

**RISK COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF THE TORONTO-DOMINION BANK**

**CHARTER**

In this Charter, "Bank" means The Toronto-Dominion Bank on a consolidated basis.

***Main Responsibilities:***

- Approving the Enterprise Risk Framework ("ERF") and related risk category frameworks and policies that establish the appropriate approval levels for decisions and other measures to manage risk to which the Bank is exposed
- Reviewing and recommending the Bank's Enterprise Risk Appetite Statement for approval by the Board and overseeing the Bank's major risks as set out in the ERF
- Reviewing the Bank's risk profile and performance against Risk Appetite
- Providing a forum for "big-picture" analysis of an enterprise view of risk including consideration of trends, and current and emerging risks

***Independence is Key:***

- the Committee is composed entirely of independent directors
- the Committee meets without management present at each Committee meeting
- the Committee has the authority to engage independent advisors, paid for by the Bank, to help it make the best possible decisions on risk management

***Composition and Independence, Experience and Authority***

The Committee shall be composed of members of the Board of Directors in such number as is determined by the Board with regard to the by-laws of the Bank, applicable laws, rules and regulations and any other relevant considerations.

No member of the Committee may be an officer or retired officer of the Bank. Every member of the Committee shall be independent of the Bank within the meaning of applicable laws, rules and regulations and any other relevant considerations as determined by the Board of Directors, including the Bank's Director Independence Policy.

The members of the Committee shall be appointed by the Board and shall serve until their successor is duly appointed, unless the member resigns, is removed, or ceases to be a director. A Chair will be appointed by the Board upon recommendation of the Corporate Governance Committee, failing which the

members of the Committee may designate a Chair by majority vote. The Committee may from time to time delegate to its Chair certain powers or responsibilities that the Committee itself may have hereunder, and if the Chair exercises such powers and responsibilities, the Chair shall report to the Committee with respect to their actions.

In addition to the qualities set out in the Position Description for Directors, all members of the Committee should have a sound understanding of the types of risks to which the Bank may be exposed and of the techniques and systems used to identify, measure, monitor, report on and mitigate those risks, or be willing and able to acquire the necessary knowledge quickly. Committee members may enhance their familiarity with risk management issues by participating in educational sessions conducted by the Bank or an outside consultant.

In fulfilling the responsibilities set out in this Charter, the Committee has the authority to conduct any investigation it deems appropriate to, and access any officer, employee or agent of the Bank for the purpose of fulfilling its responsibilities, including, without limitation, the shareholders' auditor. The Committee may obtain advice and assistance from outside legal, accounting or other advisors as the Committee deems necessary to carry out its duties and may retain and determine the compensation to be paid by the Bank for such independent counsel or outside advisor in its sole discretion without seeking Board approval.

### ***Meetings***

The Committee shall meet at least four times annually, or more frequently as circumstances dictate or as the mandate requires. The Committee shall dedicate a portion of each of its regularly scheduled meetings to meeting separately with the Chief Risk Officer of the Bank and other selected members of management as considered necessary by the Committee, and at each meeting shall meet on its own without members of management. Any member of the Committee may make a request to the Chair for a Committee meeting or any part thereof to be held without management present. The Committee shall also meet with the Office of the Superintendent of Financial Institutions Canada ("OSFI") to review and discuss the results of OSFI's annual supervisory examination of the Bank in the event OSFI directs that it meet with the Committee instead of the full Board. The Committee may also meet with the shareholders' auditor from time to time as determined by the Committee.

To facilitate open communication between this Committee and the Audit Committee, and where the Chair of the Audit Committee is not a member of this Committee, the Chair of the Audit Committee shall have a standing invitation to attend each meeting of this Committee at their discretion, as a non-voting observer, and receive the materials for each such meeting. In addition, this Committee shall meet with the Audit Committee at least two times annually to discuss topics relevant to both Committees.

The Committee may invite to its meetings any director, member of management of the Bank or such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

### ***Specific Duties and Responsibilities***

To fulfill its responsibilities and duties, the Committee shall satisfy itself that a sound enterprise risk framework, including related frameworks, policies, procedures and practices are implemented to manage the Bank's key risks. More specifically, the Committee shall:

#### ***Enterprise Risk Framework and Risk Appetite***

1. Review and approve the ERF which sets the direction for how the Bank manages risk to its business operations in alignment with its overall strategy. The ERF describes: (a) the Bank's Risk Inventory and major categories of risk, (b) the Bank's risk governance and organizational structure; and (c) the risk management processes developed to identify and assess, measure, control, monitor and report on risk.
2. Review and approve the significant risk management frameworks and policies recommended by management to manage the Bank's major risk exposures. These frameworks and policies are reviewed regularly as determined by the Committee, and include those required by regulatory authorities.
3. Review and approve the delegation of risk and credit limits to management and approve any transactions exceeding those delegated authorities.
4. Review and recommend the Bank's Enterprise Risk Appetite Statement and related principles and measures for approval by the Board at least annually and on the recommendation of the Chief Risk Officer.
5. Review and approve the Risk Appetite Governance Framework and monitor the Bank's risk profile and performance against its Risk Appetite as well as review any material exceptions to the Bank's Risk Appetite as reported by senior management.
6. Review Risk Management's annual assessment of the Bank's performance against the Enterprise Risk Appetite Statement, which, among other things, may be used as input for the Human Resources Committee ("HRC") as part of the compensation process.
7. Meet annually with the HRC to review the Bank's performance against the Enterprise Risk Appetite Statement prior to the HRC determining year-end compensation.
8. Receive presentations, regular reports and other information to understand the top and emerging risks to which the Bank is exposed including identifying material, emerging and non-traditional risk issues and trends.
9. Review and discuss annual Enterprise-Wide Stress Testing scenarios and

results, as well as results from regulatory and other ad hoc stress tests and analysis, as required.

