

## ESG Reporting Details

### Details of TD's Materiality<sup>1</sup> Assessment Process and Approach to Stakeholder Engagement

The Toronto-Dominion Bank and its subsidiaries (collectively referred to as "TD", the "Bank", "we" and "our") materiality process is informed by the Global Reporting Initiative (GRI).<sup>2</sup> We define material environmental, social and governance (ESG) topics as those that have the greatest importance to our stakeholders as well as to the Bank. Our usual cadence for conducting comprehensive ESG materiality assessments is once every two years. Our last comprehensive assessment was conducted in 2020. In this assessment, we identified and prioritized 12 material topics that shaped TD's ESG reporting; more details on our 2020 comprehensive materiality assessment are given below.

To employ a dynamic materiality approach, in 2021 we leveraged Datamaran, an artificial intelligence (AI) and analytics platform, to monitor and identify trends in our material ESG topics. Through Datamaran, we conducted an analysis on a variety of external sources including, mandatory regulations, corporate annual filings, voluntary policy initiatives, news and media to

determine which material topics increased (or decreased) in importance in 2021 and which stakeholder groups drove the change. Our analysis showed that there were no significant departures from our 2020 materiality assessment. As such, our 2021 ESG Report is structured around the same 12 material topics identified from our 2020 assessment. We plan to conduct our next comprehensive materiality assessment again in 2022.

**TD's 2020 Materiality Assessment:** Our materiality assessment process was facilitated by a third-party sustainability consultant and involved four stages: research and benchmarking, impact mapping, stakeholder interviews and a validation workshop to discuss the assessment findings. From these findings, we determined our material issues.

Stakeholders were chosen based on their relationship with TD and their influence or knowledge of current and emerging sustainability topics. In addition to internal interviews with 33 TD leaders from different business areas, 17 external interviews were conducted involving representatives from the following stakeholder groups:

|                          |  |                          |  |
|--------------------------|--|--------------------------|--|
| PEERS                    | Citi   | COMMUNITY STAKEHOLDERS   | Imagine Canada<br>Housing & Community Development Network of New Jersey<br>Rainforest Action Network<br>National Urban League<br>Ontario Black History Society |
| INVESTORS & SHAREHOLDERS | Caisse de dépôt et placement du Québec<br>Moody's<br>Desjardins<br>Large Global Institutional Investor | INFLUENCERS/ THINK TANKS | Global Risk Institute<br>Institute of Corporate Directors<br>Public Policy Forum<br>Business for Social Responsibility<br>UNEP Finance Initiative (UNEP-FI)    |
|                          |  | SUPPLIERS                | Microsoft<br>Pen Company of America  |

The material topic identification process, enabled through internal research and benchmarking as well as stakeholder interviews, resulted in a list of 12 material topics and 6 important topics. During the interviews, stakeholders were asked to rank the importance of various ESG topics by the level of risk, opportunity and impact for TD. Moreover, stakeholders were

asked to identify, if necessary, any topic not already discussed and prioritized by TD. The result of these interviews, research and analysis is a view of each topic, in terms of its significance to stakeholders and significance to TD, which we display on a matrix (see page 17 in the [2021 ESG Report](#).)

1. The terms "material" and "materiality", as used in the context of ESG reporting by TD, are not equivalent to similar terms used for securities law purposes, and should not be read as rising to the level of materiality of disclosure required in our securities law filings.  
2. TD adheres to the GRI Standards. For more information, please visit [www.globalreporting.org](http://www.globalreporting.org).



