

2004 HIGHLIGHTS:

NEW ENTERPRISE-WIDE ENVIRONMENTAL POLICY • ECO-EFFICIENCY PRACTICES
• ENVIRONMENTAL DUE DILIGENCE IN LENDING PROCESSES • \$2.7 MILLION TO
SUPPORT COMMUNITY ENVIRONMENTAL PROJECTS • OVER 1,000
ENVIRONMENTAL PROJECTS FUNDED ACROSS CANADA

The future matters to our environment

Taking action to protect our planet is a shared responsibility. We've stepped forward to incorporate environmental considerations in all we do.

At TDBFG we demonstrate our respect for the environment in many ways: as a consumer of goods and natural resources; as a major lender; by sharing our resources as a charitable donor; and by engaging our communities and volunteers in environmental initiatives.

We recognize that addressing ecological concerns also matters deeply to our stakeholders. In a large organization, it is not easy to ensure that our activities are environmentally sensitive at all times, however, we continue to take meaningful steps – including measures implemented in 2004 as discussed in this section – to foster responsible business practices and ongoing improvement in our approach to caring for the environment.

MINIMIZING OUR ENVIRONMENTAL FOOTPRINT

As part of our commitment to protecting and preserving the environment, TDBFG implements sound environmental management practices.

As a major corporate citizen and financial services provider, we need to effectively manage our environmental risk exposures through our lending and investment decisions and, in particular, focus on minimizing the environmental footprint of our operations. We're working to reduce the negative impacts of our businesses and have made a commitment to the environment an integral part of how we operate. Outlined below are some of our environmental programs and eco-efficiency practices.

Our Properties and Facilities

Our retail and corporate real estate departments are dedicated to managing our facilities in an environmentally responsible manner that helps preserve and maximize the sustained use of renewable and non-renewable resources. For example:

- We operate our retail branch network to efficiently use building materials, services, and energy resources, including proactive environmental abatement initiatives. Over the past year, we implemented a major retail branch designated substance review program, resulting in more than 200 site assessments and more than 50 environmental projects. We also completed an additional 20 remediation projects to address mould, oil tanks, and other hazardous products.
- We specify that all branch landscaping and lawn maintenance is pesticide-free and all maintenance services use water-based or environmentally friendly cleaning chemicals and materials.
- We participate in recycling and energy conservation programs in our corporate offices, including our company-owned buildings, aimed at reducing material and energy intensity. For example:

- At our corporate and operations complexes in Mississauga and Scarborough, Ontario, we recycled more than 237.9 metric tonnes of paper and 29.57 tonnes of cardboard. At the TD Centre in Toronto, in which TDBFG is a major tenant, we contributed more than 1,029.6 metric tonnes of materials to the complex's recycling program, equivalent to 72.9% of all waste produced.



"We came together to make a big difference for the environment during the shoreline clean-up event. It's so important to everyone, especially the younger generation and their future, to have a cleaner and safer environment. It's a terrific feeling to know that you can give back to your community, no matter how small it is, because every bit counts." Sherrida Nasir, Administrative Assistant, TDBFG

INTRODUCING A NEW ENVIRONMENTAL POLICY

DURING 2004, A MULTIDISCIPLINARY GROUP WITHIN TDBFG DEVELOPED A NEW ENVIRONMENTAL POLICY TO INTEGRATE EXISTING POLICIES AND STANDARDIZE OUR ACTIVITIES, ENSURING THAT RESPONSIBLE ENVIRONMENTAL CONDUCT IS MANAGED, PRACTICED, AND MEASURED IN A CONSISTENT WAY.

Applying to all our businesses and corporate support functions globally, this new policy includes guiding principles that commit TDBFG to:

- Responsibly manage all aspects of our business to promote environmental protection;
- Ensure employees as necessary are aware of and implement the policy and identify ways to improve environmental performance;
- Encourage relationships with suppliers who have procedures in place to manage and comply with environmental laws or risks applicable to their businesses;
- Regularly review and update environmental processes;
- Cooperate with government, the business community, and stakeholders in support of responsible environmental management and accountability, and communicate with relevant stakeholders on environmental aspects of our operations;
- Maintain a credit policy to protect against environmental risk;
- Support local, community-based environmental activities, such as the TD Friends of the Environment Foundation;
- Take a responsible approach to energy conservation and managing hazardous products and processes, and encourage conservation by recycling, reduction, and re-use initiatives; and
- Take reasonable care to prevent or avoid environmental incidents associated with our operations.

The new policy, which will be implemented in 2005, will be the cornerstone to create a formal enterprise-wide Environmental Management System (EMS). Once developed, the EMS will define environmental standards, procedures, responsibilities, and compliance mechanisms.

