



**We believe that TD has a role to play in the environment through our roles as an employer, a consumer of goods and services, a major lender and a charitable donor.**

The forests of Mount Royal in the heart of Montreal play a vital role in the quality of the environment. Over 500 trees were planted by TD employees during a springtime reforestation event organized by Les Amis de la montagne and the Centre de la montagne and sponsored by the TD Friends of the Environment Foundation.

# Our environment

## *Making a difference together*

Each year we learn more about – and, in turn, adopt – ways to reduce our direct environmental impacts so we can help cultivate a greener future. These encompass energy conservation, materials recycling and waste-reduction initiatives. In addition, through our policies and relationships we encourage sound environmental practices among various stakeholders, including borrowers, suppliers and employees. Plus we're proactive in the community through the TD Friends of the Environment Foundation, which since 1990 has provided more than \$40 million to more than 16,000 grassroots projects geared to protect the earth and its species for future generations.

### **Environmental Management at TD**

At TD, our commitment to the environment is embedded within our organization through various roles and practices.

In 2006, we took several steps to strengthen governance and accountability for environmental issues at TD. Overall responsibility for environmental issues was centralized in our Corporate Operations department, with executive oversight provided by the Vice Chair of Corporate Operations and, ultimately, the Risk Committee of the Board of Directors. A formal Corporate Environmental Affairs team was created in August 2006, which is responsible for monitoring industry standards and trends and overseeing TD's environmental standards, procedures, responsibilities and compliance

mechanisms. The team is also responsible for revising and augmenting the TD Environmental Management System (EMS) along with relevant business groups, including Corporate and Retail Real Estate, Government and Community Relations, Legal and Risk Management.

The team reports to a senior executive group responsible for setting and overseeing high-level policy objectives and environmental issues management. It is chaired by Corporate Operations and represented by key stakeholders from across TD.

## TD Environmental Policy

Our **Environmental Policy** applies to all business lines and corporate support functions globally. It includes principles committing TD to:

- Responsibly manage all aspects of our business to promote environmental protection;
- Ensure employees as necessary are aware of and implement the policy and identify ways to improve environmental performance;
- Encourage relationships with suppliers who have procedures in place to manage and comply with environmental laws or risks applicable to their businesses;
- Regularly review and update environmental processes;
- Cooperate with government, the business community and stakeholders in support of responsible environmental management and accountability, and communicate with relevant stakeholders on environmental aspects of our operations;
- Maintain a credit policy to protect against environmental risk;
- Support local, community-based environmental activities, such as the TD Friends of the Environment Foundation;
- Take a responsible approach to energy conservation and managing hazardous products and processes, and encourage conservation by recycling, reduction and reuse initiatives; and
- Take reasonable care to prevent or avoid environmental incidents associated with our operations.

## Environmental Management System (EMS)

Putting our Environmental Policy into action is at the heart of our **Environment Management System (EMS)**. The EMS has been a work in progress since 2005 as part of a multi-year endeavor to institute and align it across our various businesses.

Some concrete developments took place last year. Our new Corporate Environmental Affairs team conducted numerous consultations with both internal and external stakeholders to develop an understanding of existing and new initiatives for monitoring, tracking and reducing our corporate environmental impacts.

We have engaged external experts to assist us with our ongoing review of our existing practices surrounding environmental risk.

We have started to put measures in place to monitor consumption indicators across our organization with the purpose of streamlining our practices wherever possible. As outlined in the following pages, some of our individual businesses already track and report on various activities.

# 2006 Highlights

- Provided \$2.2 million in funding to 830 community environmental projects through the TD Friends of the Environment Foundation.
- 40,000+ Canadians participated in the TD Canada Trust Great Canadian Shoreline Cleanup.
- Undertook a program to complete environmental audits in our retail branch network.
- Shredded and recycled close to 4,500 U.S. tons of confidential documents, saving the equivalent of 72,542 trees.
- Switching from paper to electronic versions of internal reports has eliminated more than 80 million sheets of paper per year.

TD is looking to expand this practice, as well as integrate industry best practices in its operational footprint.

## Our Operational Footprint

We strive to operate and manage our properties, products and services in an environmentally sensitive manner.

### Facilities Management

Our largest direct environmental impact is as a major owner and tenant of facilities, with a network that includes more than 1,000 branches. We are continually striving to mitigate our footprint – especially in terms of energy consumption and waste management.

We do not own or rent facilities in environmentally sensitive habitats and we do not consider our principal products and services to produce any major impacts on biodiversity.

