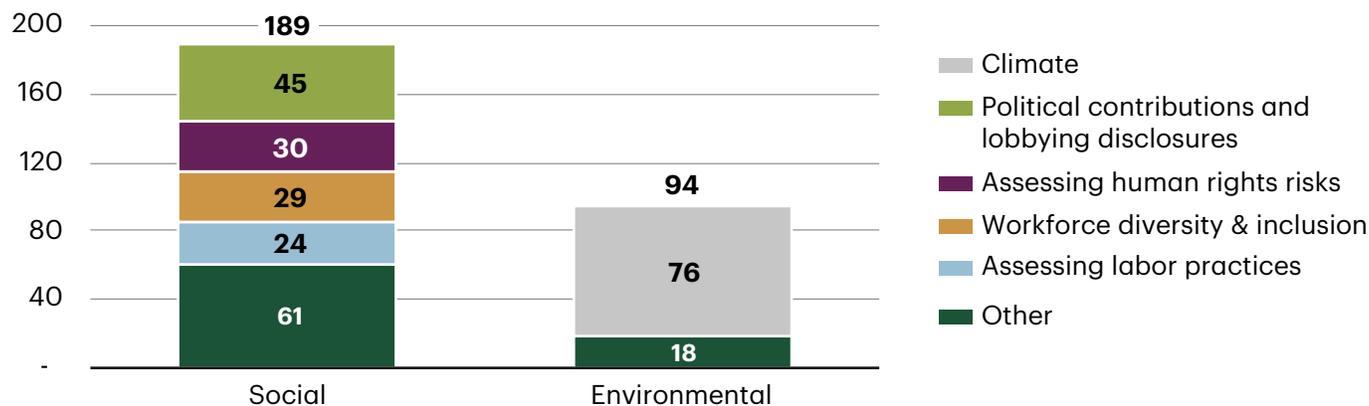
¹⁸ “Votes against,” as used in this section, include both votes against and votes withheld.

¹⁹ Overboarded directors: Serving as a director on a public board requires significant time and energy. Directors that serve on an excessive number of boards may not be able to fulfill their directorship duties effectively. Depending on jurisdictional differences, we generally consider a non-CEO director serving on more than five boards, or CEO directors serving on more than two public company boards besides their own, to be overboarded.

Votes against directors

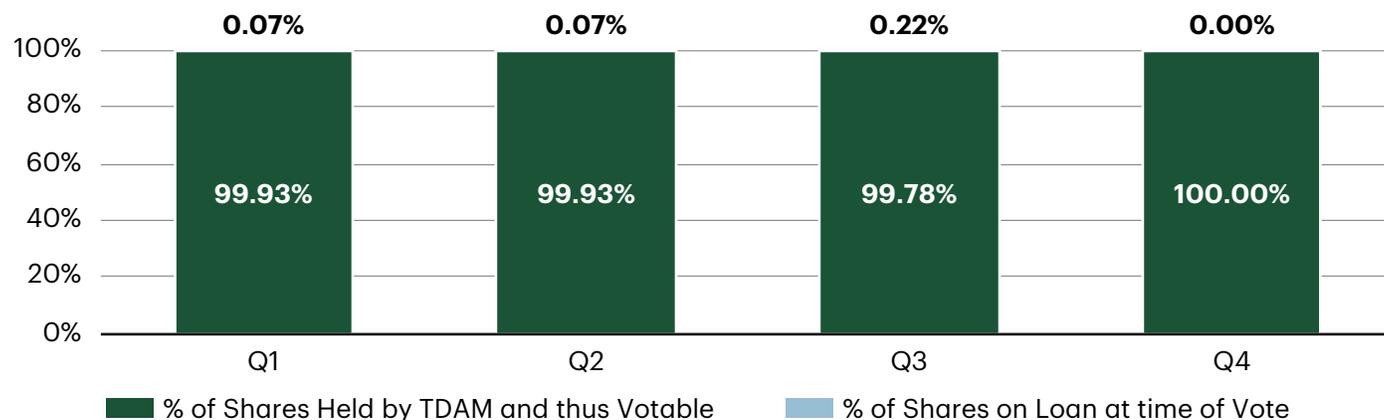


E&S shareholder proposals supported



Source: TDAM, ISS; November 1, 2022 to October 31, 2023.

Figure 8: TDAM Shares on Loan in 2023



Note: "Against directors" indicates both votes against and votes withheld from individual director nominees. Some directors may have received against/withhold votes due to more than one rationale (e.g., lack of gender diversity and lack of racial or ethnic diversity on the board). TDAM's proxy voting guideline on racial/ethnic board diversity was implemented in May 2021. Votes against directors for unmanaged ESG risks are generally attributed to involvement in moderate or severe controversies. "MSOP" represents Management Say-on-Pay proposals. "Other" reflects other corporate governance matters. Note that the recalling of international securities can be more complex as there is not the same amount of lead time to facilitate the recalls. However, the recall percentages presented here are within expectations.

Source: TDAM, ISS; November 1, 2022 to October 31, 2023.

Key Areas of Focus

Governance

We continue to believe that good corporate governance fundamentally drives the creation of durable long-term value and enables the effective oversight and management of material environmental and social risks as well as opportunities. Among other things, good corporate governance starts with ensuring there exists sound board structures and composition, expands into building appropriate management incentives that are aligned with long-term value creation, and finally, protecting the fundamental rights we have as shareholders.

Board Composition

We continue to believe that sound board structures are the building blocks of good governance, which in turn leads to a greater likelihood that effective oversight is in place for management teams as well as material risks. In 2023, TDAM implemented enhanced policies on board independence and refreshment. In applicable markets with consideration to jurisdictional differences, we generally expect boards to be two-thirds independent and for no more than one-third of directors on boards to have served for more than 15 years.

This past year, we voted against 1,155 directors at 415 meetings on the basis of our independence expectations as well as 100 directors at 100 different meetings due to tenure-related concerns. In over a quarter of the cases where we voted against directors due to tenure, we also had concerns regarding board independence. Together, TDAM's expectations with respect to board independence and director tenure, as laid out in our Proxy Voting Guidelines, work in tandem to encourage renewal and refreshment, processes critical to ensuring that boards remain effective and high performing.

Management Incentives

We believe that executive compensation plans, when designed appropriately with consideration to avoid undue risk-taking, remain one of the most important tools to reward and incentivize senior management teams to execute and achieve short- and long-term operational or strategic goals. This in turn helps to deliver long-term sustained shareholder value. We regularly engage our portfolio companies on executive compensation topics and where we find compensation plans to be unsupportable, we will

voice our concerns with against votes cast on a company's Advisory Vote on Executive Compensation (Say-on-Pay) as well as compensation committee member(s), depending on the severity of the issues and the availability of the Say-on-Pay vote.

This past year, TDAM held 26 engagements where executive compensation was discussed, touching on a wide array of compensation-related topics including, but not limited to, pay-for-performance alignment, peer group selection, benchmarking, incentive plan design, metric selection and incorporation of ESG metrics. Globally, TDAM voted on over 1,900 Say-on-Pay resolutions, voting against such proposals at over 250 companies. Additionally, we voted against 176 directors at 101 meetings on account of compensation concerns. Common themes for fiscal year 2023 which resulted in the failure to garner TDAM's support for the Say-on-Pay or compensation committee members varied. However, certain recurring elements were evident, including but not limited to:

- Significant misalignment between executive pay and operational or financial performance.
- Compensation incentive arrangements made in conjunction with executive transitions, outgoing or incoming, which were outsized relative to historic practices or peers and insufficiently tied to long-term performance.
- Lack of board responsiveness in making concrete plan design changes based on concerns expressed by shareholders.

In 2024, we continue to remain focused on assessing whether executive compensation plans are thoughtfully designed to incentivize value creation, whether appropriate risk-mitigating features are in place to discourage excessive risk-taking, and whether the plans deliver on long-term pay-for-performance alignment. Where companies are incorporating ESG-related metrics in their short- or long-term incentive plans, we encourage and expect clear and transparent disclosures related to the achievement of specific measurable goals where appropriate, and the tracking of achievements against stated goals and publicly disclosed commitments. This would ensure cohesion between what organizations say they aim to do and what executives are being paid for.

Stewardship in Action:

In 2023, we engaged a mining company in relation to its Say-on-Pay vote during proxy season to understand specifics about certain executive compensation decisions made in fiscal year 2022. TDAM outlined certain go-forward expectations for the company, including, among other things, a commitment to discontinue certain compensation practices going forward and consideration to simplify its leadership structure, given that the company had employed a dual-leadership structure as a transitory measure. While TDAM had ultimately voted against the Say-on-Pay vote for the 2023 annual shareholder's meeting, a follow-up engagement with the company after the proxy season reconfirmed the commitments it made to us to discontinue certain compensation practices. Finally, the company also publicly announced that its leadership structure would be streamlined to eliminate one of the dual-leadership positions by the end of 2023 as opposed to in 2025.



Shareholder Rights

We continue to believe in the principle of equal voting rights – the rule of one share, one vote, and that voting rights should be proportionate to economic interests and share ownership. As it relates to holding directors accountable in cases where this principle is not upheld, in fiscal year 2023, we voted against 167 directors at 49 meetings in certain markets due to the existence of problematic multi-class share structures. Several important developments in shareholder rights also occurred in North America in 2023, which resulted in measures taken by some in the issuer community and others with potentially negative effect on the rights of shareholders (see Recent Developments:

North America). In response to the universal proxy card rules in the U.S., companies have found ways to amend certain by-laws, known colloquially as advance notice by-laws, to require additional and sometimes more cumbersome disclosures in director nomination processes. Likewise, in response to certain *Canada Business Corporations Act (CBCA)*²⁰ amendments, which bring about true-majority voting, certain market participants have proposed that issuers adopt new by-laws to complicate this voting mechanism. TDAM believes that the ability to vote as shareholders is paramount to our role as stewards of our clients' capital and any effort to disenfranchise, restrict or subvert this right would be carefully examined.

Recent Developments: North America

In the U.S., 2023 marked the first proxy season following the adoption of certain rules by the Securities and Exchange Commission (SEC) which require the use of a universal proxy card in most cases where director elections are contested. The new rules provide shareholders with more choice between candidates nominated by slates and presented by management or otherwise. This is a leap forward in terms of strengthening of shareholder rights.

In Canada, 2023 marked the first proxy season after which certain changes were made to the CBCA. The changes introduced a statutory majority voting requirement for uncontested director elections at CBCA-incorporated reporting issuers, which meant that shareholders of CBCA distributing corporations will be able to cast votes for or against the election of director nominees at annual meetings. The goal of the amendments was to implement true majority voting – a triumph for shareholder rights – whereby directors are elected by receiving a majority of votes cast, with the actual prospect of receiving more against votes than for votes.

2023 Highlights

Governance

- In 2023, 42 engagements by TDAM included a discussion on corporate governance.
- 26 engagements included discussion on executive compensation.
- TDAM voted against:
 - 176 directors due to executive compensation misalignment
 - 1,155 directors on board independence
 - 100 directors due to tenure
 - 80 directors due to overboarding
 - 167 directors due to multi-class share structures

²⁰ *Canada Business Corporations Act* (R.S.C., 1985, c. C-44).



Climate Change

TDAM considers climate change a systemic risk affecting economies, companies and investors. Our approach to climate change is aligned with our overall philosophy of integrating all material sources of risk and return in our investment processes. As an investment manager of diversified asset classes, TDAM views climate change as an important area of research. For more information on our climate change strategy, governance, risk management and metrics, please refer to [TDAM's 2023 TCFD report >](#).

From a stewardship perspective, we actively engage with companies and leverage our asset ownership positions to encourage improvements in company disclosures on climate-related risks and opportunities. We also participate in policy engagements with regulators as they develop and refine the standards used to measure, manage and report on climate risk. We are members of industry organizations that aim to enhance the discourse and understanding around incorporating climate considerations in investing and disclosures, such as the Partnership for Carbon Accounting Financial (PCAF)²¹ and the United Nations Environment Programme Finance Initiative (UNEP FI)²².

We encourage companies in our portfolios to set science-based, time-bound, greenhouse gas (GHG) reduction targets, and to be aligned to net zero by 2050 or sooner. For investee companies where climate change is a material financial risk, we may add these companies to our annual climate focus list and engage with them with defined goals for the outcome of the engagement. Where possible, we conduct these engagements directly. We also engage through industry initiatives, such as Climate Action 100+²³ and Climate Engagement Canada (CEC)^{24,25}.

In the absence of requisite disclosures, TDAM generally supports proposals seeking basic and enhanced disclosures on how investee companies identify, measure and manage their climate-related risks, as well as proposals calling on investee companies to reduce GHG emissions and set science-based targets. We evaluate advisory votes on climate, often referred to as Say-on-Climate – either proposed by management itself or requested of management by shareholders – on a case-by-case basis. For greater details and breakdown of our proxy voting and engagements on climate change, including sector and geographical information, please refer to [TDAM's 2023 TCFD report >](#).

