

TD's Approach to Compensation

TD provides employees with a comprehensive total rewards package that includes a combination of base salary, incentive compensation, benefits, retirement and savings plans. The bank's philosophy is to provide a competitive package that is tailored to the different practices of the locations in which the bank operates.

In designing a comprehensive total rewards package, the bank completes many activities to ensure that compensation is aligned with performance, is competitive, and is delivered equitably, including:

- Establishes base salary ranges that reflect the range of pay seen in the external market for positions with similar skills, complexity, and accountabilities;
- Implements incentive compensation plans that align pay with the performance of the business, and/or the individual;
- Approves an annual salary increase budget to allow for increases in base pay to align with increasing proficiency and performance;
- Reviews base salary ranges, incentive plans, and other total rewards programs on a regular basis, and makes changes as appropriate to deliver a competitive offering aligned with business objectives;
- Considers comparability of base salary increase and incentive outcomes over time for executive and employee populations to ensure appropriate alignment.

When completing the activities outlined above, and through other related initiatives, particular attention is focused on front-line employees given the importance of this population to the bank's customer focused strategy.

Executive Compensation

We have a balanced approach to executive compensation that is intended to attract, retain, and motivate high performing executives to create sustainable value for shareholders over the long term.

Our proxy circular outlines the six key principles considered when designing the executive compensation program, and provides detailed disclosure of our approach. Key elements of this approach include a focus on effectively managing risk to the organization, and the deferral of a significant portion of the compensation awarded to our executives and many other employees. This deferred compensation vests at the end of a minimum of three years, is tied to the bank's share price, and promotes decision making that is in the best long-term interests of the bank and its stakeholders.

+ Please review the Proxy Circular for full details on executive and board compensation.