- We have worked with our TD Centre landlord to reduce energy consumption by two hours each day and installed automated systems to activate lighting and air conditioning on specific floors when needed. This has produced energy savings of 9.5 million kilowatt hours per year, and similar programs in regional offices have saved an additional 1.5 million kilowatt hours per year of power.

Our Banking Services

TD Canada Trust was among the first major Canadian financial institutions to roll out paperless banking services, eliminating some branch transaction documents and reducing paper consumption. The introduction of electronic bill payment processes in branches also resulted in a dramatic reduction in paper bill volumes.

We encourage customers to use paperless banking methods, such as pre-authorized bill payments, telephone and online banking, online transfers, and direct deposit programs. In 2003 and 2004, our customers increasingly took advantage of these electronic services:

- 37% of customers use account passbooks, down by 4% since last year.
- Paperless record keeping grew by 59% and is now used by more than 9% of all personal accounts.
- Cheque volumes declined by 5% versus the previous year.
- Our ABMs let customers decline a transaction printout, reducing paper and waste considerably.

Our efforts to achieve business efficiencies also produce direct or indirect environmental benefits; for example, as we move business processes from paper-based files to electronic systems,



TD Canada Trust locations utilize pesticide-free landscaping and lawn maintenance, including water-based or eco-friendly supplies.

we eliminate the need to produce, re-print, and destroy hard-copy editions.

Our Lending Practices

Because we are a major provider of lending and credit services, environmental considerations are incorporated into our lending and risk management processes to mitigate environmental liability that could accrue to the Bank, for both new and existing clients.

Within Commercial Banking, we incorporate appropriate environmental due diligence as an integral part of the lending process. Bankers conduct site visits with all borrowers, and each account is assigned an environmental risk rating. Based on the environmental risk rating, an environmental questionnaire or Phase I or II assessment may be required.

Similarly, on the wholesale banking side, TD Securities adheres to an environmental risk policy and does not proceed with lending or underwriting transactions until satisfied that all environmental regulations have been followed. We carefully consider a client's environmental policy and track record and conduct in-depth due diligence (including site visits, environmental questionnaires, and Phase I or II reports completed by qualified, accredited professionals) based on the assessed environmental risk rating. Where there are legal issues regarding the applicability of environmental law to the Bank's position, TD Securities will engage experienced outside counsel. We also pay particular attention to each client's corporate governance practices, assessing the independence, experience, and qualifications of the members of the board of directors in light of the board's duty to supervise management decision-making in all areas, including environmental responsibility.

Purchasing Decisions Produce Environmental Benefits

We attempt to incorporate environmental values into our purchasing decisions and, whenever possible, we seek environmentally responsible suppliers who meet or exceed government guidelines or ISO certifications that encompass environmental standards. For example:

- We have a major program in place to recycle printer and photocopier toner cartridges. Last year we returned more than 22,672 printer cartridges to our suppliers, amounting to more than 70% of printer cartridges purchased across the Bank during 2004, with the remainder still in use or in storage. This far exceeds the typical return rate of 30% for toner cartridges in North America.
- We participate in confidential paper-shredding programs across Canada.
- Our cheques are printed using vegetable-based inks on recyclable paper. In addition, cheque packaging has been designed to reduce waste and cheque storage cartons are made from recycled board. Vendors of letterhead and business cards use at least 20% post-consumer materials and vegetable oil inks and recycle chemical wastes.
- The majority of marketing materials produced on behalf of TDBFG, including brochures and posters, are produced on chlorine-free, recycled paper using high percentages of post-consumer waste paper whenever possible. Only lower VOC inks are used, and all possible residue chemicals and manufacturing supplies are reprocessed and recycled, including solvents, cleaning agents, oils, and printing plates.



To reduce yearly energy consumption at our Toronto headquarters, we're among the first downtown towers to participate in a deep lake water cooling project, which uses cold Lake Ontario water in our air conditioning systems.

Giving Investors Environmental Choices

Investors require detailed and regular communications so our wealth management area has introduced ways to lower printing and distribution volumes and avoid duplicate mailings. We also provide clients with service options that reduce consumption of printed materials:

- Since 1999, we have offered TD eFunds, 12 low-cost index funds that allow investors to access their accounts, execute trades, and receive communications online. These funds eliminate paper waste while also lowering overall fund expenses.
- Any TD Mutual Funds® investor can choose the eDocuments option so that they receive unitholder communications exclusively via the Web, such as confirmations and statements.
- As a result of recent proposed regulatory changes, we give TD Mutual Funds unitholders the ability to "opt in" if they want to receive printed versions of annual and semi-annual financial reports and, as a result, we are able to reduce quantities of these reports by up to 93%.
- TD Waterhouse® was the first Canadian broker to offer online access to self-directed brokerage statements and trade confirmations. TD eServices lets clients view these documents plus mutual fund prospectuses online through WebBroker®.