2023 Highlights

Climate Change

- Held 125 climate-focused engagements with 105 companies, encouraging these companies to take appropriate action to mitigate climate risk and capitalize on opportunities.
- Supported 76 climate-focused shareholder proposals at Annual General Meetings, leveraging our shareholder rights to push for stronger action, where required, at our investee companies.
- Participated in the launch of CEC's inaugural Net Zero Benchmark. TDAM is a founding member of CEC.

²¹PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the GHG emissions associated with their loans and investments.

²²United Nations Environment Programme Finance Initiative (UNEP FI) is a partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development.

²³Climate Action 100+ is an investor initiative to ensure the world's largest corporate GHG emitters take necessary action on climate change.

²⁴Climate Engagement Canada (CEC) is a finance-led initiative that drives dialogue between the financial community and corporate issuers to promote a just transition to a net zero economy.

²⁵Notwithstanding participation in Climate Action 100+ and CEC, TDAM continues to exercise its proxy voting decisions independently as per its internal policies and guidelines.



Biodiversity

Biodiversity is the variety of nature’s living components. It has a role in ensuring the resilience of natural capital assets and securing them for future use. Economic activity relies on biodiversity and natural capital. However, land use change, climate change, exploitation and pollution are driving biodiversity and ecosystem loss. We include discussions on biodiversity in several of our engagements with company management where biodiversity impacts, risk and dependencies might be more of a concern.

In 2023, TDAM added biodiversity as one of its focus pillars in its stewardship efforts. This topic deserves increased attention given the global dependence on the natural world and the links between biodiversity loss and climate change, with forests, soil and oceans being a natural sink for carbon emissions and therefore a natural defense against global warming. We are simultaneously aware that the energy transition and electrification will continue to require the mining of various metals – such as copper, lithium and cobalt. Given this and the impact mining companies have on biodiversity, we have already engaged several mining companies on this topic.

Where we believe that biodiversity risks may be of concern, we will continue to use stewardship as an avenue to better understand investee dependencies and impacts on biodiversity.

Global Biodiversity Framework and Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations

The Kunming-Montreal Global Biodiversity Framework, signed at the end of 2022 at the Conference of Parties to the UN Convention on Biological Diversity, will continue to serve as a guide to our engagements with portfolio companies. That framework has a vision that “by 2050, biodiversity is valued, conserved, restored and wisely used, maintaining ecosystem services, sustaining a healthy planet and delivering benefits essential for all people.” In addition, the recommendations of the TNFD were finalized in 2023, providing a framework for companies to identify, assess, manage and disclose material nature-related issues.

These recommendations are consistent with the goals and targets of the Kunming-Montreal Global Biodiversity Framework. We encourage companies to embrace this set of recommendations as they move forward their own efforts to prevent and mitigate any adverse biodiversity impacts on and by their own operations. We see greater assessment and disclosure from companies as important elements of building investor awareness around the biodiversity risks within portfolios. We intend to continue to build and adapt our approach as further developments take shape around this topic.

Stewardship in Action

Mining companies have various impacts on the natural environment, including ecological disturbance from mine site development, tailings into nearby water resources and freshwater withdrawals in sometimes water-stressed regions. These dimensions can harm both biodiversity and local communities and local resources, jeopardizing a company's social license to operate if its operations have significant negative consequences.

We can assess a company's efforts to reduce biodiversity risks by understanding the goals it has set out for itself in this regard as well as associated progress in terms of building robust practices to mitigate biodiversity risks. This includes efforts for zero net biodiversity loss or efforts to have a net-positive impact on biodiversity. Other positive actions could include development of mine site biodiversity risk assessments, planning and seeing out restoration efforts when mines are retired that are attentive to pre-mine conditions, as well as tailings management efforts and other efforts to reduce strain on surrounding ecosystems.

Among the mines engaged in 2023, we saw increased considerations around biodiversity. Companies made new commitments around developing biodiversity action plans specific to each mine, particularly mines that have substantial footprints and proximity to biodiverse resources. Companies were also in the early stages of absorbing the TNFD recommendations. Some companies opted to provide further near-term disclosure to improve transparency around their biodiversity risks and mitigation efforts. As we build on 2023's conversations, we will look for advancement on company actions in terms of identifying, managing and creating transparency around their biodiversity risks, where we believe biodiversity risks may be of concern.



2023 Highlights

Biodiversity

- We covered the topic of biodiversity in 11 engagement meetings, mostly in discussions with mining and energy companies.
- 13 engagements noted issues of effluents and waste, covering areas where pollutants potentially had environmental impacts.
- The topic of water was addressed in another 8 engagements, including discussions on water use.

Human Capital

Elevating Human Capital Considerations

TDAM recognizes that employees are a crucial stakeholder for any company, especially since companies rely on employees to meet their strategic ambitions and growth objectives. Risks and opportunities can arise out of how a company develops its corporate culture, interacts with its employees, and works to attract and retain talent.

We incorporate human capital considerations as part of our investment processes by reviewing dynamics such as employee turnover, employee engagement practices and the existence of policies on issues such as non-discrimination and whistleblowing. Where relevant, we include discussions on human capital in our engagements with company management and in proxy voting decisions.

Upholding Diversity, Equity and Inclusion

TDAM recognizes the importance of Diversity, Equity and Inclusion (DEI), and the lack of it as a key systemic issue that can impact the quality and performance of our investments. Given the large financial impacts social and economic inequalities can have, we continue to use our proxy voting rights to support gender diversity and racial or ethnic diversity at the board level and throughout company ranks.

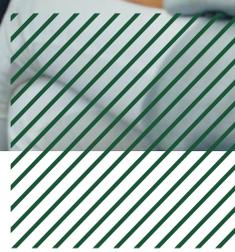
To further strengthen these internal efforts and to contribute to broader market influence, TDAM is an active participant in industry DEI initiatives alongside investor peers, such as the 30% Club Canadian Investor Group and the RIA Canadian Investor Statement on DEI.

CSA Amendments to Corporate Governance Disclosure Rules

In April 2023, the CSA sought public comment on proposed amendments to corporate governance disclosure rules and policy relating to the director nomination process, board renewal and diversity. The proposed amendments would require disclosure on aspects of diversity beyond the representation of women, while retaining the current disclosure requirements with respect to women. In addition, the CSA proposed changes to the corporate governance policy that would enhance the existing corporate governance guidelines about the director nomination process and introduce guidelines regarding board renewal and diversity.

TDAM supports these goals and continues to encourage more granular, standardized diversity disclosures that include diversity beyond gender. Over the summer months, TDAM consulted with several organizations regarding the CSA's proposed amendments to corporate governance disclosures, including CCGG, PMAC, Investment Funds Institute of Canada (IFIC), the 30% Club Investor Group, and a Capital Markets Modernization Working Group facilitated by the Shareholder Association for Research and Education. These are all investor groups where TDAM is either a member or an active participant. Our feedback helped inform some of these organizations' submissions in response to CSA's consultation.

Inclusion



Stewardship in Action

In addition to understanding the diversity of investee companies, we also look to understand pay equity. During the last few years, we have supported several shareholder proposals requesting companies to conduct pay equity assessments and disclose the results of those assessments, as this provides greater transparency to the market on how well companies support diverse talent.

In 2023, we voted in favor of 10 shareholder proposals at U.S. companies requesting median gender or racial pay gap disclosures. We see value in both unadjusted and adjusted median pay gaps, with disclosure of both seen as best practice. While adjusted pay gaps provide insight into equity between individuals of the same level, unadjusted pay gaps demonstrate the imbalance in roles and promotion (fewer women in upper management, for example). As we advance our discussions with companies, we will continue to inquire as to how they are advancing equity on various dimensions and what disclosure around quantifiable metrics they have considered to help monitor equity within their workforce, including pay gap analysis as well as more granular disclosure of workforce turnover and promotion rates by gender and by other underrepresented groups.

2023 Highlights

Human Capital

- In 2023, 32 engagements by TDAM included a discussion on DEI.
- 19 engagements included discussion on other human capital issues.
- TDAM voted against board directors at 411 companies due to a lack of gender diversity and at 262 companies due to a lack of other board diversity.
- TDAM supported 24 shareholder proposals requesting further assessment of company labour practices and another 29 diversity-related shareholder proposals.

DEI at TDAM as an Organization

As TDAM seeks to influence progress on DEI at a number of companies we invest in, we are simultaneously working to hold ourselves accountable to these expectations as an organization. At the enterprise level, TD is committed to creating a space where all of its employees can thrive and bring their authentic selves to work. Since 2007, TD has had an enterprise-wide DEI strategy, which has been refreshed every few years to align with evolving practices and expectations. In 2023, TD introduced a new, multi-year DEI strategy approved by the bank's Senior Executive Team and Enterprise Inclusion and Diversity Leadership Council and presented to the Human Resources Committee of the Board of Directors. This DEI strategy has three key strategic priorities:

1. Activate a culture of strong leader accountability, where all colleagues and customers feel respected and have equitable access to opportunities.
2. Amplify TD's voice on DEI through community investment, strategic partnerships, supplier diversity, thought leadership and authentic, transparent storytelling.
3. Measure performance in DEI through robust data and insights.

TD's DEI strategy centers on all customers, colleagues and communities, with an emphasis on the following areas of focus which align to specific demographic groups: Black Experiences, Indigenous Peoples (Canada only), visible minorities/minorities, women, Two-Spirit, Lesbian, Gay, Bisexual, Transgender, Queer, Plus (2SLGBTQ+) individuals, People with Disabilities/Individuals with Diverse Abilities (PwD/IwDA), and Veterans (U.S. only). As part of this strategy, TD developed both programming and initiatives that are enterprise-wide and specific to each area of focus.

At TDAM, as with the enterprise, our goal is to enrich the lives of our colleagues, clients and communities by leading in DEI through measurable actions to drive sustainable change.

Leveraging the strong foundation that TD has built, TDAM has operationalized the DEI strategy in ways that are relevant and specific to its business. Throughout 2023, we advanced our DEI culture with a focus on developing our next generation of leaders.



Building a Diverse and Inclusive Culture by Investing with Purpose in Colleague Development

TDAM's DEI Strategy is adapted from the enterprise DEI refreshed strategy.

A culture of strong leadership accountability is being activated by providing leaders with data and insights through dashboards and requiring leaders to outline their quarterly actions to support diversity and inclusion commitments.

We are continuing to amplify diverse voices by providing opportunities for authentic storytelling during events led by the Inclusion and Diversity Leadership Council (IDLC) and reviewing community partnerships to deepen and enhance relationships.

An increased focus on measuring experiences and providing insights on data is being incorporated into all DEI planning.

Programs focusing on career development and experience are at the centre of our actions planned by leadership and the IDLC:

- Continuing the Leadership, Exploration and Development (LEAD) program, which has helped foster a culture of employee engagement while also developing our next generation of talent. It does so by building awareness of and interest in pan-TDAM opportunities through information-sharing and network expansion. In its seventh year, LEAD helps senior leaders across the firm to identify emerging talent through a series of business challenges, allowing the skills and experience of diverse junior colleagues to be developed and showcased.
- Launching a sponsorship program to reflect more diversity at middle and senior levels. Since its inception in May 2023, this program has matched 12 diverse colleagues with a senior leader who helps them form a better understanding of their career aspirations and pathways, with a deliberate focus on closing development gaps.
- Continuing the Mentorship Program, which has helped to develop mid-level talent. Selected mentees connect with senior leaders one on one, gaining business insight and career advice to help fuel, define and confirm career aspirations. Through professional development sessions, speed mentoring and a 360-degree assessment, the Mentorship Program offers participants an opportunity to accelerate their growth through personal reflection and skills development for effective leadership.
- Launching the TD Academy of Investment Management (TD AIM) program in 2023. TD AIM offers various business topics for continuous learning and career development.

Diverse

Figure 9: 2023 TDAM Workforce Diversity Data^{26,27}

Year	Women	Visible Minorities	Black	Indigenous Peoples	PwD/IwDA	2SLGBTQ+
2023	42%	42%	6%	1%	7%	4%
2022	40%	39%	7%	1%	7%	4%
2021	42%	44%	6%	1%	4%	4%

Data as of October 31, 2023.

Women: 42%

The overall representation of women increased two percentage points in 2023 compared to 2022. There has been increased focus on hiring and promoting strong female talent over the past two years.

Visible Minorities: 42%

There was an increase of three percentage points in the representation of visible minorities in 2023, with the largest increase in representation being at the executive level. There has been increased focus on enhancing the quality of mentorship and career development programs, including the quality of matches between mentors and executives, the expectations of the mentoring relationship, and the tools available to support mentors and mentees.