Our largest user of facilities, TD Canada Trust, has built upon its previous environmental activities and increased its focus by launching a project to perform expanded environmental audits in all retail branches. These expanded audits were started in 2006, with completion expected in the spring of 2007, and are being performed in accordance with the newest environmental regulations. As of November 2006, more than 600 surveys have been completed and 125 projects initiated. In many cases, the standards being used will exceed local provincial requirements. Completion of these audits and subsequent remediation projects will continue to ensure a safe environment for our customers and employees, with an aim to implementing best practices.

### Energy Consumption

*We are committed to the efficient and responsible use of energy in our operations, including promoting conservation practices among employees.*

TD Canada Trust centrally tracks energy consumption across its retail branch network using a sophisticated energy-tracking software program. Information gathered is utilized for both planning and trending analysis to help ensure energy resources are used as wisely and efficiently as possible. However, since we are not a direct producer of greenhouse gas (GHG) emissions, we have not inventoried our production of GHGs. Recognizing that climate change is an important issue facing the environment today, over the coming year we will investigate the indirect emissions associated with the use and disposal of our products and services supply chain.

In the design and construction of retail branches, energy-efficient and environmentally friendly solutions are adopted such as T8 lighting, economizer heating/ventilating and air-conditioning systems, programmable thermostats and digital control photocells that power signs and exterior lights only when necessary. We also aim to incorporate energy-efficient and environmentally friendly practices within our 120 corporately owned and managed properties. At the College Park facility in Toronto, for instance, we use high-efficiency R134 refrigerant in our new cooling plant and our four new emergency system generators have urea scrubbers that dramatically reduce emission of nitrogen oxides.

As tenants in the TD Centre complex in downtown Toronto, we're pleased to report that all five office towers are now equipped with the Enwave deep lake water cooling system, which uses cold Lake Ontario water in air-conditioning systems. This results, for example, in the removal of eight megawatts of electricity demand from the power grid during peak summer months.

### Waste Management

We make a concerted effort to reduce our consumption of business supplies and work with suppliers to recycle or reuse these materials. Some of our recent efforts:

#### Reduce

- Individual employee paper usage declined by 5.4% in 2006. In 2005, paper usage\* per employee, based on 43,600 employees, averaged 9,633 pages. In 2006, paper usage\* per employee, based on 47,602 employees, averaged 9,138 pages.
- Switching from paper to electronic versions of internal reports has eliminated more than 80 million sheets of paper per year. In 2007, we have a target to migrate another 20 million pages of reports.

Paper Usage Trends Downward		
	2006	2005
Average paper usage per employee*	9,138 pages	9,633 pages

\* Based on purchases from the bank's preferred vendor.

## Reuse

- Every year TD donates computers and related equipment for use in the community. In 2006 alone, we donated 36,719 computers, laptops, monitors and printers to organizations that include schools and youth centres. See example in sidebar.
- TD is part of a cellular phone recycling program through which donated phones are refurbished and distributed to women's shelters across the country. In 2006 we ran a collection drive in Ontario, amassing a total of 400 gently used phones from our employees.

## Recycle

- We have a major program in place to recycle printer and photocopier toner cartridges and exceed the typical return rate of 30% of toner cartridges in North America. In 2006, we returned 38,566 printer cartridges to our suppliers, amounting to more than 86% of remanufactured printer cartridges purchased across TD. This is up 6% over last year and 16% from 2004.
- We participate in a confidential paper-shredding program through which our contracted supplier recycles approximately 95% of shredded paper. In 2006, an estimated 4,492 U.S. tons of confidential documents were shredded from all branches and most corporate offices, saving the equivalent of 72,542 trees (figure calculation based on paper industry representatives' estimates that one U.S. ton of recycled paper saves approximately 17 trees).
- Our retail branches recycle paper and cardboard wherever municipal recycling programs exist, and TD's various corporate offices also take part in recycling programs. For example, the TD Waterhouse premises in the Greater Toronto Area contributed to the recycling of 93.49 metric tons of paper and 43.58 metric tons of cardboard between September 2005 and September 2006 inclusive.

## Purchasing and Procurement

The quest to lessen our footprint extends to our supplier relationships. As a major purchaser of products and services, we seek suppliers who are committed to environmental stewardship and meet or exceed government guidelines or ISO standards regarding the environment.

## Did you know?

Demonstrating our reputation as a company devoted to corporate social responsibility, for the second straight year TD has been included on the Jantzi Social Index. This is a stock index of 60 Canadian companies that pass a broadly based set of social and environmental screens.