Customers who wish to choose investments with a focus on ethical and environmental issues have access to a number of third-party ethical mutual funds by opening a TD Waterhouse brokerage account.

Reusing Redundant Supplies and Equipment

Re-using materials is one of the best ways to protect our environment, and every year TDBFG donates refurbished computers, laptops, printers, and other equipment for use

in the community; for example, in 2004 we provided the Children's Aid Society of Toronto with more than 40 computer components including PCs and monitors. Also, the Computers for Schools program in Ontario received 107 computers and Engineers Without Borders was the recipient of 44 personal computers to support their outreach activities.

Partnering to Achieve Environmental Goals

TDBFG is working as a partner with others in the financial sector to develop industry-wide solutions to environmental issues, both on a domestic and international basis. As a member of the United Nations Environmental Program Finance Initiatives (UNEP), we are a signatory to the Statement by Financial Institutions on the Environment & Sustainable Development. With a mandate of promoting environmental responsibility in the financial sector, UNEP members discuss ways to balance economic development with environmental protection and responsible development. The UNEP initiative encourages financial institutions to use environmentally sound practices in their internal operations, including environmental issues in their risk management activities, and developing products and services that promote the environment.

TDBFG is also a member of the Canadian Bankers Association's Environmental Issues Advisory Group so that bank representatives can assess ways to incorporate environmental issues and regulations into policies and practices, and jointly address environmental issues that affect the banking industry as a whole. This group works with other national associations to develop environmental standards relating to lending practices and environmental assessments.



SUPPORTING ENVIRONMENTAL INITIATIVES IN THE COMMUNITY

To help protect Canada's natural surroundings, TDBFG has been supporting community environmental projects for the past 15 years with the TD Friends of the Environment Foundation (FEF).

Truly a grassroots effort, FEF is a not-for-profit organization whereby customers, employees, and TDBFG work together to donate both time and money to assist Canadians dedicated to:

- 1) Protecting and preserving the environment;
- 2) Assisting children in understanding and participating in environmental activities in their community; and
- 3) Conducting environmental research and promoting cooperation among environmental organizations.

Not only is FEF one of our flagship community programs, it's also a top corporate foundation in Canada by both the number of grants provided each year and their total dollar value. In 2004 alone, FEF contributed more than \$2.7 million to more than 1,000 community-based environmental projects across the country, a few of which are highlighted in this section.

Each year TDBFG contributes \$1 million to FEF and also covers its administrative costs. Customers and employees can donate funds through their TD Canada Trust account to more than 115 local FEF chapters across the country. They can also volunteer as advisory board members for FEF chapters in their communities, to help evaluate and recommend local projects for funding. Last year, over 150,000 customers donated funds, and more than 1,100 customers and employees volunteered as advisory board members.

Since its inception in 1990, the TD Friends of the Environment Foundation has provided over \$34.8 million to more than 14,100 projects.

Protecting the Canadian Environment

To maintain and nurture Canada's precious resources, land, and wildlife for future generations, it's essential that we are proactive now. Here are some of the projects FEF sponsored in 2004:

- **The Pacific Orca Society:** Robson Bight, a sheltered bay in Johnstone Strait northeast of Vancouver Island, serves as a focal point for Orca whales during the summer months. Funding was provided for Web-casting equipment that provides live recordings of the whales, with the aim of reducing the demand for public access to view them in the ecological reserve.
- **Wildlife Rehabilitation:** Numerous facilities are devoted to caring for injured and orphaned wild animals with the goal of eventual release. FEF funding is helping make it possible to institute innovative treatments, new equipment, and holding facilities within such places as Spruce Cove Wildlife Rehabilitation Centre in South Shore, Nova Scotia; the Calgary Wildlife Rehabilitation Society in Alberta; and the Critter Care Wildlife Society in Langley, British Columbia.
- **Manitou Rapids' Garden of Life:** Seven years ago, experts anticipated a 20-year life expectancy of Thunder Bay, Ontario's Rainy River First Nations landfill. Instead, it is expected that this landfill will be exhausted by 2008. To extend the life of the landfill, FEF contributed to a new garden and composting initiative.



Left: FEF volunteers clean-up a shoreline in Fort McMurray, Alberta, helping to preserve water quality and protect marine life by creating a safer, garbage-free habitat.

Right: Through in-branch advertising and Web promotion, FEF encourages employees, customers, families, and friends to get involved in preserving and protecting the environment.