Black: 6%

The overall population of Black colleagues remains stable year over year. TDAM recognizes that dedicated efforts will be required to achieve an increase in the representation of Black colleagues in 2024. To this end, TDAM is focused on building partnerships with Black community, professional and university associations to increase exposure for external postings and aligning the program components of mentorship and sponsorship programs currently available at senior levels to mid-level talent.

Indigenous Peoples: 1%

The overall population of Indigenous Peoples remains stable year over year. We are committed to providing support, development and connections to our Indigenous Peoples colleagues through our Indigenous Peoples area of focus within TDAM.

PwD/IwDA: 7%

While the overall representation remains stable year over year, movement is occurring within the population, including lateral moves and promotions. A people manager education program is under development from the enterprise, which will include TDAM, to provide managers with a deeper understanding of the experience of people with disabilities in the workplace and opportunities to better support an inclusive experience, as well as these individuals' growth and career development.

2SLGBTQ+: 4%

While the overall representation remains stable year over year, the share of hires who identify as part of this community has increased year over year.

²⁶ Data is voluntarily disclosed by TD colleagues and therefore may not be reflective of the actual workforce.

²⁷ "Visible minorities" is defined as non-Caucasian in race or non-white in colour, other than an Indigenous person. "Indigenous peoples" is defined as First Nations, Inuit, Métis, American Indian, Alaska Native, Native Hawaiian or other. "People with disabilities" is defined as a person having a long-term or recurring visible or invisible physical, mental, sensory, psychiatric or learning impairment, including impairment relating from or related to hearing, seeing, vocal, mobility, agility, pain, neurological, memory, development, psychological or addiction.



What We Will Do in 2024

Over the years, TDAM has been focused on preparing colleagues for their future opportunities – whether through leadership support, training or mentorship. In 2024, leaders will be required to build even more detailed individual development plans for colleagues to support their accelerated career growth, including documenting critical skills required for future growth and identifying potential future roles and what steps will be taken to build the career path. This will be supplemented by leadership training as well as mentorship and sponsorship programs, which are intended to further accelerate careers for top talent.

TDAM is making dedicated efforts to help ensure that a diverse pipeline of applicants is considered, interviewed and equitably assessed through the hiring process.

Throughout 2024 we remain committed to:

- Accelerating the development of high-potential women and Black colleagues to support promotion by 2025.
- Increasing Black talent representation on candidate slates by partnering with external Black professional organizations.
- Striving to achieve gender parity across our associate and co-op programs.
- Enhancing the experience of all individuals who identify as part of our area of focus communities, through a focus on inclusive culture, leadership accountability and dedicated DEI communications.

Human Rights

TDAM believes the protection of human rights should be a core policy for investee companies to prevent human rights abuses across corporate supply chains, in-house labour or local communities. Companies found to be complicit in human rights abuses face regulatory, legal and reputational risks, as well as potential operational challenges. We incorporate human rights considerations as part of our investment processes, for applicable types of investments and investment strategies. Where our research indicates high potential risk, we include discussions on human rights in our engagements with company management. We also support shareholder resolutions requesting human rights risk assessments where appropriate.

Passage of Canada's Modern Slavery Law

In May 2023, the Canadian Parliament passed the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Bill S-211). This act requires large and mid-sized companies listed or doing business in Canada to publicly disclose on an annual basis how they are working to prevent and mitigate the risk of forced and child labour in their supply chains.

This follows the development of various modern slavery laws in countries such as France, the UK and Australia. Each of these modern slavery laws differ in terms of level of disclosure, requirements, enforcement and consequence.

Bill S-211 focuses on transparency and disclosure, but fines could be a potential consequence for failing to disclose prevention and mitigation efforts. Canada has indicated that this is just the initial step, with further legislation potentially developing in the future. We hope that this initial enhanced disclosure will incentivize companies to work to eradicate forced labour and mitigate related risks. We will continue to monitor any additional steps that the Canadian government may take in its efforts to combat forced and child labour, and we will look out for company reports in May 2024, as this is when entities subject to the act are required to issue their initial reports by.

Since the 2022 launch of PRI's Advance initiative, a collaborative stewardship initiative on human rights and social issues, TDAM has actively participated in the initiative as one of the lead investors. It has also held a couple of meetings with two companies to move forward discussions on how they approach human rights, disclose information around that approach, and measure progress toward mitigating human rights risks and generally advancing respect for those rights. So far, we have found these discussions to be helpful and the companies to be receptive to our initial suggestions. While actual progress can only be measured and assessed over time, we will continue to work with companies where we think appropriate to advance these conversations throughout 2024.

Human Rights

Stewardship in Action

Over the last couple of years, the U.S. has seen an increase in shareholder requests for independent racial equity audits. These requests generally ask for an independent assessment of how a company's policies and practices may harm certain communities or employees. The intent of these audits is for the company to get ahead of any risks that might result from any bias or discriminatory practice or from failing to adhere to its stated commitments. These risks include litigation, regulatory fines and competitive disadvantage. Several companies in the financial sector have seen shareholder proposals requesting them to conduct and publish racial equity audits. This is happening amid growing calls for greater transparency on progress toward company DEI initiatives and amid mounting concerns around potential inequity in the workplace and around biased company practices in the provision of services (disparate lending practices between communities, for example).

TDAM has generally been supportive of proposals requesting racial equity audits, given the need to understand business practices that might pose risks and unintended costs. While these sorts of proposals have largely been filed in the U.S. over the last couple of years, requests for such audits crossed over to Canadian banks in 2023. TDAM engaged those Canadian financial institutions where racial equity audit proposals went to a vote, looking to better understand their views on the benefits of such an assessment, any complications that they might foresee in conducting this type of audit, and any ongoing efforts that might mirror components of the request. TDAM was also made aware of various DEI efforts that were ongoing at these institutions, with programs aimed at improving DEI within their workforce and within the community. However, we supported the proxy proposals requesting independent racial equity audits, given the potential for their findings to further inform company DEI efforts, policies and practices and mitigate related risks.

Following significant shareholder support in favour of these racial equity audit proposals, these Canadian financial institutions subsequently announced that they will take on such assessments, with work already underway and additional disclosure on those audits to come over the next few years. We see this as a healthy level of responsiveness to shareholder feedback.

2023 Highlights

Human Rights

- In 2023, 7 engagements by TDAM included a discussion on human rights.
- 10 engagements covered Indigenous rights and relations.
- TDAM supported 30 shareholder proposals requesting human rights risk assessments.
- Actively participated as a lead investor member of Advance, PRI's stewardship initiative for human rights and social issues.

Response



ESG Integration

TDAM recognizes that a broad range of financial and non-financial considerations may be relevant in making investment decisions. For funds that do not explicitly focus on ESG factors as part of their fundamental investment objectives or principal investment strategies, TDAM may integrate ESG factors where financially material or relevant into the investment decision-making process. It is up to each individual portfolio manager to determine whether, and to what extent, ESG considerations are to be incorporated into the financial analysis within their own investment processes, and in a manner that aligns with the fundamental investment objectives of each fund. As a result, the consideration of ESG factors may play a limited role in the investment decision-making process, meaning that ESG factors are not weighted heavily in the determination of whether to purchase, hold or sell a security in a fund's portfolio. Certain strategies and asset classes do not integrate ESG, including but not limited to, index-tracking funds and certain third-party sub-advised strategies.

Details are provided below of how certain asset classes consider material ESG factors as part of their respective investment processes.

Fundamental Equity

TDAM's Fundamental Equity team believes that the consideration of material ESG factors as part of its financial analysis and investment decision-making process assists with obtaining a robust view of the risks associated with a particular investment. As part of their overall research process, Fundamental Equity analysts may meet with companies about their business structure, strategic direction, risk management, cost drivers and revenue prospects.

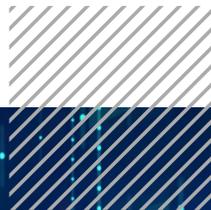
Quantitative Equity

TDAM's Quantitative Equity team seeks to exploit market inefficiencies using a combination of their researchers' custom-built models and insights from their portfolio managers. While quantitative models facilitate objective decision-making as well as broad coverage of equity markets, no single model can cover the full complexity of the factors driving stock markets. The team is tasked with designing portfolios and identifying emerging sources of risk that may not yet be sufficiently captured by quantitative

approaches. In building quantitative models, the Quantitative Equity team seeks to produce the most effective alpha and risk forecasts. Material ESG factors and methodologies are considered as part of these research and development efforts.

Fixed Income

TDAM's Credit Research team evaluates material ESG factors as part of a comprehensive credit review process for both corporate and government issuers. In addition to evaluating the financial and business strength of issuers, an ESG assessment is conducted for every issuer included on TDAM's credit approved list. To gain a complete picture of a company's credit quality, the team also engages with management to understand how issuers are addressing material risks. These processes inform an ESG Risk Score for the issuer, which is integrated into the internal credit rating. Our analysis is regularly updated and incorporated into research reports that are reviewed by TDAM's Credit Committee.



Alternative Assets

Private Debt

TDAM's Private Debt Origination and Research team evaluates material ESG factors as part of a comprehensive credit rating review for approved issuers. To understand the relevant factors used to fully assess each credit rating, including how issuers address material ESG exposures, the team engages with issuer management teams and conducts extensive due diligence and research. These assessments are reviewed by TDAM's Credit Committee. The Private Debt Origination and Research team utilizes the fixed income process, as described above, to inform an ESG Risk Score which is integrated into the internal credit rating.

Canadian and Global Real Estate

Across our real estate platform, our approach to sustainability is aligned with our culture, which focuses on risk management, disciplined processes, sustainable returns, and material ESG risks and opportunities. We integrate ESG practices in our real estate investment and portfolio management processes, including acquisitions, developments, capital planning, third-party due diligence and ongoing operations. The goal is to deliver stable, growing income streams, create value and mitigate risks over the long term.



2023 Highlights



TD Greystone Canadian Real Estate Strategy achieved its eighth consecutive Green Star ranking and scored 75 out of 100 for 2023, down from 80 in 2022. A Green Star is obtained if you score over 50 points out of 100. The GRESB Real Estate Assessment placed TDAM among the top 34% of submissions for its Management score across North America (of 565 submissions).

The TD Greystone Global Real Estate Strategy saw an aggregate GRESB Portfolio Analysis score improvement of two points to 86 out of 100 — and achieved its third consecutive four-star GRESB ranking. The TD Greystone Global Real Estate Strategy is an investor member in GRESB, thereby providing the strategy access to underlying fund manager GRESB data. There was an increase in the cumulative score of its fund managers, with seven of ten managers improving their scores. TDAM continues to prioritize ESG engagement with its fund managers and includes ESG criteria in its manager selection and ongoing monitoring processes.

For information on the GRESB Real Estate Assessment's methodology and scoring criteria, please refer to its assessment resources available on the [GRESB website](#) >.

ESG in Action – Pursuing Zero Carbon Building Certifications Across the Investment Lifecycle²⁸



ZERO CARBON BUILDING STANDARD
Canada Green Building Council®

We are committed to protecting asset value and mitigating financially material climate risk within our portfolios, as the countries where our assets are located transition to a low-carbon economy. The TD Greystone Canadian Real Estate Strategy continued to pursue the Canada Green Building Council's (CAGBC) Zero Carbon Building Standards (ZCB) certifications for assets across the portfolio. Throughout 2023, the team was active in the following areas:

- **Certifying Ottawa's Largest Zero Carbon Office Property:** In May 2023, the TD Greystone Canadian Real Estate Strategy achieved CAGBC's ZCB-Performance Standard™ certification for one of its largest assets, Constitution Square — a one million-plus square foot, AAA office complex in downtown Ottawa. Obtaining this certification required the asset to achieve net-zero operational carbon emissions (a zero carbon balance) and to develop a zero-carbon transition plan.²⁹



²⁸ Information in this section is provided by the respective asset/property manager.

²⁹ See more at: <https://www.cagbc.org/our-work/certification/zero-carbon-building-standard/zero-carbon-building-standard-performance-resources/>

- **Decarbonizing the Royal York Hotel in Toronto:** As a co-owner³⁰ of the iconic Fairmont Royal York Hotel in downtown Toronto, the TD Greystone Canadian Real Estate Strategy is proud to have supported the property in attaining CAGBC's ZCB-Performance Standard™ certification in 2023. The Royal York Hotel became the first hospitality asset to obtain a ZCB certification in Canada.

The hotel's recent \$65 million major renovation resulted in an 80% decrease in GHG emissions, totaling 7,000 tons of CO₂ equivalent reduction when compared to 2022 operations.³¹ It is also estimated to generate over 35% in utility savings in the first year. The project received \$46.5 million in debt financing support from the Canada Infrastructure Bank's (CIB) Building Retrofits Initiative, demonstrating how public-private partnerships can accelerate progress towards Canada's climate goals.



