



THE TORONTO-DOMINION BANK
CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS

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

Part I: Main Responsibilities

- 1.1 Overseeing reliable, accurate and clear financial reporting to shareholders;
 - 1.2 Overseeing the effectiveness of internal controls, including internal control over financial reporting;
 - 1.3 Recommending to the Board the shareholders' auditor to be put forward for approval by the shareholders and the compensation and terms of engagement of the shareholders' auditor for approval by the Board;
 - 1.4 Overseeing the work of the shareholders' auditor, including requiring the shareholders' auditor to report directly to the Committee;
 - 1.5 Reviewing reports from the shareholders' auditor, Chief Financial Officer, Chief Auditor, Chief Compliance Officer, and Chief Anti-Money Laundering Officer, and evaluating the effectiveness and independence of each;
 - 1.6 Overseeing the establishment and maintenance of policies and programs reasonably designed to achieve and maintain the Bank's compliance with the laws and regulations that apply to it;
 - 1.7 Acting as the audit committee for certain subsidiaries of the Bank that are federally regulated financial institutions.
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Part II: Independence

- 2.1 The Committee must be composed entirely of independent directors;
- 2.2 The Committee meets without management or the shareholders' auditor present at each Committee meeting and will include such a session on the agenda of each regularly scheduled Committee meeting;

- 2.3 The Committee has the authority to engage, at the Bank's expense, independent advisors to help it make the best possible decisions on the financial reporting, accounting policies and practices, disclosure practices, compliance, and effectiveness of internal controls of the Bank and may invite them to attend and participate in meetings.
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Part III: Composition and Independence, Financial Literacy and Authority

- 3.1 The Committee will be composed of members of the Board of Directors in such number as will be determined by the Board with regard to the by-laws of the Bank, applicable laws, rules and regulations, and any other relevant considerations, subject to a minimum requirement of four directors.
- 3.2 No member of the Committee may be an officer or retired officer of the Bank. Every member of the Committee must be independent of the Bank within the meaning of all applicable laws, rules and regulations including those particularly applicable to audit committee members and any other relevant consideration as determined by the Board of Directors, including the Bank's Director Independence Policy.
- 3.3 No member of the Committee may serve on more than three public company audit committees (including the Bank) without the consent of the Corporate Governance Committee and the Board.
- 3.4 The members of the Committee will be appointed by the Board and will serve until their successor is duly appointed, unless the member resigns, is removed, or ceases to be a director.
- 3.5 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 will report to the Committee with respect to their actions.
- 3.6 In addition to the qualities set out in the Director Position Description, all members of the Committee must be financially literate or be willing and able to acquire the necessary knowledge quickly. "*Financially literate*" means the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Bank's financial statements.
- 3.7 At least one member of the Committee must have a background in accounting or related financial management experience which would include any experience or background that results in the individual's financial sophistication, including being

or having been an auditor, a chief executive officer, chief financial officer or other senior officer with financial statement experience.

- 3.8 The Committee has the authority to conduct any investigation it deems appropriate, and to access any officer, employee or agent of the Bank, for the purpose of fulfilling its responsibilities, including the shareholders' auditor.
- 3.9 The Committee may obtain, at the Bank's expense, advice and assistance from outside legal, accounting or other advisors as the Committee deems necessary to carry out its duties. It may retain and determine the compensation to be paid for such independent counsel or outside advisor in its sole discretion without seeking Board approval.
- 3.10 Committee members will enhance their familiarity with financial, accounting and other areas relevant to their responsibilities by participating in educational sessions or other opportunities for development. With respect to financial reporting specifically, the Committee will keep abreast of trends and best practices in financial accounting and reporting, as well as related internal controls including considering, as they arise, topical issues and their application to the Bank.