Shoreline Cleanup

One of largest conservation efforts in Canadian history.

If thousands of people taking time out of their busy schedules to pick up tires, cigarette butts, food wrappers, and other debris is any indication, Canadians recognize the severity of aquatic garbage as a threat to wildlife and the environment. From September 11 to 19, 2004, a record-breaking 33,500 volunteers from across Canada pitched in to clean ocean, river, stream, and lake shorelines as part of the 2004 Great Canadian Shoreline Cleanup.

Presented by the TD Friends of the Environment Foundation, it's one of the largest marine conservation action programs in Canada. Participation climbs every year, with a whopping 13,000 more volunteers in 2004 than the previous year, in part due to a major awareness-raising campaign by TDBFG.

The week-long event last year was truly a national affair, with cleanup sites in every province and territory. In Fort McMurray, Alberta, for example, a team of TDBFG employees and their families volunteered 86 total hours, cleaning 8 km of the Clearwater River shoreline. Of the 2.4 metric tonnes (eight truckloads) of debris removed, a few interesting items were found along the river, including a couch, a refrigerator, a tricycle, and live fireworks!

Facts:	History:
<ul style="list-style-type: none">• Number of volunteers: 33,500• Number of cleanup sites: 675• Distance of shoreline cleaned: Over 1,250 km• Number of garbage bags removed: More than 7,750• Weight of garbage removed: Over 78,600 kg	<ul style="list-style-type: none">• FEF has supported this initiative since it started 11 years ago in B.C. as an annual local conservation program of the Vancouver Aquarium.• It ranks as the world's third-largest shoreline cleanup in terms of volunteer participation.• The 2004 campaign was one of the largest coordinated conservation efforts in Canada's history.



FEF supports Timiskaming District School Board's *TERRA* Program (*Teaching Ecological, Responsibility, Recreation and Adventure*). Participants take part in *TERRA*'s nighttime banding program of the Northern Sawwhet Owl in New Liskeard, Ontario.

Environmental Education

Community-involved educational programs, for young Canadians especially, go a long way to generate interest in environmental issues and create an environmentally friendly culture. In 2004, FEF provided support to:

- **I.C.O.C. Trees for Life:** The "Grow a Tree" project educates kids through riddles, jokes, and hands-on activities about the roles trees play in maintaining the ecological balance on our planet. Funding was provided to cover teachers' manuals and students' kits in participating schools in the areas of Regina, Saskatchewan, St. Albert and Spruce Grove, Alberta, and Winnipeg, Manitoba.
- **Scientists in school:** Halifax's Discovery Centre offers educational workshops that encourage hands-on experimentation to learn about key environmental issues, such as water conservation, pollution in water, and composting. FEF funds helped develop and deliver the workshops.
- **Everdale Environmental Learning Centre:** HOMEALIVE! is a demonstration model home constructed at Everdale in the Guelph-Orangeville, Ontario, area last year that continually assesses its current state and adapts by self-organizing in the most beneficial way. An informative educational pathway through the house, which is open to the public, explains all the different elements and how they function. FEF funds were used for the installation of the gardens and the wet-land used for the home's grey water system.
- **Naturalization projects:** Across Canada, schoolyard naturalization projects provide outdoor learning grounds that support the curriculum and encourage children to get involved with nature. To name a few, FEF funds were allocated to

projects at the Terry Fox Elementary School in Barrie, Ontario; École Jardin LaSalle in Montreal, Quebec; and schoolyards throughout Corner Brook, Newfoundland.

Supporting Environmental Research

Our changing environmental conditions require consistent monitoring to assess societal impacts on the ecosphere and the effectiveness of restoration efforts. In 2004, to encourage research and knowledge-sharing, FEF contributed to:

- **Rocky Point Bird Observatory:** The unique topography and ecosystems of the Strait of Juan de Fuca in Victoria, B.C. serve as a migratory stopover for many bird species. FEF funds are aiding in nocturnal acoustic monitoring of the birds, and the data will help shape future policies related to bird conservation and management.
- **Halifax Environmental Monitoring Network:** Funding provided by FEF assisted in the purchase of water-quality monitoring equipment for use by community-based organizations. Such equipment monitors and measures the environmental water quality of ecosystems in Halifax communities.
- **Destination Eagle:** In collaboration with the Canadian Wildlife Service and Ontario Ministry of Natural Resources, Bird Studies Canada initiated a project in the London area to determine where juvenile eagles are acquiring toxic chemicals. Using satellite telemetry to track the migratory birds, their journeys will be transmitted in real time on the Internet to engage community interest and advance understanding of local wildlife.

More info: www.fef.ca