Our 2020 Criteria for Evaluating Material ESG Topics

| SIGNIFICANCE TO STAKEHOLDERS (SCALE OF 0-7) |   |
|---|---|
| The topic is:                               | <ul style="list-style-type: none"><li>• A main interest or concern expressed by stakeholders invested in the success of TD</li><li>• Among the current or future challenges for the sector</li><li>• Stakeholders have an expectation that TD will effectively manage the impacts, risks, and opportunities related to the topic</li><li>• TD's management of the topic influences stakeholder decisions</li></ul>  |
| SIGNIFICANCE TO TD (SCALE OF 0-7)           |   |
| The topic is:                               | <ul style="list-style-type: none"><li>• Expressed in key organizational values, policies, strategies, management systems, goals or targets</li><li>• The source of a significant risk and/or negative financial implications to TD</li><li>• Related to a critical success factor, strategic driver, competitive advantage, and/or positive financial implications to TD</li><li>• Related to a core competency for contributing to sustainable development</li></ul> |

The materiality matrix and the associated rankings were presented at a validation workshop where relevant leaders throughout the Bank discussed the prioritized topics and opportunities raised through the materiality process. The participants made final adjustments to the rankings and discussed TD's actual and potential impact in sustainability terms.

The final results of this materiality assessment were presented to the ESG Disclosure Sub-Council and the Corporate Governance Committee of the Board of Directors.

## ESG Reporting Details (continued)

### GRI Boundary Table

|             | MATERIAL TOPICS AT TD                        | ADDITIONAL SUB-TOPICS | CORRESPONDING GRI STANDARD/<br>SECTOR SUPPLEMENT  | BOUNDARY OF THE MATERIAL TOPIC  | PAGE |
|-------------|--|-----------------------|---|---|------|
| Environment | Climate Change                               |                       | GRI 201: Economic Performance 2016<br>GRI 302: Energy 2016<br>GRI 303: Water and Effluents 2018<br>GRI 305: Emissions 2016<br>GRI 306: Waste 2020<br>G4-FS-EN15 | Climate change impacts occur: as result of our business activities (e.g., operational and financed emissions); and on our business (e.g., physical and transition risks).   | 37   |
|             | Sustainable Finance                          | Lending<br>Investing  | G4-FS10   | Impact occurs within our business and as a result of our business relationships for the projects we finance and funds we manage.  | 42   |
| Social      | Financial and Economic Inclusion             | Economic Value        | GRI 201: Economic Performance 2016<br>G4-FS-EC1<br>G4FS-6<br>G4FS-13<br>G4FS-14<br>G4FS-16  | Impact occurs throughout TD's footprint in the communities we serve. The reach of our financial education programs stretches across the communities in which we do business from coast to coast in Canada and across the Eastern seaboard in the U.S. | 54   |
|             | Social Inclusion                             | Volunteering          | GRI 203: Indirect Economic Impacts 2016<br>GRI 413: Local Communities 2016<br>GRI 419: Socioeconomic Compliance 2016  | Impact occurs throughout TD's footprint in the communities we serve through our donations and community involvement.  | 63   |
|             | Customer Experience                          |                       | N/A   | Impact occurs during our customer interactions across our footprint from phone and online channels to in branch/store service.  | 68   |
|             | Diversity and Inclusion                      |                       | GRI 405: Diversity and Equal Opportunity 2016   | TD's impact on diversity and inclusion starts from within our organization and the impact also spans the diverse communities in which we serve.   | 73   |
|             | Talent Attraction, Development and Retention |                       | GRI 401: Employment 2016<br>GRI 404: Training and Education 2016  | Impact occurs within our business and in our communities as we continue to recruit talent, engage, develop and retain our employees.  | 76   |
|             |  |                       |   |   |      |
| Governance  | Risk Management                              |                       | GRI 102: General Disclosures 2016   | Impact occurs within our business.  | 28   |
|             | Corporate Governance & Integrity             |                       | GRI 102: General Disclosures 2016   | Impact occurs within our business.  | 22   |
|             | Data Security and Privacy                    |                       | GRI 418: Customer Privacy 2016  | Impact occurs within our business.  | 30   |

