

# TD Bank Group: Statement on Human Rights

This document is current as of June 2020.

## Our Commitment

In all of our operations and across our businesses, TD<sup>1</sup> is committed to supporting and respecting the protection of human rights. TD understands the important role that it plays in respecting the human rights of our employees, customers, and the communities in which we operate, and aims to avoid contributing to adverse human rights impacts through its business activities, including our supply chain. This Statement on Human Rights presents our current approach to fulfilling our commitment.

TD's primary businesses are conducted in countries that are governed by strong legal and human rights regulations. We comply with all human rights-related laws in the countries in which we operate.

TD's commitment to respect human rights is made in accordance with the corporate responsibility to respect human rights as set out in the United Nations Guiding Principles on Business and Human Rights (UNGP). Since 2018, we have been undertaking a review of current practices and procedures and continue working towards integrating the UNGP across the Bank.

TD's human rights commitment is also guided by the values reflected in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Labour Organization's core conventions.

We intend to update this Human Rights Statement as necessary to show our progress.

## Our Approach

TD has various processes in place to identify and assess potential human rights impacts in our operations, supply chain and business. The following table, informed by internal engagement and our environmental, social and governance assessment process, outlines TD's human rights areas of focus, and which stakeholders may be most impacted. TD's human rights areas of focus are regularly reviewed through existing processes.

Human Rights Areas of Focus	Employees	Customers and Clients	Suppliers	Communities
Diversity and Inclusion	●	●	●	●
Labour Practices	●	●	●	
Anti-Corruption and Anti-Money Laundering	●	●	●	●
Indigenous Peoples and Communities	●	●	● <sup>2</sup>	●
Data Security and Privacy	●	●	●	

<sup>1</sup> Throughout this statement, "TD" or "the Bank" or "we" refers to TD Bank Group. "TD Bank" refers to TD Bank, America's Most Convenient Bank®.

<sup>2</sup> Included in TD's Supplier Diversity Program. TD is a member of the Canadian Aboriginal and Minority Supplier Council (CAMSC) and the Canadian Council for Aboriginal Business (CCAB), each of which certify Indigenous suppliers.

TD also recognizes that some groups may be more adversely impacted than others. This includes, but is not limited to, women, children, people with disabilities, LGBTQ2+ individuals, Indigenous Peoples, Black and other minority communities, and veterans.

TD's commitment to human rights is driven by our policies, standards and guidelines. TD's Code of Conduct and Ethics (the "Code") establishes the standards that govern the way we deal with our employees, customers, shareholders, governments, regulators, suppliers, competitors, the media and the public at large. Complying with the Code is part of the terms and conditions of employment with TD. As a responsible business enterprise and corporate citizen, TD is committed to conducting its affairs to the highest standards of ethics, integrity, honesty, fairness and professionalism. Every employee and member of the Board of Directors of TD is expected and required to assess every business decision and every action on behalf of the organization in light of whether it is right, legal, fair and within our risk appetite. This applies at all levels of the organization, from major decisions made by the Board to day-to-day business transactions.

### Employees:

At TD, we are committed to providing our people with an inclusive environment, an ethical work culture and meaningful work standards and policies. Part of this commitment includes abiding by and in many cases exceeding all applicable local labour laws and standards addressing issues such as equal pay, hours of work and child labour.

TD's Respectful Workplace Policy articulates our commitment to provide a work environment free from violence, harassment and discrimination, collectively referred to as "Unacceptable Behaviour," where every employee and third-party worker is treated with dignity and respect.

We also strive to cultivate a service-oriented, barrier-free and inclusive culture that attracts, invests in and promotes all talent, reflecting the diverse communities we serve. We believe the true essence of Diversity and Inclusion is to provide a safe and productive environment where every individual feels comfortable bringing their whole self to work. In 2020, TD developed an inclusive leadership strategy to reinforce the value of inclusion, and through a number of learning and development programs, to help our managers develop actionable strategies to engage and leverage the full potential of diverse teams and minimize negative consequences resulting from unintentional bias. For example, our Inclusive Leadership curriculum has helped educate over 3,000 people managers in Canada and the U.S. about how to identify biases and non-inclusive behaviours. In addition, our inclusive leadership resource guide supports learning and development specialists in their efforts to build D&I messaging into business-specific training.