Fairmont Royal York Hotel in downtown Toronto

- **Targeting Zero Carbon Building – Design Certification for a New Industrial Development:** In 2023, TDAM started construction on a 500,000-square-foot industrial property in Rocky View County (Alberta) that is pursuing ZCB-Design Standard™ certification. The property will incorporate innovative design features, including a high-efficiency building envelope and a 165,000-kWh rooftop solar array in pursuit of net-zero embodied and operational GHG emissions.

³⁰ TDAM is a 40% co-owner of the Fairmont Royal York Hotel.

³¹ See more at: <https://www.newswire.ca/news-releases/historic-fairmont-royal-york-receives-zero-carbon-building-certification-866216160.html>

ESG in Action – Engaging Our Real Estate Managers on DEI

In 2023, the TD Greystone Canadian Real Estate Strategy issued a DEI-focused survey (i.e., a diversity metrics template) to its external property, asset and development managers.³² The purpose of the exercise was to standardize the collection of metrics by role across various diversity dimensions, including gender, race/ethnicity, 2SLGBTQ+, veterans' status, and persons with disabilities. Data was leveraged to have more focused discussions with managers on their DEI initiatives, including target-setting and programs that support the advancement of women and visible minorities within their workforce.

Only seven of 12 surveyed managers were able to provide ethnic diversity data. Also, results indicated that nearly 75% of senior roles at firms were held by individuals identifying as white, in comparison to approximately 50% across all roles. On a gender basis, results showed that gender disparity still exists at the senior, C-suite and board level. Nearly 80% of C-Suite and board positions, as well as 75% of senior roles, were held by men. Comparatively, across all roles men typically made up approximately 50% of the employee base. As part of TDAM's broader commitment to the 30% Club (i.e., ensuring at least 30% female representation across senior management and board-level positions), TDAM will continue to engage its real estate managers and discuss initiatives they have to address gender disparity at their organizations.

ESG in Action – Supporting Health, Wellness and Accessibility Across Our Real Estate Portfolio

Throughout 2023, TDAM continued to strategically pursue health, wellness and accessibility-focused building certifications across its portfolio. Certification schemes such as Fitwel³³ and the Rick Hansen Foundation Accessibility Certification (RHFAC)³⁴ help validate the health and wellness or accessibility-focused operating practices of properties, respectively.

Fitwel is the world's leading certification system committed to "building health for all." It offers strategies for developing and maintaining health-promoting environments that measurably improve physical, social and mental health. TDAM believes that investing in building health and wellness leads to more satisfied tenants, which can result in increased tenant referral rates, retention and increased net operating income (NOI). As of year-end 2022, eight properties across TDAM's portfolio had obtained Fitwel certification.

RHFAC is a rating system developed to help building owners and managers measure the accessibility of a building. It considers the holistic user experience of occupants of all abilities, including those with mobility, vision and hearing disabilities. Designing and operating a building for accessibility helps assets prepare for Canada's changing demographics and evolving provincial and federal accessibility legislation. It may also result in increased attraction and retention of tenants because it essentially follows universal design principles. As of year-end 2022, six properties across the TD Greystone Canadian Real Estate Strategy had attained RHFAC.

Wellness

³² Data is voluntarily disclosed by the companies' employees and therefore may not be reflective of the actual workforce.

³³ Fitwel – <https://www.fitwel.org/about-fitwel>

³⁴ RHFAC – <https://www.rickhansen.com/become-accessible/rating-certification>

ESG in Action – Increasing Our Focus on Sustainability Governance and Manager Engagement

Throughout 2023, TDAM continued to actively engage its Canadian real estate asset, property and development managers on material ESG issues. Quarterly ESG Working Group meetings were held with managers to engage and educate teams on decarbonization strategies and target-setting, discuss the importance of DEI and align on the measurement and evaluation of ESG-related key performance indicators (KPIs).

For example, TDAM issued manager-specific ESG KPI Scorecards in Q3 2023 and held one-on-one meetings. Topics discussed at these meetings included performance on building certification rates, utilities data coverage, technical building assessment schedules (e.g., for energy or decarbonization audits), green lease penetration rates, as well as energy, water, waste and GHG emission performance on a year-over-year basis.

The engagement meetings were also leveraged to learn more about each manager’s key ESG focus areas for 2024 and ensure alignment with TDAM’s priorities. Topics of discussion typically revolved

around mitigating and managing climate-related transition risk, driving operating efficiencies, and enhancing ESG data management capabilities across the portfolio.

ESG in Action – Vehicle-To-Grid Pilot Project³⁵

In 2023, TDAM continued a vehicle-to-grid pilot project at 55 St. Clair Avenue West in Toronto. Slate Asset Management — one of TD Greystone Canadian Real Estate Strategy’s external asset managers — partnered with SWITCH Energy and the building’s anchor tenant, IBI Group, for the pilot project. The three-year project was launched in 2021 and uses vehicle-to-grid technology to draw energy from parked electric vehicles (EVs) during on-peak hours. This allows EVs charged during off-peak hours to redistribute energy to the building and in-use EV chargers, rather than drawing from the grid. SWITCH provides a financial incentive to EV owners to participate in the program and uses blockchain technology to track energy charging and withdrawals and create associated debits and credits. The project allows commercial building owners to provide EV charging infrastructure to meet rising tenant demand, while improving the energy efficiency of the building and reducing energy costs.

³⁵ Information in this section is provided by the respective asset/property manager.



ESG in Action – ESG Due Diligence Supports Global Real Estate Strategy’s First Direct Investments in Multi-Residential Properties in Finland

In October 2023, the TD Greystone Global Real Estate Strategy closed on a direct investment in a 30-multi-unit residential property in Finland. The inclusion of this investment complements our mix of indirect real estate holdings and leveraged our ESG due diligence capabilities and tools for direct investment.

As part of the ESG due diligence exercise, TDAM assessed the current and forecasted Energy Performance Certificate (EPC) grades for the buildings in question, with the average EPC grade across the portfolio (after planned renovations) being a B. Additionally, TDAM used the Carbon Risk Real Estate Monitor (CRREM) tool to develop a better understanding of the potential stranding year of the assets, given the transition to a low-carbon economy. The CRREM tool and model demonstrated that post-retrofit, approximately 95% of the in-scope portfolio will meet future GHG emission ceilings until 2043. The due diligence exercises helped TDAM develop comfort and conviction with the portfolio’s climate transition risk profile and mitigation strategies.

ESG in Action – Sustainable Developments Across the Globe³⁶

Capital House — an office building in TDAM’s Global Real Estate Fund managed by Barings in London, UK — completed a major refurbishment throughout 2022 and 2023, leading to improvements in its sustainability profile. As part of the major retrofit, Barings completed decarbonization-focused projects such as transitioning from gas to electric variable refrigerant flow (VRF) air conditioning. Barings estimates that the VRF system will reduce the building’s energy demand by 20% over its lifetime compared to its original (pre-retrofit) air conditioning equipment. Along with increasing the efficiency of the air handling units and chillers, the retrofit is also expected to bring a reduction of 333 tons of CO₂e annually compared to pre-retrofit conditions.

The building has also achieved Wired Score Platinum certification and is on track to secure Building Research Establishment Environmental Assessment Method (BREEAM) Excellent certification. Moreover,

Capital House’s EPC rating improved from D to B following the refurbishment and the property has completed sustainability enhancements to tenant amenities, including end of trip facilities. These are facilities in office buildings designed for people who walk, bike or run to work. They typically provide showers, lockers and bike storage.

ESG in Action – Sustainable Building Design and Performance³⁷

Kavel F is a commercial laboratory building in the TD Greystone Global Real Estate Strategy currently under construction in the Dutch capital of Amsterdam. The building was designed to be one of the most sustainable fully fitted commercial laboratory buildings in the world.³⁸ The project is targeting BREEAM Outstanding certification and is designed to be energy-negative in core/shell operations. BREEAM is an internationally recognized sustainable building certification which measures the sustainability performance of buildings in areas such as energy and emissions. Outstanding is the highest level of BREEAM certification, and it means the building has demonstrated groundbreaking practices that set new standards for sustainability within the industry. Through its sustainable design, Kavel F is setting a new standard for sustainability in life science.

Maintaining Momentum – Global Real Estate Manager Engagement

In 2023, the TDAM Global Real Estate team continued its annual ESG engagement meetings with each of its underlying fund managers. The focused engagements included a performance debrief of each manager’s 2023 GRESB assessment (if applicable), a discussion of their 2024 ESG priorities, a review of DEI targets and progress, as well as a review of their capabilities with respect to decarbonizing assets within their funds. Findings from the focused engagements were favourable, with many of the fund managers highlighting decarbonization strategies and portfolio-level assessments of climate-related physical risk exposure. The focused engagements have offered the Global Real Estate team better insight into each of its managers’ sustainability performance and capabilities and ESG priorities.

³⁶ Information in this section is provided by the respective investment manager.

³⁷ Information in this section is provided by the respective investment manager.

³⁸ See more at: <https://www.prnewswire.com/news-releases/breakthrough-properties-to-develop-new-european-headquarters-for-neogene-therapeutics-301935251.html>

Global Infrastructure

The TD Greystone Infrastructure Strategy promotes climate change mitigation and occupational health and safety characteristics through its active asset management practices.³⁹ This includes engagement with the management teams of portfolio companies, with the objective of improving social and environmental practices and operational performance and efficiency. The TD Greystone Infrastructure Strategy also assesses the ongoing governance of the investee companies included in the portfolio.

2023 Highlights



ESG Benchmarking: Maintaining Strong GRESB Performance

In 2023, the TD Greystone Infrastructure Strategy maintained its strong GRESB score of 87 out of 100 — and achieved its fifth consecutive Green Star ranking.

The TD Greystone Infrastructure Strategy scored four points above the GRESB Global Average and scored above its Peer Group (Diversified/Private/Non-Listed/Global) in all assessed Leadership and Policies aspects of GRESB. Five of the fund's seven operating assets that submitted to GRESB also maintained or improved their scores year-over-year.

Since participating in the GRESB infrastructure benchmark in 2019, the fund has improved its score by 27 points.

For information on the GRESB Infrastructure Assessment's methodology and scoring criteria, please refer to their assessment resources available on the [GRESB website](#) >.

Supporting the Energy Transition: Accelerating Renewable Energy Development⁴⁰

The TD Greystone Global Infrastructure Strategy includes a significant renewable allocation that has grown from 50 megawatts (MW) (roughly the

equivalent of powering 12,000 homes) to 3,210 MW (roughly the equivalent of powering over 770,000 homes), as of December 31, 2023. Over 50% of the fund is invested in renewable energy generation, with other investments including transmission and energy storage projects.

In 2023, the Strategy continued its strong growth despite a high interest rate environment and global economic pressures. Over 80% of the fund is invested in energy transition (e.g., utility-scale battery storage) and renewable energy infrastructure, across three major platforms in solar (Silicon Ranch Corporation), wind (Rabbalshede Kraft) and battery storage (Enfinite).

Located in the United States, Silicon Ranch Corporation added 852 MW of operating solar capacity across 12 solar projects and operates a total of 2.5 gigawatts (GW) of capacity across 160 projects. Silicon Ranch Corporation has a development and construction pipeline of projects that could double its capacity over the next three to five years.

Rabbalshede Kraft in Sweden continues to reach new milestones with an operating wind capacity of 378 MW across 21 projects. To further diversify revenues, Rabbalshede Kraft has acquired the rights to a 535 MW solar development portfolio which includes 38 projects with expected operational dates between 2024 to 2027. The TD Greystone Infrastructure Strategy also took 100% ownership of Rabbalshede Kraft in 2023, after buying out the remaining minority shareholders.