## TD's Donated Computers Help the Environment – and Students

Computers are an essential tool in today's world, but many schools face restricted budgets and resources for equipping their students with necessary computer learning experiences. In 2006, Computers for Schools Ontario (CFSO) received 10,900 full computer systems, over 300 laptops, 5,000 additional monitors and 79 servers thanks to TD Waterhouse and TD Canada Trust. CFSO is a not-for-profit organization that distributes donated computer equipment to schools and libraries across Ontario. The donation reflects our commitment to the environment by diverting computer equipment from landfills.

### Toner Cartridge Recycling

2004	2005	2006	North American Industry Standard
70%	80.5%	86%	30%

Some examples:

- Our paper suppliers and their contracted suppliers are certified under at least one of the major environmental certification standards relating to the manufacture of paper products – the Forest Stewardship Council (FSC), the Sustainable Forestry Initiative or ISO 14001.
- Our cheque supplier uses vegetable-based inks on recycled paper. Cheque packaging, including kits and shipping boxes, is 100% recycled, with 50–80% being post-consumer materials.
- Deposit envelopes located at our ABMs are manufactured with paper that has 50% post-consumer content.



- TD letterhead is chlorine-free, comprising 80% post-consumer fibre and 20% FSC-certified fibres. Statements and business cards contain 10% post-consumer waste.
- The majority of marketing materials published on behalf of TD, including brochures and posters, are produced on chlorine-free, recycled paper using high percentages of post-consumer waste paper whenever possible. Only lower-VOC (volatile organic chemical) inks are used, and residue chemicals and manufacturing supplies are reprocessed and recycled, including solvents, cleaning agents, oils and printing plates.

Through our Strategic Sourcing Group (SSG), our individual businesses purchase their office supplies from pre-screened companies that have contracts with TD as preferred vendors. Each of these vendors has undergone an extensive review and due diligence process that takes environmental criteria into account.

SSG has provided the bank with an online ordering system to use called TD Deals. This system helps to greatly reduce waste as orders are electronically placed for a wide range of office supplies: envelopes, business cards, forms, letterhead, mobile phones and more. Each order is keyed into TD Deals and electronically sent to the appropriate vendor. This has eliminated the need to fax over 130,000 orders per year. Last year we moved from 30% of letterhead/business card/memopad orders being placed online with TD Deals to 67%, and in 2007 we will aim to reduce the remaining 33%. This will mean a further reduction of more than 10,000 faxes per year.

In addition, approximately 20 of our large vendors are set up through TD Deals to send in their bills electronically, thereby eliminating the need for them to print and mail their invoices.

In 2006, we initiated consolidated forms delivery, reducing the frequency of shipments to our branches from as many as five times per month to twice per month.

Over the next 12 to 18 months we are upgrading our output device fleet with just over 2,100 new Multi-Function Devices (MFDs). We are targeting to consolidate three devices (one copier, one fax machine and one printer) into each MFD deployed. Added functionality of the device (duplex printing, scanning, etc.) will allow us to further reduce paper consumption. The displaced copiers and fax units will be returned to the vendor. The printers will be redeployed within the bank, sold on the used market, given to schools or disposed of in an environmentally appropriate manner.

## Lending Practices

As a major lender to retail, commercial and large corporate clients, we assess relevant environmental impacts and work to mitigate environmental liability that could accrue to TD and our clients. Within Commercial Banking, we incorporate appropriate environmental due diligence as an integral part of the lending process. Bankers conduct site visits with all borrowers, and each account is assigned an environmental risk rating. Based on the environmental risk rating, an environmental questionnaire or assessment may be required.

Similarly, on the wholesale banking side, TD Securities carefully considers a client's environmental policy and track record and conducts in-depth due diligence (including site visits, environmental questionnaires and Phase I or II reports completed by qualified, accredited third-party professionals) based on the assessed environmental risk rating. TD Securities requires all clients to represent that they are fully aware of all laws and governmental regulations as they apply to the environmental aspects of their businesses and that they are actively engaged in working with the relevant authorities to achieve and maintain compliance with those laws and regulations.

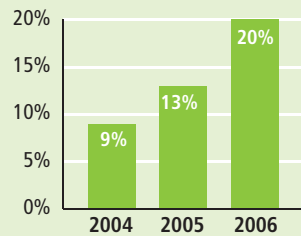
Where there are legal issues regarding the applicability of environmental law to the Bank's position, TD Securities will engage outside counsel. We also pay particular attention to each client's corporate governance practices, assessing the independence, experience and qualifications of the members of the board of directors in light of the board's duty to supervise management decision-making in all areas, including environmental responsibility.