Part IV: Meetings

- 4.1 The Committee will meet at least four times annually, or more frequently as circumstances dictate or as the mandate requires.
- 4.2 The Committee will meet with the shareholders' auditor and management quarterly to review the Bank's financial statements consistent with the section entitled "Financial Reporting" below.
- 4.3 The Committee will dedicate a portion of each of its regularly scheduled meetings, held four times a year, to meeting separately with each of the following:
 - Chief Compliance Officer, and
 - Chief Anti-Money Laundering Officer.
- 4.4 The Committee will dedicate a portion of each of its regularly scheduled quarterly meetings to meeting separately with each of the following:
 - Chief Executive Officer,
 - Chief Financial Officer,
 - General Counsel of the Bank,
 - Chief Auditor,
 - Chief Risk Officer, and
 - Shareholders' auditor.

- 4.5 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.
- 4.6 To facilitate open communication between this Committee and the Risk Committee, and where the Chair of the Risk Committee is not a member of this Committee, the Chair of the Risk Committee will have a standing invitation to attend each meeting of this Committee at his or her discretion as a non-voting observer and receive the materials for each such meeting.
- 4.7 The Committee may conduct its meetings, in whole or in part, in conjunction with meetings of the other Committees of the Board and will meet with the Risk Committee at least once annually to discuss topics relevant to both Committees.
- 4.8 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 exclude from its meetings any persons it deems necessary to ensure the proper fulfillment of its duties.
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Part V: Specific Duties and Responsibilities

5.1 Financial Reporting

- 5.1.1 The Committee is responsible for the oversight of reliable, accurate and clear financial reporting to shareholders, including reviewing and discussing:
- a. The Bank's annual and interim consolidated financial statements and management's discussion and analysis ("MD&A"), prior to approval by the Board, submission to appropriate regulators and release to the public;
 - b. The shareholders' auditor opinion on the annual financial statements and on the Bank's internal control over financial reporting; and
 - c. Potential material non-public information of the Bank, prior to release to the public.
- 5.1.2 In addition, the Committee's review will include, when appropriate but at least annually, discussion with:
- Management,
 - The Internal Audit Division, and
 - The shareholders' auditor,

of significant issues regarding accounting principles and policies, industry practices and trends on financial statements, and MD&A disclosures, including non-GAAP and other financial measures (e.g., Items of Note), and significant management estimates and judgments.

- 5.1.3 The Committee reviews and recommends for approval to the Board the earnings news releases and satisfies itself that adequate procedures are in place for the review of the Bank's public disclosure of financial information extracted or derived from the Bank's financial statements, other than the public disclosure in the Bank's annual and interim consolidated financial statements and MD&A and must periodically assess the adequacy of those procedures.

5.2 Financial Reporting Process

The Committee supports the Board in its oversight of the financial reporting process of the Bank including by:

- 5.2.1 Working with management, the shareholders' auditor and the Internal Audit Division to review the integrity of the Bank's financial reporting processes for both quarterly and annual reporting undertaken by management;
- 5.2.2 Reviewing the process relating to and the certifications of the Chief Executive Officer and the Chief Financial Officer on the integrity of the Bank's quarterly and annual consolidated financial statements and such other periodic disclosure documents required by regulators or that may be required by law;
- 5.2.3 Reviewing sustainability disclosures required to be included in financial reporting, including any such disclosures relating to climate-related matters;
- 5.2.4 Considering the key accounting policies of the Bank and reviewing in appropriate detail the basis for significant estimates and judgments including but not limited to actuarial reserves, allowances for loan losses and other valuation allowances and discussing such matters with management and/or the shareholders' auditor;
- 5.2.5 Reviewing with management and the shareholders' auditor significant accounting principles and policies and all critical accounting policies and practices used and any significant audit adjustments made;
- 5.2.6 Considering and approving, if appropriate, substantive changes to the Bank's accounting and financial reporting policies as suggested by management;
- 5.2.7 Establishing regular systems of reporting to the Committee by each of:
- Management,
 - The shareholders' auditor, and
 - The Internal Audit Division,
- regarding any significant judgments made in management's preparation of the financial statements and any significant difficulties encountered during the course of the review or audit, including any restrictions on the scope of work or access to required information;
- 5.2.8 Reviewing tax and tax planning matters that are material to the financial statements.