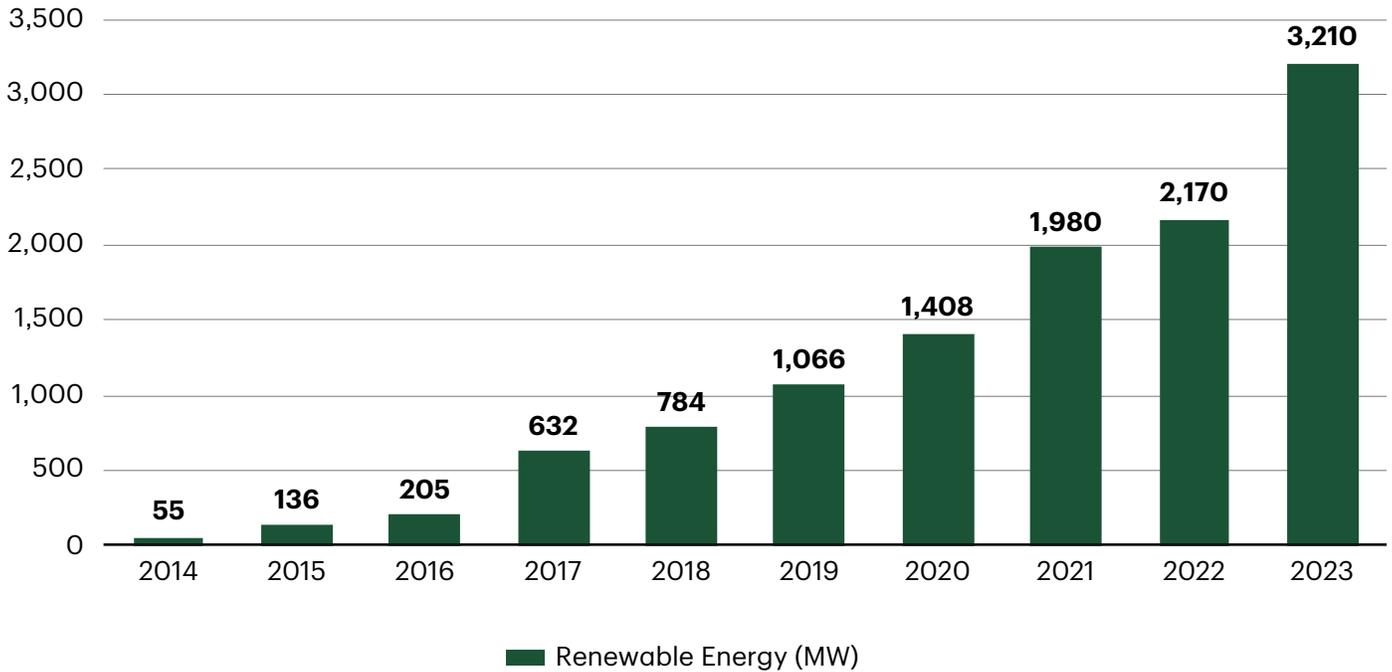
Enfinite, an Alberta-based utility-scale battery storage and power generation asset, brought online six battery storage projects in 2023. It currently operates the largest fleet of grid-connected battery storage facilities in Canada at 180 MW of storage capacity. Enfinite continues to explore energy storage development opportunities across Canada, including active discussions with utilities in British Columbia, Alberta and New Brunswick. Most recently, the team is exploring a 100 MW battery storage facility in Alberta and plans to bring this project online in 2025.

³⁹ The TD Greystone Infrastructure Strategy does not commit to making any sustainable investments as defined by Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

⁴⁰ Information in this section is provided by the respective portfolio company.

Figure 10: Renewable Energy (MW) for the TD Greystone Infrastructure Strategy

Renewable Energy (MW)



Source: TDAM. As of December 31 of each year.

ESG Spotlight – Enfinite Makes ESG Strides as Assessed by GRESB⁴¹

Enfinite, wholly owned by the TD Greystone Infrastructure Strategy, improved its GRESB Infrastructure Asset Assessment score by 14 points from 2022 to 2023. Enfinite operates the largest fleet of battery storage facilities in Alberta, with 315 MW of total storage capacity in service or development as at year-end 2023. Enfinite’s improvement in its GRESB score was accomplished in part through focused internal policy improvements and operational enhancements, as well as through the active asset management and engagement of the TD Greystone Infrastructure investments team.

In Q4 2022 and throughout 2023, the TD Greystone Infrastructure investments team worked alongside Enfinite’s senior management team to identify gaps in ESG policies, procedures, reporting and performance — and to implement corresponding corrective actions to address any deficiencies. The results of these efforts included, but were not limited to, the following ESG achievements for Enfinite:

- Publishing its inaugural 2022 ESG Report in 2023.
- Establishing meaningful ESG-related targets (e.g., a GHG emission reduction target and net-zero commitment).
- Enhancing its environmental and social risk management policies/procedures.
- Improving occupational health and safety data collection and tracking and reporting capabilities.
- Launching the Enfinite Empowering Indigenous Energy Futures Bursary to support Indigenous students pursuing post-secondary education in the fields of power and energy.



⁴¹ Information in this section is provided by the respective portfolio company.

ESG in Action – Silicon Ranch Corporation’s Regenerative Energy Initiative and Work Supporting Veterans⁴²

Silicon Ranch Corporation — a solar farm developer, owner and operator as well as one of TD Greystone Infrastructure Strategy’s significant asset holdings — continued to advance its innovative Regenerative Energy program (Agrivoltaics) throughout 2023. The Regenerative Energy program uses sustainable animal grazing methods at solar farms to improve soil health, biodiversity, water quality, habitat and local food systems – and to sequester carbon. The duo-functioning land (renewable energy and livestock grazing) benefits not only the environment, but the

communities and economy where it’s implemented. The company partners with local farmers, ranchers and land managers, with the added benefit of ecosystem restoration.

In 2023, Silicon Ranch launched its Veteran Landing Zone initiative — a program that helps U.S. veterans find employment in the civilian sector. The veterans serve in critical roles across the company to support Silicon Ranch’s mission to provide clean, cost-effective and reliable solar energy. While veterans make up approximately 5.6% of workers in the U.S. economy (stats as of 2020), at Silicon Ranch, 9.2% of employees were veterans as of November 2023.

⁴² Information in this section is provided by the respective portfolio company.



Mortgages

TDAM may integrate ESG factors where financially material or relevant into the investment process to mitigate risks and identify opportunities within the TD Greystone Mortgage Fund. Material ESG issues are evaluated within the context of our risk management framework.

Figure 11: ESG Due Diligence Framework of the TD Greystone Mortgage Fund



2023 Highlights

As of December 31, 2023, 88.5% of eligible loans by AUM within the TD Greystone Mortgage Fund were actively engaged on ESG considerations.⁴³ Our methods of engagement are described below.

ESG in Action – Bolstering Our ESG Due Diligence Underwriting Process

As part of our underwriting process for the TD Greystone Mortgage Fund, the investment team evaluates the site-specific transition and physical

climate risk of prospective investments. For example, the investment team evaluates physical climate risk under a Representative Concentration Pathway (RCP) 8.5⁴⁴ - a more severe warming scenario - until 2030. The following acute and chronic climate hazards are included as part of this scenario analysis: riverine inundation, coastal flooding, chronic heat, fire probability (i.e., wildfire risk), drought, precipitation, hail, wind and combined inundation.

Given that the average duration of loans within the TD Greystone Mortgage Fund is well under five years, the 2030 scenario is considered conservative. Additionally, as part of the due diligence process, the mortgage investment team investigates if climate-related transition risks have been incorporated into action plans and budgets and/or whether the lender has dedicated capital for financing sustainability-focused property enhancements.

ESG in Action – Borrower Engagement and ESG Opportunities

TDAM employs an ESG Borrower Survey and Annual ESG Review to facilitate borrower engagement and identify potential ESG opportunities. In 2021, the TD Greystone Mortgage Fund began formally tracking ESG engagement with borrowers through our ESG Borrower Survey and our Annual ESG Review. Both of these initiatives were updated in 2022 to collect a more comprehensive data set for 2023.

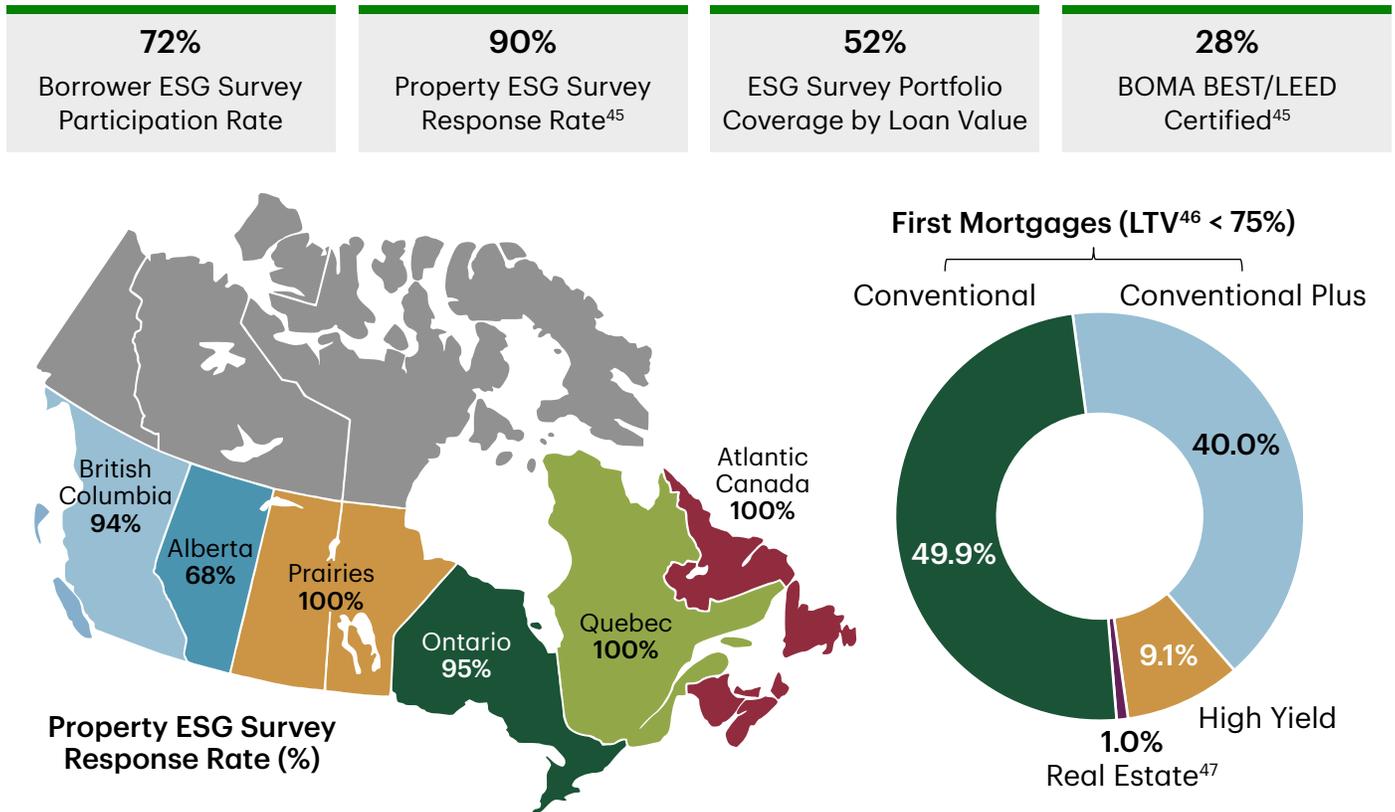
For the 2023 survey year, 116 properties with loans serviced by the TD Greystone Mortgage Fund's in-house servicing agent, GMI Servicing, were asked to participate in the Annual ESG Review and report on the 2022 calendar year. The response rate was 90.5%, with 105 of 116 eligible properties participating.

Mortgages

⁴³ Eligible loans include those for existing buildings (land/construction financing is ineligible) serviced by TDAM's wholly-owned mortgage servicing group, GMI Servicing Inc., which constitutes 58% of the TD Greystone Mortgage Fund's total AUM.