10. Regularly review Operational and Model Risk updates, with oversight of significant enterprise projects, initiatives and related risk assessment processes, including with respect to risks related to technology, cybersecurity, third parties, data and artificial intelligence.
11. Regularly review the Bank's risk management performance and obtain reasonable assurance that the Bank's risk management policies for significant risks are being adhered to.
12. Review reports on the amount, nature, characteristics, concentration and quality of the Bank's credit portfolio, as well as significant credit exposures and exceptions to risk policies and controls, and trends in portfolio quality (credit and position risk), trading and non-trading market risk including interest rate risk, liquidity risk, economic trends and other risk information.
13. Review regular reports on the Bank's significant environmental and social risk (including risks arising from climate change) as identified by the Bank's management.
14. Review the provisioning methodology for credit losses and adequacy of the Bank's provisions for credit losses.
15. Review annually the Bank's material outsourcing arrangements, and approve its outsourcing policy in accordance with the approved policy review cycle.
16. Review and approve the Bank's Crisis Management Recovery Plan and the Resolution Plan, and any similar crisis management recovery or resolution plan of the Bank in accordance with applicable regulatory guidelines.
17. Receive regular liquidity risk reports and annually approve the acceptable level of liquidity risk in respect of the combined U.S. operations<sup>1</sup> in accordance with applicable regulatory requirements.
18. Review and approve the Bank's Internal Control Policy which sets out the minimum requirements for establishing and maintaining effective internal control across the Bank, recognizing that the Audit Committee is responsible for overseeing and monitoring the effectiveness of internal controls.
19. The Committee reviews reports from the Internal Audit Division on the adequacy and effectiveness of internal control to support the Committee's oversight of enterprise risk management. In addition, the Committee shall periodically monitor the independent assessment by the Internal Audit Division of significant risk-related issues.
20. Review and approve any other matters required by OSFI and other relevant

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<sup>1</sup> The combined U.S. operations or "CUSO" comprise TD Group US Holdings LLC and its subsidiaries together with The Toronto-Dominion Bank's U.S. branch and agency network.

regulators from time to time.

### *Risk Management Governance and Oversight*

The Committee shall oversee Risk Management, including reviewing and approving the mandates of Risk Management and the Chief Risk Officer at least annually. The Committee shall satisfy itself that Risk Management has adequate resources and independence to perform its responsibilities. In addition, the Committee shall:

- review and approve, at least annually, the Risk Management budget and resource plan, including assessing the adequacy of both as well as reviewing the succession plans for the Chief Risk Officer of the Bank;
- confirm the appointment and dismissal of the Chief Risk Officer of the Bank;
- at least annually assess the effectiveness of the Risk Management function;
- periodically review the results of a benchmarking of the Risk Management function conducted with the assistance of an independent third party;
- at least annually review the adequacy of the Bank's insurance coverage, including directors and officers insurance coverage and approve any material changes to the Bank's insurance coverage, including any material changes to the Bank's directors and officers insurance coverage;
- annually convey its view of the performance of the Chief Risk Officer to the Chief Executive Officer of the Bank as input into the compensation approval process;
- review and discuss regular reports prepared by the Chief Risk Officer including with regard to reports by supervisory authorities related to Risk Management, together with management's response and follow-up on outstanding issues, as necessary, including proactive consideration of whether deficiencies in one area may be present in other areas; and
- provide a forum for the Chief Risk Officer to have unfettered access to the Committee to raise any risk issues or issues with respect to the relationship and interaction between Risk Management and senior management of the Bank, Internal Audit Division, the shareholders' auditor and/or regulators.

### *General*

The Committee shall have the following additional general duties and responsibilities:

- review and assess the adequacy of this Charter at least annually and submit this Charter to the Corporate Governance Committee for review and recommendation to the Board for approval; noting that changes considered administrative by the Chair of the Risk Committee and the Board Chair can be reviewed and approved by the Corporate Governance Committee throughout the year and aggregated once per year for review and concurrence by the Board;

- from time to time and as needed, Committee members will participate in educational sessions to enhance their familiarity with risk-related issues;
- conduct an annual evaluation of the Committee to assess its contribution and effectiveness in fulfilling its mandate;
- perform such other functions and tasks as may be mandated by legal and regulatory requirements applicable to risk management committees or delegated by the Board;
- review significant pronouncements and changes to key regulatory requirements relating to the risk management area of the Bank;
- the Committee Chair will report to the Board on recommendations and material matters arising at Committee meetings and any significant matters that arise between Board meetings and shall report as required to the Audit Committee on issues of relevance to it; and
- maintain minutes or other records of meetings and activities of the Committee.

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