5.3 Roles in the Financial Reporting Process

- 5.3.1 Management is responsible for the Bank's financial reporting process, which includes the preparation, presentation and integrity of the Bank's financial statements and maintenance of appropriate accounting and financial reporting principles and policies, and internal controls and procedures designed to verify compliance with accounting standards and applicable laws and regulations.
- 5.3.2 The shareholders' auditor is responsible for planning and carrying out, in accordance with professional standards, an audit of the Bank's annual financial statements and reviews of the Bank's quarterly financial information.
- 5.3.3 The Committee reviews the results of the review by the shareholders' auditor.

5.4 Internal Controls

- 5.4.1 Management is responsible for devising and maintaining effective internal control over financial reporting and for its assessment of the effectiveness of such internal controls.
- 5.4.2 The Committee is responsible for overseeing the internal control framework and monitoring its effectiveness including by:
 - a. Reviewing management's reports related to the establishment and maintenance of an adequate and effective internal control system and processes (including controls related to the prevention, identification and detection of fraud) that are designed to provide reasonable assurance under properly calibrated materiality in areas including reporting (financial, operational and risk), efficiency and effectiveness of operations and safeguarding assets, monitoring compliance with laws, regulations and guidance, and internal policies, including compliance with section 404 of the U.S. Sarbanes-Oxley Act and similar rules of the Canadian Securities Administrators;
 - b. As part of this review, the Committee will consider and discuss with management whether any deficiencies identified may be classified as a significant deficiency or material weakness;
 - c. Meeting with management, the Chief Auditor and the shareholders' auditor to assess the adequacy and effectiveness of the Bank's internal controls, including internal control over financial reporting and controls related to the prevention, identification and detection of fraud;
 - d. Overseeing the adequacy of governance structures and control processes for all financial instruments that are measured at fair value for financial reporting purposes;

- e. Reviewing reports from the Risk Committee as considered necessary or desirable with respect to any issues relating to internal control policies and the effectiveness of related procedures considered by that Committee in the course of undertaking its responsibilities;
- f. Reviewing reporting by the Bank to its shareholders regarding internal control over financial reporting.

5.5 Internal Audit Division

5.5.1 The Committee will:

- a. Oversee the Internal Audit Division of the Bank and any aspects of the internal audit function that are outsourced to a third party;
- b. Satisfy itself that the Internal Audit Division is sufficiently independent to perform its responsibilities;
- c. Discuss with the Chief Auditor and senior management the authority, roles and responsibilities for the Internal Audit Division and, at least annually, reviews and approves the Internal Audit Division's Charter and the Chief Auditor's mandate and independence attestation;
- d. Review and discuss with the Chief Auditor internal audit priorities and the annual audit plan (including the risk assessment methodology) and approves the audit plan and any significant changes thereto once the Committee is satisfied that the plan is appropriate, risk-based and addresses all the relevant activities and significant risks over a measurable cycle;
- e. Review and approve the annual financial budget, resource plan and performance objectives, and review significant updates to any of them;
- f. Review the Global Internal Audit Policy;
- g. Confirm the appointment and dismissal of the Chief Auditor;
- h. Receive summaries of reports made pursuant to the Raising Conduct and Ethics Concerns Policy with respect to accounting allegation matters on a quarterly basis and with respect to material accounting allegation matters as they arise;
- i. Annually convey its view of the performance of the Chief Auditor to the Chief Executive Officer as input into the compensation approval process;
- j. At least annually assess the effectiveness and operational adequacy of the Internal Audit Division;
- k. Review the results of the independent quality assurance review report on the Internal Audit Division conducted on a five-year cycle, including information

on the qualifications and independence of the assessor(s) and any potential conflict of interest;

- l. Periodically review the results of a benchmarking of the Internal Audit Division conducted with the assistance of an independent third party;
- m. Review and discuss regular reports prepared by the Chief Auditor. This includes internal control over financial reporting and all other information outlined in regulatory guidance, management's response and updates on outstanding findings, and thematic findings across the Bank;
- n. Provide a forum for the Chief Auditor to have unfettered access to the Committee to raise any non-conformance with the Audit Code of Ethics or the standards of the Institute of Internal Auditors that impacts the overall scope or operation of the Internal Audit Division, organizational or industry issues or issues with respect to the relationship and interaction between the Internal Audit Division, management, the shareholders' auditor and/or regulators;
- o. Oversee remediation of deficiencies identified by supervisory authorities related to the Internal Audit Division within an appropriate time frame and review reports on progress of necessary corrective actions.