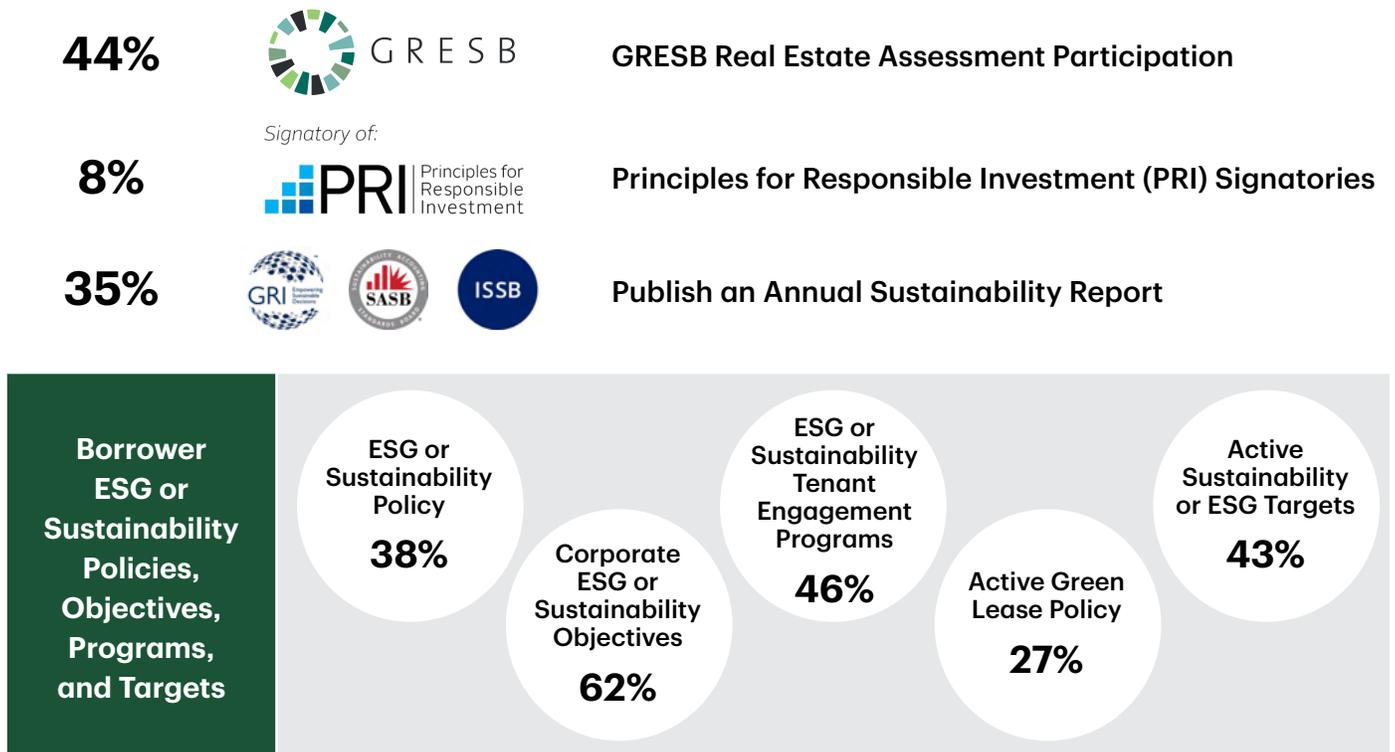
⁴⁴ RCP 8.5 refers to the concentration of carbon that delivers global warming at an average of 8.5 watts per square meter across the planet. The RCP 8.5 pathway delivers a temperature increase of about 4.3°C by 2100, relative to pre-industrial temperatures.

Figure 12: 2023 Borrower and Property ESG Survey Participation



Source: TD Asset Management Inc. As of December 31, 2023.

Figure 13: 2023 Borrower ESG Survey Results⁴⁸



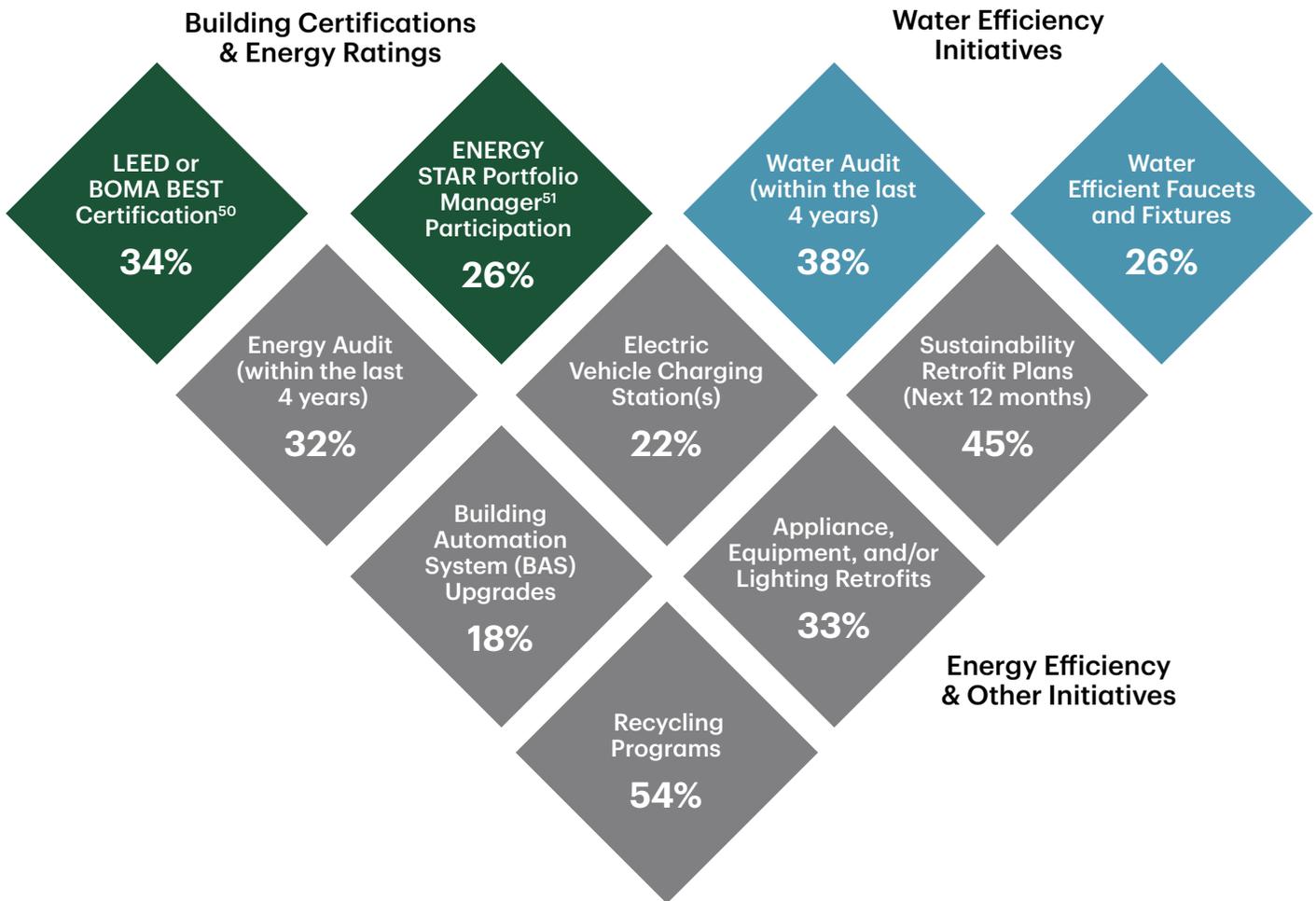
⁴⁵ Based on conventional commercial mortgages only. By loan value. As of December 31, 2023.

⁴⁶ Note: LTV = Loan-to-Value.

⁴⁷ Consists of a portfolio of four properties held by a limited liability corporation (2391766 Ontario Inc.) owned by the TD Greystone Mortgage Fund. 2391766 Ontario Inc. has a 0.9% weight in the TD Greystone Mortgage Fund.

⁴⁸ Based on conventional commercial mortgages only. By loan value.

Figure 14: 2023 Property ESG Survey Results⁴⁹



Source: TD Asset Management Inc. As of December 31, 2023.

ESG in Action – Launching a Green Loan Program for Our Borrowers

In 2023, TDAM formalized its Green Plus Financing Framework (the Framework) to provide existing borrowers within the TD Greystone Mortgage Fund a financing solution (green loans) for sustainability-focused capital projects. The program aims to provide an attractive cost of capital that encourages borrowers to improve the sustainability performance and/or resilience of their assets. Maintaining exit strategy metrics that are consistent or improved from those established during original underwriting is a core goal of the program.

As part of our ambition to enhance market transparency and assure investors that the Framework is aligned with market practices for green loans, we obtained a Second Party Opinion (SPO) of the Framework. The SPO (i.e., independent review) involved assessing the Framework against the Green Loan Principles published by the Loan Market Association and was issued by Morningstar Sustainability, a leading ESG research, ratings and data provider.

We believe the Green Plus Financing program will act as a differentiator for the TD Greystone Mortgage Fund, further demonstrating TDAM’s commitment to supporting our stakeholders with sustainability-focused capital solutions.

⁴⁹ Based on conventional commercial mortgages serviced by GMI Servicing only. By loan value.

⁵⁰ Leadership in Energy and Environmental Design (LEED) or Building Owners and Managers Association Building Environmental Standards (BOMA BEST). References: LEED (<https://www.cagbc.org/our-work/certification/leed/>), BOME BEST (<https://bomabest.org/>)

⁵¹ See more at: <https://natural-resources.canada.ca/energy-efficiency/energy-star-canada/energy-star-for-buildings/3691>

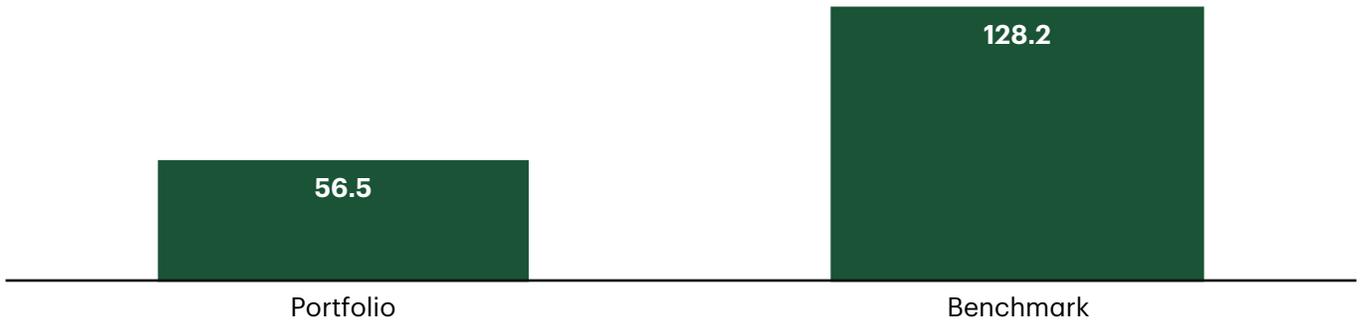
ESG-Focused Funds

Over the last few years, TDAM has significantly expanded its ESG-focused funds. These funds seek to provide a more focused avenue for clients to achieve their ESG-oriented objectives. Information about TDAM's ESG-focused funds is provided below.

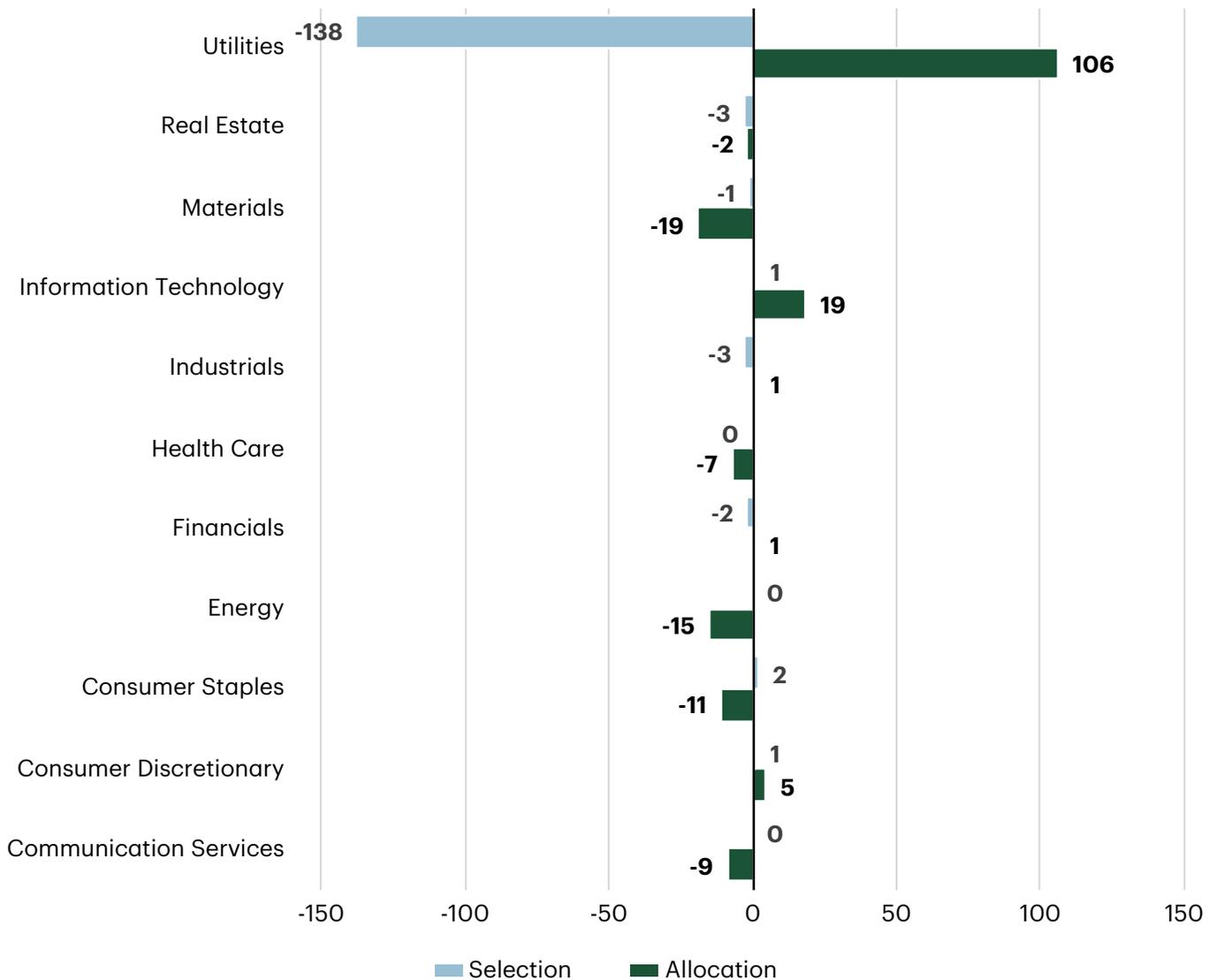
Fund	Description
Exchange-Traded Funds	
TD Morningstar ESG Canada Equity Index ETF	Seeks to track the performance of a Canadian equity market index which measures the investment return of Canadian large- and mid-capitalization issuers that exhibit higher ESG ratings relative to their peers.
TD Morningstar ESG U.S. Equity Index ETF	Seeks to track the performance of a U.S. equity market index which measures the investment return of U.S. large- and mid-capitalization issuers that exhibit higher ESG ratings relative to their peers.
TD Morningstar ESG International Equity Index ETF	Seeks to track the performance of an international equity market index which measures the investment return of large- and mid-capitalization issuers in developed markets located outside of North America that exhibit higher ESG ratings relative to their peers.
TD Morningstar ESG Canada Corporate Bond Index ETF	Seeks to track the performance of a Canadian corporate bond index which measures the investment return of fixed income securities of issuers that exhibit higher ESG ratings relative to their peers.
TD Morningstar ESG U.S. Corporate Bond Index ETF	Seeks to track the performance of a U.S. corporate bond index which measures the investment return of fixed income securities of issuers that exhibit higher ESG ratings relative to their peers.
Mutual Funds	
TD North American Sustainability Equity Fund	Seeks to achieve long-term capital appreciation while following a socially responsible approach to investing.
TD North American Sustainability Balanced Fund	Seeks to earn income with the potential for capital appreciation while following a socially responsible approach to investing.
TD North American Sustainability Bond Fund	Seeks to earn current income by investing primarily in North American fixed income securities, while following a socially responsible approach to investing.
Other	
TD Emerald Low Carbon Global Equity Index Non-Taxable Investor Pooled Fund Trust	Seeks to provide performance similar to the performance of the MSCI World Low Carbon Target Index or any other index, as determined by TDAM, used to track the performance of developed market equity securities and have a lower carbon exposure than a broad developed markets equity index.
TD Emerald Low Carbon / Low Volatility Global Equity Pooled Fund Trust	Seeks to provide less than half the carbon footprint and a better risk-adjusted total return than a capitalization-weighted market index such as MSCI World Index or any other index, as determined by TDAM, used to track the performance of developed market equity securities over a full market cycle.