## ESG Reporting Details (continued)

### List of Stakeholder Engagements on Environmental, Social and Governance Topics

TD is committed to proactive, meaningful stakeholder engagement that enables us to have ongoing dialogue with investors, industry associations, non-governmental organizations (NGOs), and environmental, Indigenous

and community organizations. Our interactions with these stakeholders help to influence our internal policies and practices. Here is a representative selection of organizations we have engaged with and the respective discussion topics over the past year. This list does not show a complete list of all stakeholder engagements in fiscal year 2021.

| ORGANIZATION                            | TOPIC AREA   | NOTES ON ENGAGEMENT  |
|---|--|--|
| BankTrack and Rainforest Action Network | Oil and gas financing and human rights                 | Discussions regarding TD's fossil fuel financing, responsible energy development and human rights practices.   |
| ShareAction                             | Climate change, biodiversity and fossil fuel financing | Engagement regarding climate change and biodiversity loss.   |
| SumOfUs                                 | Oil and gas financing                                  | Engagement relating to oil and gas financing and Indigenous communities.   |
| Investors and shareholders              | Various topics   | Over the course of fiscal 2021, TD received investor and shareholder inquiries on a broad range of topics, including: <ul style="list-style-type: none"> <li>• Executive involvement in ESG</li> <li>• The evolution of TD's ESG Centre of Expertise and target operating model</li> <li>• Scope 3 interim targets</li> <li>• Discussion of green bonds / sustainable financing</li> <li>• The Circular Economy</li> <li>• D's Climate Action Plan and our plan to become net zero</li> <li>• Diversity and Inclusion</li> </ul> |
| ACORN Canada                            | Accessible banking                                     | Engagement around issues facing low- and moderate-income Canadians.  |

TD is a member of the following organizations that have a specific ESG focus:

| ORGANIZATION                                    | TOPIC AREA                                  | DETAILS   |
|---|---|---|
| Business for Social Responsibility (BSR)        | Sustainability and human rights             | TD is a member of BSR, which is a global non-profit organization that works with its member companies to build sustainable business strategies. TD is also a member of BSR's Human Rights Working Group which supports companies in implementing the UN Guiding Principles on Business and Human Rights.  |
| CDP   | Carbon management and disclosure            | TD Asset Management (TDAM) is a signatory to the CDP Climate Change, Water, and Forest programs. TD annually responds to the CDP Climate Change Questionnaire, demonstrating its long-standing commitment to transparency, accountability and effective climate disclosure. TD became a member of the CDP Supply Chain Program in 2016.                   |
| Canadian Bankers Association                    | Various industry topics                     | TD is an active member of the Canadian Bankers Association (CBA). TD works with the CBA on various industry initiatives, including integration of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations into how we are managing and reporting on climate risks and opportunities.                   |
| Carbon Pricing Leadership Coalition             | Carbon pricing                              | TD is a member of the Carbon Pricing Leadership Coalition Investor and Finance Sector Task Team, a working group that brings together leaders from across government, private sector, and civil society to expand the use of carbon pricing globally.   |
| Canadian Council for Aboriginal Business (CCAB) | Sustainable business and Indigenous banking | TD signed on to become a Procurement Champion with CCAB in 2021. As a CCAB Procurement Champion, TD will continue to include suppliers that are owned by Indigenous Peoples in our supply chain. In addition to CCAB, TD is also a member of eight other diverse supplier organizations in North America that certify a supplier's diversity credentials. |
| Climate Action 100+                             | Investment and Climate Change               | In 2019 TDAM became a signatory to Climate Action 100+. Climate Action 100+ is an investor-led initiative to help ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.   |