5.6 Oversight of Shareholders' Auditor

- 5.6.1 The Committee annually reviews and evaluates the performance, qualifications, skills, resources (amount and type), independence and professional skepticism of the shareholders' auditor and recommends to the Board for recommendation to the shareholders, the appointment of the shareholders' auditor.
- 5.6.2 The Committee is responsible for recommending to the Board for approval the remuneration of the shareholders' auditor after satisfying itself that the level of audit fees is commensurate with the scope of work to obtain a quality audit and consider financial reporting risks.
- 5.6.3 The Committee also makes recommendations to the Board for approval regarding, if appropriate, termination of the shareholders' auditor. The shareholders' auditor will be accountable to the Committee and the entire Board, as representatives of the shareholders, for its review of the financial statements and controls of the Bank.
- 5.6.4 In addition, the Committee will:
 - a. Review and approve the annual audit plans and recommend to the Board for approval the engagement letters of the shareholders' auditor and satisfy itself that the plans are appropriate, risk-based and address all the relevant activities over a measurable cycle;
 - b. At least annually, review the shareholders' auditor's processes for assuring the quality of their audit services including ensuring their independence and

any other matters that may affect the audit firm's ability to serve as shareholders' auditor;

- c. Discuss those matters that are required to be communicated by the shareholders' auditor to the Committee in accordance with the standards established by the Chartered Professional Accountants of Canada and the U.S. Public Company Accounting Oversight Board ("PCAOB") and the requirements of the *Bank Act* (Canada) and of the Bank's regulators, including its primary regulator, the Office of the Superintendent of Financial Institutions, as applicable to the Bank from time to time;
- d. Review with the shareholders' auditor any issues that may be brought forward by it, including any audit problems or difficulties, such as restrictions on its audit activities or access to requested information, and management's responses;
- e. Request management to take the necessary corrective actions to address any findings and recommendations of the shareholders' auditor in a timely manner;
- f. Review with the shareholders' auditor concerns, if any, about the quality, not just acceptability, of the Bank's accounting principles and policies as applied in its financial reporting;
- g. Provide a forum for management and the Chief Auditor and/or shareholders' auditor to raise issues regarding their relationship and interaction. To the extent disagreements regarding financial reporting are not resolved, it will be responsible for the resolution of such disagreements between management and the Chief Auditor and/or shareholders' auditor;
- h. At least annually, review and evaluate the qualifications, performance and independence of the lead, and other key senior partners of the shareholders' auditor;
- i. Monitor the rotation timing and, upon rotation of the lead and other key senior partners, assess the qualifications of the shareholders' auditor's proposed new lead and other key senior partners;
- j. Obtain confirmation from the shareholders' auditor of compliance with the requirements for the qualifications for auditors pursuant to the *Bank Act* (Canada), and guidance by other applicable regulators;
- k. At least every five years, conduct a periodic comprehensive review of the shareholders' auditor;
- l. Annually review and discuss the Canadian Public Accountability Board's ("CPAB") and PCAOB's public reports with the shareholders' auditor and, as necessary, discuss any CPAB and/or PCAOB findings specific to the inspection of the Bank's audit.