## Statement on Human Rights (continued)

More information about our policies, practices and initiatives can be found in the Diversity and Inclusion section of our 2020 ESG Report.

TD's [Approach to Total Rewards](#) has information on our approach to compensation, including fair pay. The Bank regularly reviews its structures and practices to confirm they are operating as intended and outcomes are appropriate. Since 2018, we have worked with a third-party provider on an annual basis to complete a detailed statistical analysis of compensation to assess potential differences in outcomes based on gender and ethnicity, adjusting for factors such as level, geography and role<sup>3</sup>. We use these reviews to actively monitor our compensation outcomes and make adjustments where appropriate to further enhance consistency and fairness across the Bank.

TD also provides training to its employees about relevant human rights issues through various programs. In fiscal year 2020, over 113,000 hours were completed for human-rights-related training. Courses covered topics such as TD's Code, diversity and inclusion, fair banking and serving customers with disabilities. We also added two new training modules on Understanding Black Experiences and Anti-Black Racism/Anti-Racism, as well as launched Indigenous Cultural Awareness Training, which is required for all employees in Canada. This e-learning module helps increase employees' foundational understanding of Indigenous communities and enhance their confidence in supporting employees and customers from Indigenous communities and understanding TD's commitment to truth and reconciliation.

Eligible employees in the U.S. attest annually to TD's Anti-Trafficking Policy, adopted in compliance with the U.S. Federal Acquisition Regulation. Among other restrictions, the Anti-Trafficking Policy prohibits trafficking in persons and certain practices with respect to recruitment including charging employees for recruitment fees and denying them access to their identity documents.

In addition, our employees have several channels through which they can comfortably and safely raise their concerns directly within the organization. TD's [Conduct and Ethics Hotline](#) provides a confidential and anonymous reporting channel to employees, customers, third-party workers and members of the public to report concerns they may have regarding TD without fear of retaliation; they can also report allegations of retaliation for having reported matters in good faith. TD's Conduct and Ethics Hotline is hosted by a third party and is independently managed within TD. TD employees may also contact the Employee Ombudsman (known as the Between Us program).

### Customers:

We abide by all legal and regulatory requirements governing the provision of financial services to our customers and strive to deliver exceptional customer service free from discrimination and harassment.

As part of our commitment under the Code, and in compliance with applicable laws, we offer our products and services without regard to any basis protected by law including, but not limited to, race, colour, religion, national origin, sex, sexual orientation, gender identity or expression, marital status and disability. In addition, TD's Respectful Workplace Policy articulates our commitment to provide an environment free from any form of violence, harassment and discrimination, where every customer and client is treated with dignity and respect.

We recognize that access to banking is a critical element for social and economic progress. We continue to remove barriers to help make banking more accessible and inclusive, particularly for vulnerable and underserved populations in the financial system. Through our wide variety of products and services, and by supporting community organizations, we aim to help equip our customers with the tools to better protect their finances now and in the future.

For example, TD offers products and services to low-income customers, people with disabilities, newcomers, Indigenous Peoples, LGBTQ2+ individuals, women and Black and minority customers. More information about the products and services that can be accessed by diverse customers can be found in the Financial and Economic Inclusion section of our 2020 ESG Report.

In addition, TD actively monitors and manages security and privacy risks and enhances our ability to mitigate them through enterprise-wide programs, industry-accepted practices and threat and vulnerability assessments and responses. TD's Information Security and Risk Management policies and the Privacy Code outline the organizational controls we have in place to help protect information. Our other security measures include firewalls, data encryption and around-the-clock monitoring to help maintain the quality of TD's technology systems and proactively identify unusual customer account activity.

TD also has established processes and procedures to address customer concerns. Our process for customer problem resolution, in which concerns can be escalated to the impartial TD Office of the Ombudsman in Canada, as well as our Chairman's Service Center in the U.S., helps ensure that complaints are taken seriously and responded to in a timely manner.

TD's Conduct and Ethics Hotline also provides a confidential and anonymous reporting channel to employees, customers, third-party workers and members of the public to report concerns they may have regarding TD without fear of retaliation; they can also report allegations of retaliation for having reported matters in good faith.