| ORGANIZATION   | TOPIC AREA  | DETAILS  |
|--|---|--|
| Equator Principles Association   | Environmental and social risk in the financial sector | TD is a signatory to the Equator Principles. The principles serve as a common baseline and framework for financial institutions to identify, assess and manage environmental and social risks when financing projects. As a signatory, TD commits to implementing the principles through our internal Environmental & Social policies, procedures and standards for financing projects.  |
| Financial Health Network   | Financial inclusion and health                        | TD is a member of the Financial Health Network, which is an organization that unites business leaders, policymakers, innovators and visionaries in a shared mission to improve financial health for all.   |
| International Capital Markets Association (ICMA) Green Bond Principles | Green bond standards                                  | TD is a member of the Green Bond Principles as an issuer.  |
| Partnership for Carbon Accounting Financials (PCAF)                    | Carbon Accounting and Financed Emissions              | TD joined the PCAF in 2020 to support the development of carbon accounting methodologies for financial institutions globally. As an initial step on our path to achieve our target of net-zero emissions associated with our operations and financing activities by 2050, TD established our Scope 3 financed emissions baseline for two key sectors (Energy and Power), leveraging the PCAF methodology.  |
| RE100  | Renewable energy buying and procurement               | TD was the first Canadian company to join RE100, a global initiative of influential businesses committed to 100% renewable electricity.  |
| RMI's Center for Climate-Aligned Finance                               | Clean energy transition                               | TD entered a strategic partnership with RMI's Center for Climate-Aligned Science in 2021 to support the development of practical and scalable solutions that can help accelerate the transition to a more sustainable energy platform and economy.   |
| Sustainable Finance Action Council (SFAC)                              | Sustainable Finance                                   | TD is participating in the Government of Canada's SFAC. The SFAC brings together public and private sector financial expertise to support the growth of a strong, well-functioning, sustainable finance market. Senior representatives from TD are providing input on the foundational market infrastructure needed for a stable and reliable sustainable finance market in Canada that will boost investor confidence and drive economic growth.                              |
| TD Advisory Board on Climate Change                                    | Insurance and Climate Risk                            | TD Insurance (TDI) established its Advisory Board on Climate Change in 2019, convening subject matter experts from leading Canadian universities and professional associations to help guide its efforts to address climate change issues affecting its customers in communities nationwide. Together, TD Insurance and its Advisory Board are focused on helping customers and communities mitigate their risks while increasing resilience to the effects of climate change. |
| UN Environment Programme Finance Initiative (UNEP FI) (North America)  | Environmental issues in the financial sector          | TD is a member of UNEP FI industry association and participates on working committees and in annual meetings. TD has participated in UNEP-FI led TCFD pilots across our lending, asset management, and insurance businesses.   |
| UNEP FI Net-Zero Banking Alliance (NZBA)                               | Financing the climate transition                      | TD joined the NZBA in 2021 as part of a global, industry-led initiative to accelerate and support efforts to address climate change.   |
| UN Principles for Responsible Investment (PRI)                         | Issues in the financial sector                        | TDAM is a signatory to the UN PRI, an international organization that works to promote the incorporation of ESG factors into investment decision-making.   |
| UNEP FI Principles for Sustainable Insurance (PSI)                     | Environmental issues in the insurance sector          | TD Insurance is a signatory. In 2021, the President and CEO of TD Insurance, James Russell, accepted a position on the UNEP FI Leadership Council and a TDI executive is Vice-Chair of the PSI Board of Directors.   |
| U.S. Green Building Council  | Green buildings                                       | TD is a member of this industry organization aimed at advancing green building initiatives.  |

### TD's Contribution to the Sustainable Development Goals (SDGs)

The United Nations' (UN) SDGs provide a plan of action to achieve shared prosperity for the world at large. Through 17 goals, 169 targets and 230 related indicators, the SDG Framework aims to help align international efforts to leave a peaceful, healthy and prosperous planet for future generations.<sup>3</sup>

While TD contributes directly and indirectly to each of the 17 SDGs, a detailed consideration of the indicators and metrics that comprise the UN's SDG framework has helped us to identify the twelve SDGs that are most material to our business and aligned with the goals of the TD Ready Commitment. As we track the impact of the TD Ready Commitment, we will also measure our contribution to these goals and targets.



Engaging in international sector initiatives, sharing insights and thought leadership to support the achievement of the sustainable development goals.

**SDG TARGETS**  
**17.16, 17.17**

<sup>3</sup> <https://sdgs.un.org/goals>