5.7 Independence of Shareholders' Auditor

5.7.1 The Committee monitors and assesses the independence of the shareholders' auditor through various mechanisms, including by:

- a. Recommending to the Board for approval the audit engagement terms and fees and approving other legally permissible services to be performed by the shareholders' auditor for the Bank, with such approval to be given either specifically or pursuant to pre-approval procedures adopted by the Committee;
- b. Reviewing from the shareholders' auditor, at least annually, a formal written statement confirming independence and delineating all relationships between the shareholders' auditor and the Bank consistent with the rules of professional conduct of the Canadian provincial chartered accountants' institutes or other regulatory bodies, as applicable;
- c. Reviewing and discussing with the Board and the shareholders' auditor, annually and otherwise as necessary, any relationships or services between the shareholders' auditor and the Bank or any factors that may impact the objectivity and independence of the shareholders' auditor;
- d. Reviewing, approving and monitoring policies and procedures for the employment of past or present partners, or employees of the shareholders' auditor as required by applicable laws;
- e. Reviewing, approving and monitoring other policies and procedures put in place to facilitate auditor independence, such as the criteria for tendering the shareholders' auditor contract and the rotation of members of the audit engagement team, as applicable.

5.8 Finance Department

5.8.1 The Committee oversees the Finance Department of the Bank, including by:

- a. Reviewing and approving the mandate of the Finance Department and the mandate of the Chief Financial Officer at least annually;
- b. Reviewing and approving, at least annually, the Finance Department strategic priorities, budget and resource plan, including reviewing reports from management on resource adequacy;
- c. Annually assessing the effectiveness of the Finance Department;
- d. Periodically reviewing the results of a benchmarking of the Finance Department conducted with the assistance of an independent third party;
- e. Annually conveying its view of the performance of the Chief Financial Officer

to the Chief Executive Officer as input into the compensation approval process;

- f. Confirming the appointment and dismissal of the Chief Financial Officer;
- g. Providing a forum for the Chief Financial Officer to have unfettered access to the Committee to raise any financial reporting issues or issues with respect to the relationship and interaction among the Finance Department, management, the shareholders' auditor and/or regulators.

5.9 Compliance

5.9.1 The Committee oversees the establishment and maintenance of policies and programs reasonably designed to achieve and maintain the Bank's compliance with the laws and regulations that apply to it, including by:

- a. Establishing and maintaining procedures in accordance with regulatory requirements for the receipt, retention and treatment of confidential, anonymous submissions of concerns regarding questionable accounting, internal accounting controls or auditing matters, and reviewing reports on such complaints and submissions as required under the applicable policy;
- b. Reviewing professional pronouncements and changes to key regulatory requirements relating to accounting rules to the extent they apply to the financial reporting process of the Bank.

5.10 Global Compliance Department

5.10.1 The Committee will oversee the Global Compliance Department of the Bank and the execution of its mandate and will satisfy itself that the Global Compliance Department is sufficiently independent to perform its responsibilities.

5.10.2 In addition, the Committee will:

- a. Review and approve its annual plan, including its budget, resources and strategic priorities, and any significant changes to the annual plan;
- b. Annually review and approve the mandate of the Global Compliance Department and the mandate of the Chief Compliance Officer;
- c. At least annually assess the effectiveness of the Global Compliance Department;
- d. Periodically review the results of a benchmarking of the Global Compliance Department conducted with the assistance of an independent third party;
- e. Confirm the appointment and dismissal of the Chief Compliance Officer;
- f. Annually convey its view of the performance of the Chief Compliance Officer

to the Chief Executive Officer as input into the compensation approval process;

- g. Review with management the Bank's compliance with applicable regulatory requirements and the Regulatory Compliance Management ("RCM") Program;
- h. Review and discuss reports prepared by the Chief Compliance Officer for the Committee on a quarterly basis including with regard to reports by regulators and supervisory authorities related to the Global Compliance Department, the Bank's RCM program or the Bank's compliance with applicable laws and regulations and follow-up on any outstanding issues including proactive consideration of whether deficiencies in one area may be present in other areas;
- i. At least annually review the assessment by the Chief Compliance Officer on the adequacy of, adherence to and effectiveness of the Bank's day-to-day RCM controls, as well as the Opinion of the Chief Compliance Officer as to whether the RCM Program and controls are sufficiently robust to achieve compliance with the applicable enterprise-wide regulatory requirements;
- j. Provide a forum for the Chief Compliance Officer to have unfettered access to the Committee to raise any compliance issues or concerns with respect to the relationship and interaction among the Global Compliance Department, management and/or regulators.