<sup>3</sup> Our 2020 review found that: Women earned more than 99 cents for every dollar earned by men; visible minorities in Canada earned more than 99 cents for every dollar earned by non-visible minorities; and minorities in the U.S. earned more than 99 cents for every dollar earned by white employees.



## Statement on Human Rights (continued)

### Clients:

While reaching our business goals is critical to TD's success, how we achieve them is equally important. That's why our actions are subject to a number of internal policies, standards and guidelines.

TD has adopted policies with respect to Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF), and Anti-Bribery and Anti-Corruption to help detect and deter the use of TD products and services for money-laundering and terrorist-financing activities, and to provide principles of conduct to help deter and detect bribery and corruption activities. TD's AML/ATF training program for all employees includes examples that highlight the risk of money laundering transactions relating to human trafficking activities. TD also actively participates in public-private initiatives, including Project Protect in Canada, to combat human trafficking. Additionally, TD's Economic Sanctions Policy supports foreign policy goals including counterterrorism and the promotion of democracy and human rights.

We also have implemented processes within our investment and lending business that support adherence to human rights principles, including:

- We manage environmental and social risk based on a life-cycle approach that begins before our formal engagement with a client and continues throughout our relationship. TD's Non-Retail Environmental and Social Credit Risk Process for Non-Retail Credit Business Lines governs our processes for assessing environmental and social risk, including human rights considerations, and contains a set of due diligence tools that are applied to all non-retail lending activities, which include general-corporate-purpose, project and fixed-asset financing.
- TD has developed a list of prohibited policies based on environmental and social risks, including those related to human rights, such as Indigenous Peoples. For example, TD does not finance deals that directly relate to the trade in or manufacturing of material for nuclear, chemical or biological weapons or for land mines or cluster bombs, and lending deals that are directly related to the mining of conflict minerals. In fiscal year 2020, TD set a prohibition on providing new project-specific financial services for activities that are directly related to the exploration, development, or production of oil and gas within the Arctic Circle, including the Arctic National Wildlife Refuge, which was informed by engagement with the Gwich'in Nation.
- As a signatory to the Equator Principles since 2007, TD follows a structured approach to project-related lending, using a comprehensive set of tools and guidance documents so that in scope transactions are identified and categorized appropriately. For project-related transactions applicable

under Equator Principles, clients conduct human rights due diligence in line with the UNGPs and to document that process into their project's overall environmental and social (E&S) risk assessment documentation.

- TD Asset Management Inc. has been a signatory of the UN Principles for Responsible Investment (UN PRI) since 2009. In 2020, TDAM had 191 ESG-focused engagements with companies that covered a variety of topics, including those related to human rights areas. This includes executive compensation/remuneration, COVID-19 responses, community/employee relations, ESG disclosure, responsible resource use, board diversity and cybersecurity. TDAM is also a member of the Responsible Investment Association (RIA) and an institutional investor signatory to the RIA's Canadian Investor Statement on Diversity & Inclusion. The statement acknowledges the existence of systemic racism and its impact on Indigenous, Black and other minority communities in Canada and globally and is targeted at establishing better diversity and inclusion practices in investment processes.
- E&S Risk considerations, including human rights, have been incorporated into TD's Change Risk Management Framework to assess the E&S risks and impacts associated with material changes made to TD products, services, projects, and initiatives.

### Suppliers:

TD is committed to source products and services from suppliers who respect human rights, ethics and the environment and have responsible policies and practices.

TD's Supplier Code of Conduct reflects and frames the values and standards that TD expects suppliers and their subcontractors to adhere to when engaged in business with TD. Within TD's Supplier Code of Conduct, suppliers are expected to have guidelines, policies, and practices that address the protection of human rights, protection of health and safety, fair labour practices, code of conduct and ethics, diversity and inclusion, anti-bribery/anti-corruption, legal and regulatory compliance, privacy and confidentiality, accessibility, corporate responsibility, and supplier diversity.