Figure 15: TD Emerald Low Carbon / Low Volatility Global Equity PFT vs. MSCI World Total Return Index

Carbon Intensity
(GHG Emissions / Sales)

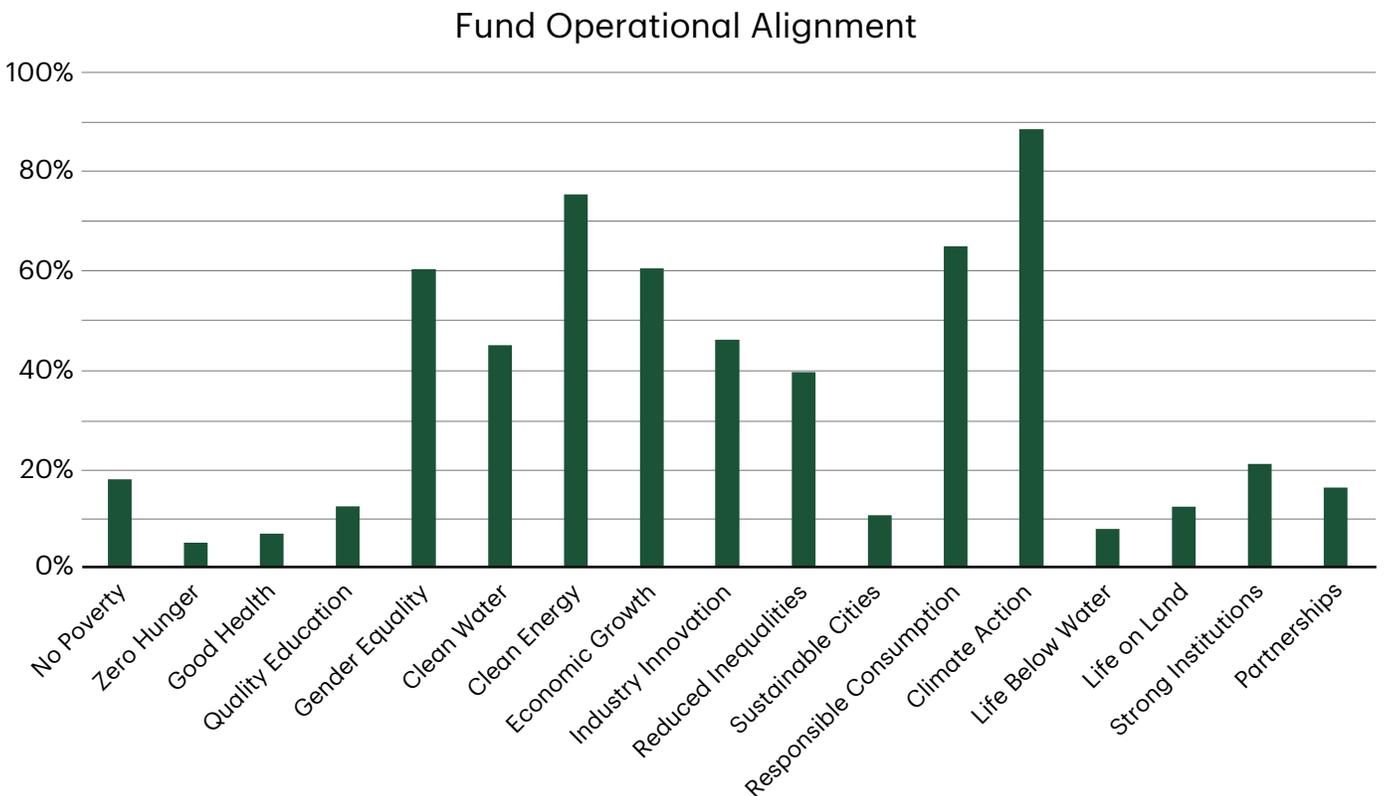
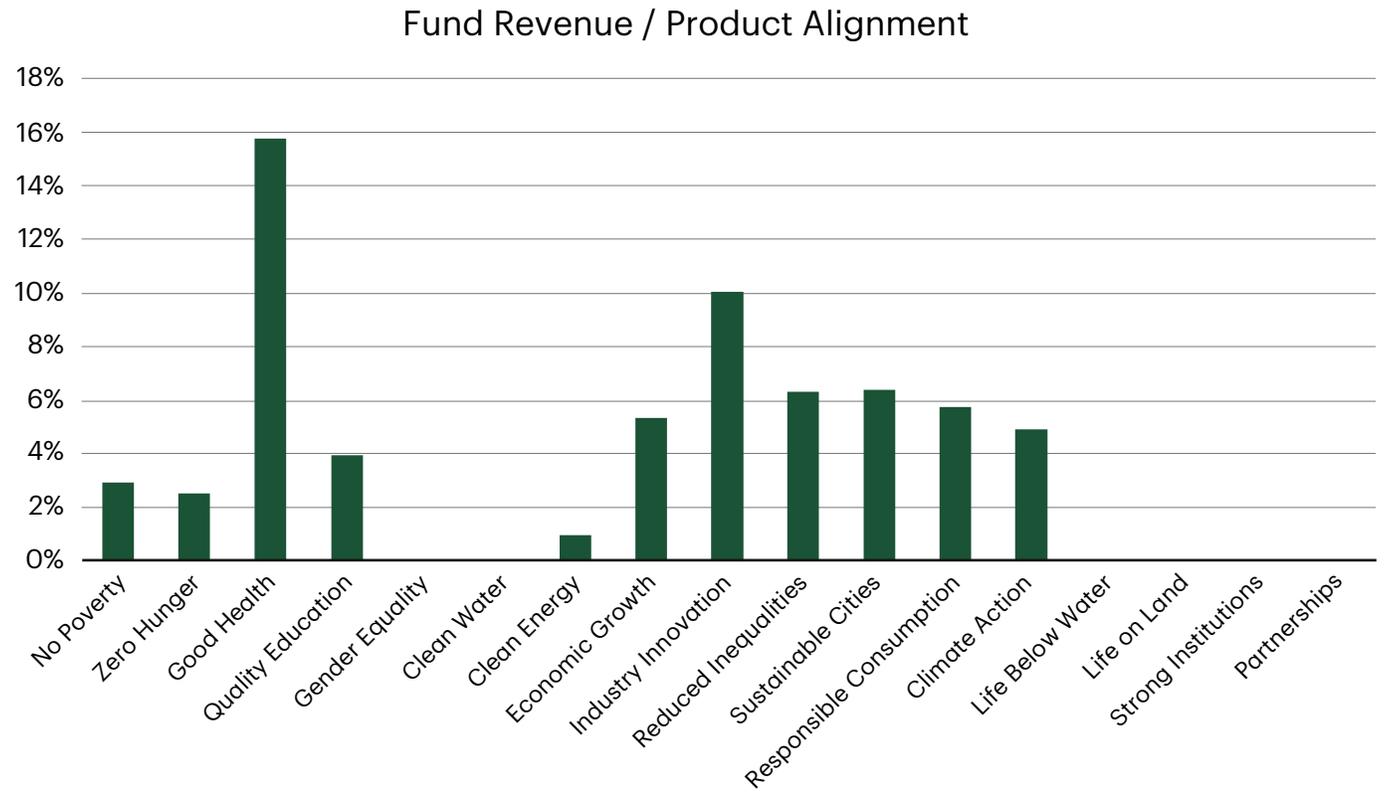


Carbon Intensity Attribution



Source: TDAM, Sustainalytics, MSCI. As of October 31, 2023.

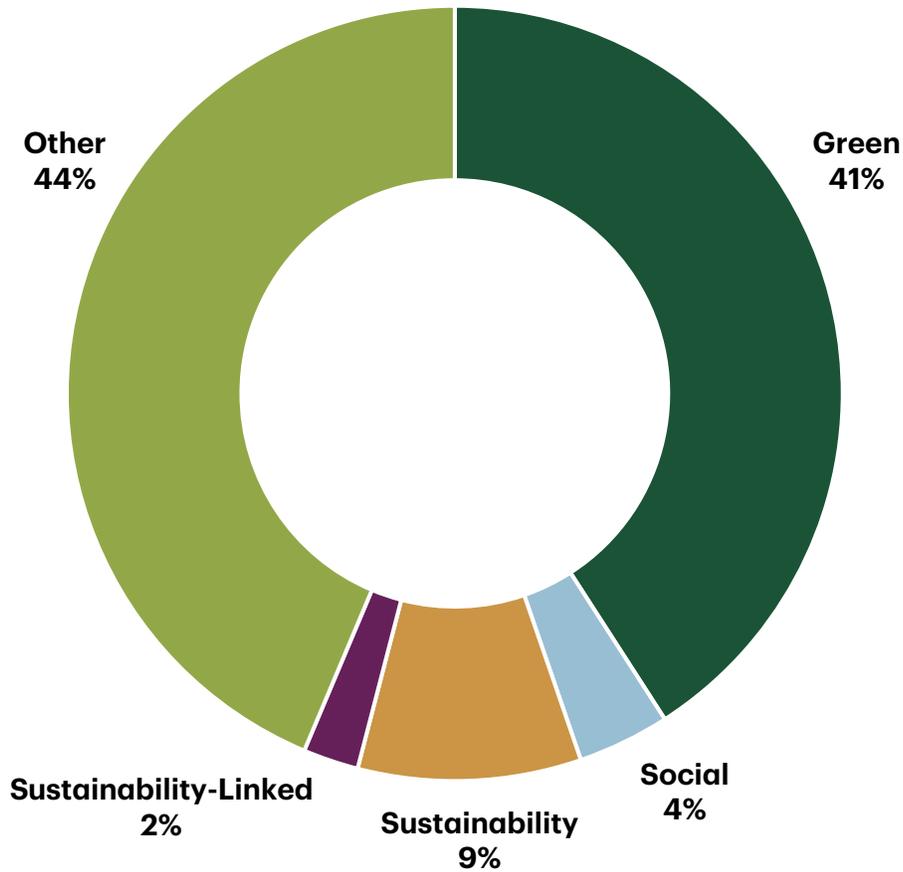
Figure 16: TD North American Sustainability Equity Fund Alignment with UN Sustainable Development Goals (SDGs)



Source: TDAM. As of October 31, 2023.