5.11 Financial Crime Risk Management ("FCRM")

5.11.1 The Committee will oversee and monitor the establishment, maintenance and ongoing effectiveness of the Anti-Money Laundering ("AML") / Anti-Terrorist Financing ("ATF") / Economic Sanctions / Anti-Bribery and Anti-Corruption Program ("FCRM Program") that is designed so that the Bank is in compliance with the laws and regulations that apply to it as well as its own policies, including:

- a. Reviewing with management the Bank's compliance with applicable regulatory requirements;
- b. Reviewing an annual report from the Chief Anti-Money Laundering Officer regarding the assessment of the effectiveness of the FCRM Program, and following up with management on the status of recommendations and suggestions, as appropriate;
- c. Reviewing the opinion of the Chief Auditor on the effectiveness of the FCRM Program (including AML) every two years and following up with management on the status of recommendations and suggestions, as appropriate.

5.12 FCRM Department

5.12.1 The Committee will oversee the FCRM Department of the Bank and the

execution of its mandate and will satisfy itself that the FCRM Department is sufficiently independent to perform its responsibilities.

5.12.2 In addition, the Committee will:

- a. Review and approve the FCRM Department's annual plan, including its budget, resources and strategic priorities, and any significant changes to the annual plan;
- b. Consider and approve the AML Program Framework, including the Enterprise AML/ATF and Enterprise Sanctions policies;
- c. At least annually assess the effectiveness of the FCRM Department;
- d. Review the results of an independent effectiveness review of the FCRM Program (including AML) conducted periodically;
- e. Periodically review the results of a benchmarking of the FCRM Department conducted with the assistance of an independent third party;
- f. Annually review and approve the mandate of the FCRM Department and the mandate of the Chief Anti-Money Laundering Officer;
- g. Confirm the appointment and dismissal of the Chief Anti-Money Laundering Officer;
- h. Annually convey its view of the performance of the Chief Anti-Money Laundering Officer to the Chief Executive Officer as input into the compensation approval process;
- i. Review and discuss reports prepared by the Chief Anti-Money Laundering Officer for the Committee on a quarterly basis including with regard to reports by supervisory authorities related to the FCRM Program, on the Bank's compliance with applicable laws and regulations and on the design and operation of the FCRM Program, the adequacy of resources (people, systems and budget), and any recommendations thereto, and follow-up on any outstanding issues including proactive consideration of whether deficiencies in one area may be present in other areas;
- j. Provide a forum for the Chief Anti-Money Laundering Officer to have unfettered access to the Committee to raise any compliance issues or concerns with respect to the relationship and interaction among the FCRM Department, management and/or regulators.

5.13 General

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

- 5.13.1 Act as the audit committee for certain Canadian subsidiaries of the Bank that are federally regulated financial institutions, including meeting on an annual basis, without management present, with the appointed actuaries of the applicable subsidiaries of the Bank that are federally regulated financial institutions;
- 5.13.2 Review with the Bank's General Counsel any legal matter arising from litigation, asserted claims or regulatory non-compliance that could have a material impact on the Bank's financial condition and results and provide a forum for the General Counsel of the Bank to have unfettered access to the Committee to raise any legal issues;
- 5.13.3 Provide a forum for the Chief Risk Officer to have unfettered access to the Committee to raise any compliance issues;
- 5.13.4 Perform such other functions and tasks as may be mandated by regulatory requirements applicable to audit committees or delegated by the Board;
- 5.13.5 Conduct an annual evaluation of the Committee to assess its contribution and effectiveness in fulfilling its mandate;
- 5.13.6 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 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;
- 5.13.7 Maintain minutes or other records of meetings and activities of the Committee;
- 5.13.8 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 will report as required to the Risk Committee on issues of relevance to it.

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