TD extends its responsible sourcing agenda further into the supply chain by applying enhanced due diligence to sourcing products and services when social, ethical, environmental and geographical factors suggest higher risk. This risk-based process involves using additional questionnaires depending on the products or services being sourced to assess suppliers' policies and practices for ESG reporting, diversity and inclusion initiatives affecting its workforce and communities, anti-corruption, and human rights, including labour practices, discrimination, harassment or violence, child labour and human trafficking. Once assessed through our questionnaires, if there are gaps in the suppliers' policies and/or practices, we ask the supplier to remediate that gap within a specific time frame.



## Statement on Human Rights (continued)

For example, in 2019, as part of our commitment against modern slavery and human trafficking, we engaged over 170 hotels to determine whether they had sufficient staff training and procedures to properly report suspected human trafficking incidences on premises. In 2020, as a result of our assessment, suppliers who were shown to not have adequate training in accordance with international best practices have committed to implementing enhancements. Going forward, we continue to work with our hotel suppliers on this initiative.

In 2020, we continued to improve due diligence processes in our supply chain by developing a Responsible Sourcing Due Diligence Guideline for TD-Branded Merchandise Vendors. Effective June 1, 2021, this guideline outlines the requirement to have independent third-party audits for social issues, such as forced labour, for any promotional products being supplied to TD.

In addition, we have designed our North American Supplier Diversity Program to help promote a level playing field and encourage the inclusion of women, Black, Indigenous and other minorities, the LGBTQ2+ community, people with disabilities, veterans and other diverse groups in our procurement selection process.

### Communities:

At TD, we value and respect the diverse views held by our customers, shareholders, employees and community partners. We interact with several stakeholder groups on a daily and/or weekly basis, responding to the issues and concerns brought to our attention. As our vision is to Be the Better Bank, it's critical that we not only hear what stakeholders are saying, but also respond and seek to improve.

We engage proactively with our stakeholders, which enables us to have ongoing dialogue with investors, industry associations, Non-Governmental Organizations (NGOs), and environmental, Indigenous Peoples and community interest groups. As part of our commitment to transparency, we provide annual reporting on stakeholder engagements and dialogues held with various groups. More information about TD's engagements can be found in our [ESG Reporting Details](#), which include discussions regarding areas such as Indigenous Peoples and gender equity practices and compensation.

TD has a longstanding commitment to respect the rights of Indigenous Peoples. The principle of Free, Prior and Informed Consent (FPIC) refers to the rights of Indigenous populations to participate in decisions affecting their lands, resources,

livelihoods and communities, particularly relating to natural resource development. This principle is enshrined in the United Nations Declaration on the Rights of Indigenous Peoples. We continue to work to develop and promote understanding of FPIC and its practical application in the responsible development of natural resources. Our commitments are:

- To incorporate assessment of our clients' policies, practices and performance relating to FPIC when relevant as part of TD's Environmental and Social Credit Risk Policy for Non-Retail Lending.
- To actively support the development and dissemination of good practices for the practical implementation of FPIC. We will do this by working with diverse multi-stakeholder groups and by providing objective economic information to support solutions-based dialogue and informed public policy decisions.

TD has also developed an [Inclusive and Sustainable Event Guide](#) to assist TD in meeting its goal of hosting events that have a minimal environmental impact, are inclusive and accessible, and align with TD's values and the TD Ready Commitment. We included specific questions related to gender inclusivity and human trafficking in our event guide that can be used by TD's event planners when engaging a venue or third-party supplier.

### Our Approach to Human Rights Governance

At TD, ongoing monitoring of human rights performance is provided through established feedback channels. In 2020, we established an environmental, social and governance (ESG) Centre of Expertise with experts from across TD to monitor emerging ESG topics. The Centre's mandate is to integrate ESG into our business approach so that social and environmental factors are part of the consideration for products, services, policies and procedures. Any significant issues are raised to management committees and, when necessary, escalated to TD's Senior Executive Team (SET) through the ESG SET Forum.

This Statement on Human Rights has received approval from senior executives. In addition, TD publishes an [annual statement](#) on our efforts to combat modern slavery in compliance with the UK *Modern Slavery Act* (2015) that is approved by the Board of Directors and signed by our CEO.

We engage with a variety of stakeholders on human rights-related issues, and we report on our progress in our annual [ESG Report](#) and on our website: [www.td.com/esg](http://www.td.com/esg).