Figure 17: TD North American Sustainability Bond Fund Breakdown of Bonds by ESG Label^{52,53}

TD North American Sustainability Bond Fund



Source: TDAM. As of October 31, 2023.

Sustainability

⁵² ESG-labelled bonds are designated as Green, Social, Sustainability or Sustainability-Linked through a framework and meet certain criteria, such as those set forth by the International Capital Markets Association (ICMA). These bonds will have to meet certain criteria such as clear use of proceeds, process for project evaluation, management of proceeds and reporting as well as providing environmental benefits and/or positive social outcomes for the projects they are financing.

⁵³ Green Bonds are a type of fixed-income instrument that is specifically earmarked to raise money for climate and environmental projects. Social Bonds are a type of fixed-income instrument specifically earmarked to raise money for social projects. Sustainability Bonds are fixed-income instruments where the proceeds are used to exclusively finance or re-finance a project that can either have a positive impact on the environment and/or a positive social outcome. Sustainability-Linked Bonds are fixed-income instruments where the proceeds can be used for general corporate purposes, but the bond has certain KPIs linked to green or social goals set forth by an issuer’s framework which will trigger an increase in the bond’s coupon if not met within a specific time period. “Other” are corporate bonds that exhibit low ESG risk characteristics, as determined internally by TDAM’s ESG scoring. These ESG risk characteristics include, but are not limited to, climate change, natural capital, pollution/waste, human capital (i.e., labour management, health and safety), and corporate governance and behaviour.

ESG Thought Leadership, Consultations and Industry Events

TDAM regularly publishes thought leadership on a variety of subjects both in external publications and through our own channels. Given the importance of climate change to our business, the systemic risks associated with climate change and our belief that we have a role to play in shaping the industry's approach to climate change, we have made climate a focus area for our thought leadership program. TDAM leverages expertise from across the firm to contribute to research pieces, covering a range of ESG topics.

Thought Leadership Articles – 2023



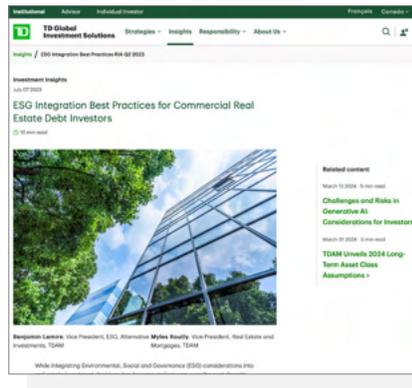
Canada's Green and Transition Finance Taxonomy: What Does It Mean for Investors >

Kate Tong, Analyst, Portfolio Research, ESG, TDAM

John McHughan, Vice President, Climate Research, TDAM

RIA, September 2023

Canada's recent development of a green and transition finance taxonomy provides a tool to prevent greenwashing and enable investors to make informed decisions.



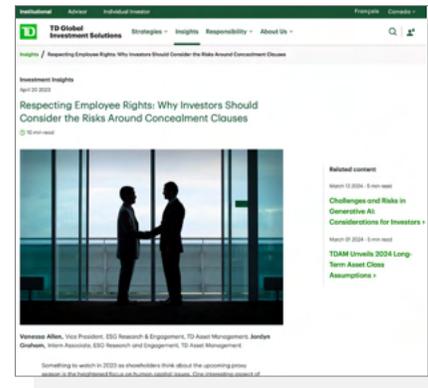
ESG Integration Best Practices for Commercial Real Estate Debt Investors >

Ben Lemire, Vice President, ESG, Alternative Investments, TDAM

Myles Routly, Vice President, Real Estate and Mortgages, TDAM

TDAM, July 2023

Identifying and incorporating into the lending process ESG factors which are material may help mitigate risks at the underwriting stage and ultimately de-risk assets through the holding period to loan maturity.



Respecting Employee Rights: Why Investors Should Consider the Risks Around Concealment Clauses >

Vanessa Allen, Vice President, ESG, TDAM

Jordyn Graham, Intern, ESG Research and Engagement, TDAM

TDAM, April 2023

One aspect of human capital management that garnered attention in the U.S. were the risks around certain concealment clauses within employee contracts, particularly those that keep controversial issues concealed, including workplace discrimination, harassment and retaliation.

Policy Engagements – 2023

- Feedback to CCGG on its response to the ISSB on agenda and work plan priorities.
- Engagement with the MAS on climate, taxonomy and regulation.
- Engagement with the ASC on the baseline and national adoption of reporting requirements.
- Engagement with CEC on the CEC Net Zero Benchmark, which provides a set of common standards for investors to evaluate corporate issuers' progress towards Paris Agreement alignment.
- Feedback to CCGG, PMAC, ICI, PRI and the RIA on each of their responses to the CSA consultation on proposed amendments to corporate governance and diversity disclosures.

Speaking Opportunities at Industry ESG Forums and Events in 2023

- TD Cowen Sustainability Conference Panel: Buyside Perspectives, Calvert Research & Management - Priti Shokeen, June 2023
- RIA Canada Conference, Advancing Human Rights via Analysis and Collaborative Engagement - Vanessa Allen, June 2023
- RIA Canada Conference, Plugging into Electrification: Why and How to Expand and Decarbonize Canada's Grid - Ben Lemire, June 2023
- Australian Superannuation Trustees Conference, AIST Global Dialogue, Panel Discussion on Implementing Climate Action Plans in a Resource-Rich Economy - Priti Shokeen, June 2023
- ICGN 2023 Annual Toronto Conference, Systemic Stewardship as the Next Frontier - Priti Shokeen, June 2023
- CIRI ESG Forum, Is Your ESG Disclosure Aligning with Investor Needs and Expectations? - Priti Shokeen, October 2023
- 2023 TDGIS Institutional Investment Symposium, Environmental, Social, Governance: Interconnections Between Climate Change and Social Factors - Priti Shokeen and Vanessa Allen, October 2023
- GRESB 2023 Regional Insights, Toronto - Ben Lemire, November 2023

Training and Educational Opportunities

In 2023, 94% of eligible members of TDAM's investment team in Canada completed the PRI Academy Understanding Responsible Investment course. The course introduces the principles that underlie and define responsible investment. Following the completion of the course, 84% of TDAM participants felt that their understanding of ESG had improved, and 79% felt that their confidence in discussing ESG had improved.

The TDAM ESG R&E team led several internal ESG-related training sessions, including:

1. **Canada's Green and Transition Taxonomy**
Audience - TDAM's investment team
2. **Shareholder Perspectives on Executive Compensation**
Audience - TD Epoch's investment team
3. **Shareholder Perspectives on Executive Compensation**
Audience - TDAM's investment team
4. **Long-term Incentive Plan Design Trends Workshop**
Audience - TD Greystone's investment team

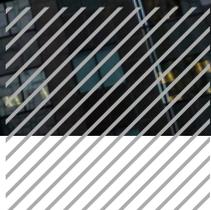
Additionally, TDAM professionals participated in the following external training and continuing education opportunities in 2023:

- CFA Certificate in ESG Investing (obtained by multiple team members)
- ICGN Stewardship Fundamentals course

TDAM professionals also attend relevant conferences throughout the year to share ideas and insights and learn from industry leaders. Some of the conferences that were attended in 2023 include:

- 2023 United Nations Climate Change Conference (COP28), Dubai, United Arab Emirates
- Climate Week 2023 Conference, New York, United States
- PRI in Person 2023 Conference, Tokyo, Japan
- 2022 United Nations Biodiversity Conference (COP15), Montreal, Canada
- Infrastructure Investor Global Summit, Berlin, Germany
- 2023 RIA Conference, Toronto, Canada
- ICGN 2023 Annual Toronto Conference, Toronto, Canada

Continuing Education



Looking Forward

We have observed a strong regulatory focus on the development of ESG disclosure rules and/or guidance for funds in various jurisdictions – particularly in the EU, UK, U.S. and Canada. We also continue to see momentum on the evolution of ESG disclosures as it relates to corporate issuers. In light of these important developments, we continue to evolve our sustainable investing approach, processes and practices, including:

Stewardship

Stewardship remains a critical component of our efforts to advance sustainability across applicable portfolios. Our 2023 focus on climate, biodiversity, human capital and human rights remain key areas of our research and stewardship efforts going into 2024.

Sharper Focus on Governance

With respect to governance, we continue to refine our focus on elements that are needed to ensure boards remain high-performing and effective. In 2023, we introduced enhanced guidelines on board independence and director tenure, but our work goes beyond the application of our guidelines.

Where appropriate, we will apply a nuanced analysis on board composition and structure, exercising due judgement when considering a vote for or against director(s). We will carefully consider the spirit of the expectations outlined in our Proxy Voting Guidelines balanced against the principles of shareholder democracy embodied in the one-share, one-vote principle. In other words, while we have expectations enshrined in our voting guidelines, we may make exceptions in certain situations with consideration to the specific context being analyzed and the balance of factors that may contribute to the performance of a company. In 2024, we are also taking a closer look at companies controlled via unequal voting rights, with a focus on ensuring that independent shareholder voices are heard and that the board has formal avenues through which it can respond to independent shareholder concerns despite the capital structure of the company.

Social

We continue to widen the breadth of research we conduct around social issues. We will move forward on our discussions to encourage greater disclosure and policy developments that allow for additional transparency around potential risks. We will work with data providers to help further inform our work, looking to better understand where companies stand in terms of human capital management and performance. We will also evaluate additional resources that will enhance the lens through which we view human rights risks, particularly with additional disclosures developing as a result of Canada's modern slavery law. Moreover, after the initial year of engagements with PRI's Advance, we hope to see some areas of initial response to those discussions and additional progress in terms of addressing and building transparency around human rights risks.

Environmental

In 2024, we continue to refine our work of integrating climate risks and opportunities into applicable investment processes and stewardship efforts. We are focused on establishing a climate engagement framework. Until now we have focused on engaging with the highest contributors to TDAM's financed emissions. This has led to a climate focus list that is overweighted towards the companies in our portfolios with the highest Scope 1 and 2 emissions, which are heavily skewed towards oil, gas and utilities companies. Recognizing the importance of seeing real-world emissions reductions, not just portfolio-level emissions reductions, we are developing a framework that will elevate engaging with companies in the demand-heavy sectors, such as heavy industry, agriculture, real estate and transportation. Ultimately, this will change the profile of our climate focus list, broadening both our sector and geographic reach.

We are also including the developments from the UAE Consensus, an outcome from COP28 in Dubai, in our engagement approach moving forward. The UAE Consensus included an unprecedented call to transition energy systems in a just and orderly fashion and to triple the deployment of renewable energy by 2030.⁵⁴ Given these landmark shifts, we will continue to remain engaged with energy companies in our portfolios. As we near the mid-decade, investors at large expect heavy emitters to move away from the planning phase into demonstrating measurable progress against plans. We will echo these expectations in our engagements with our portfolio companies.

In terms of biodiversity, we will continue to look for ways to expand our understanding of biodiversity risks within portfolios. Part of this effort will include consideration of collaborative efforts that have potential to move the needle and elevate the discussion on preserving natural capital. We will also stay tuned to developments globally as the discussion around nature-related risks and opportunities evolves.

Knowledge Building

We will continue to invest in our people as they look to build up their expertise in sustainable investing. The enhanced knowledge will allow us to better perform our work, factoring in a growing body of ESG-oriented information. We have budgeted for formal sustainable investing training for each investment team professional and will continue to encourage knowledge building both internally and via external organizations. Knowledge sharing will extend to TDAM's board of directors as well, with the Head of the ESG R&E team presenting on TDAM's ESG practices and progress, including TDAM's PRI assessment.

Client-Driven and Thematic ESG-Focused Funds

Our product suite has grown substantially over the last couple of years, with a new dedicated fixed income solution, the TD North American Sustainability Bond Fund, launched at the start of 2023. We will continue to evaluate our ESG-focused funds, taking into account market opportunities, investment themes and our clients' requirements. ■

⁵⁴ Source: United Nations Framework Convention on Climate Change, COP28: <https://unfccc.int/cop28>

TDAM ESG Memberships & Affiliations

Signatory of:



A proud supporter of:





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Please read the fund facts or summary documents and the prospectus, which contain detailed investment information, before investing in the Funds. The Funds are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer and are not guaranteed or insured. Their values change frequently. There can be no assurances that a money market fund will be able to maintain its net asset value per unit at a constant amount or that the full amount of your investment will be returned to you. Past performance may not be repeated. All products contain risk. Important information about the pooled funds is contained in their respective offering circular, which we encourage you to read before investing. Please obtain a copy. The indicated rates of return are the historical annual compounded total returns of the funds including changes in unit value and reinvestment of all distributions. Yields, investment returns and unit values will fluctuate for all funds. 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