## Climate Change and Environmental Risk

We acknowledge that climate change presents the potential for both commercial risks and/or opportunities for TD. Customers operating in industries dependent on agriculture, forest products and water resources may be exposed to extra risks arising from climate change. Additional regulation and policy affecting greenhouse-gas-intensive industries may have an impact on the risk profile of these industries.

As well, climate change may affect customer behaviour. This may result in future opportunities or risks – whether that be reduced or altered customer demand, changing asset mix, carbon trading or emissions quotas – all of which may have an impact on TD's lending portfolio and our customer relationships. TD will continue to monitor these issues and will respond to significant risks by developing appropriate business and risk management strategies.

**Paperless Record Keeping by TD Canada Trust Customers**  
(percentage of paperless personal accounts)



## Environmental Choices for Customers

TD encourages customers to use paperless banking methods: pre-authorized bill payments, online transfers, direct deposit programs and telephone and online banking. As they learn about and become comfortable using these electronic services, our customers are increasingly taking advantage of them:

- Only 30% of customers use account passbooks, down by 4% since last year and 7% since 2004.
- Paperless Record Keeping grew by 32% from 2005 and is now used by more than 20% of all personal account holders.
- Cheque volumes declined by 8% over last year.
- Pre-authorized debit and credit volumes increased by 4% and 2% respectively over last year.
- Pre-authorized transfer services experienced the largest change in volumes, with a 12% increase over last year.

For investors, there are service options allowing them to reduce the consumption of printed materials. For example, since 1999 we've offered the TD eFunds® platform, which enables investors to access their accounts, execute trades and receive communications online. TD Waterhouse was the first Canadian broker to offer online access to self-directed brokerage statements and trade confirmations, and in 2005 we eliminated annual statement mailing to accounts with little transaction activity, achieving considerable paper savings.

## Collaborating With Others

TD works closely with members of the financial sector, government bodies and others to learn about and help address domestic and international environmental issues. Here are some examples:

- **United Nations Environment Programme Finance Initiative (UNEP FI):** TD is a member, as well as a long-time signatory of the organization's Statement by

Financial Institutions on the Environment & Sustainable Development.

- **Carbon Disclosure Project (CDP):** TD participated again in the CDP, an initiative on behalf of global institutional investors to report on corporate responsibility issues including business implications of climate change. Along with many Financial Times 500 companies, we contributed data to the annual CDP report on environmental emission levels of international corporations.
- **Environmental Issues Specialist Group:** We play an active role in this committee of the Canadian Bankers Association devoted to understanding and dealing with environmental matters from an industry-wide perspective.
- **Environment Canada Network:** TD is a member and will be participating in a boreal research project.

## TD Friends of the Environment Foundation

\$40 million donated to 16,000 grassroots projects that have helped the environment. That's the tremendous impact made by the TD Friends of the Environment Foundation (FEF) since 1990.



*Making a difference together* for our planet's well-being is why we created FEF 16 years ago. FEF is a unique model of business-community partnership involving employees, customers and TD. There are 119 FEF chapters throughout the country that review and recommend local environmental projects for funding. The chapters comprise customers and employees who volunteer as advisory board members. Customers and employees can also donate funds through their TD Canada Trust account to FEF chapters in their communities.

Funding is provided to not-for-profit groups that:

- 1) Protect and preserve our natural surroundings for both present and future generations to enjoy;
- 2) Assist children in understanding and participating in environmental activities in their community; and
- 3) Conduct environmental research and promote environmental cooperation.



Dr. Graham Crawshaw, Head Veterinarian of the Toronto Zoo, is studying the risk of disease on black-footed ferret and prairie dog populations in southern Saskatchewan. It's a project partly funded by the Regina and Moosejaw/Swift Current chapters of the TD Friends of the Environment Foundation.

By demonstrating environmental leadership through FEF, TD is making a positive contribution to the well-being of our world and setting an example for others.

## Examples from 2006

FEF channels money to hundreds of community environmental projects across Canada each year. Here are a few from 2006:

- **Wildlife Rehabilitation Society of Edmonton:** The Wildlife Rehabilitation Society of Edmonton recognizes the impact of human encroachment on wildlife. It strives to provide rehabilitative care for injured wildlife and promotes an understanding and respect for wildlife through education. The group received FEF support to build waterfowl pens and duckling/gosling brooder pens, which meet provincial housing standards for waterfowl rehabilitation.
- **Scientist in the School program:** FEF continues to be a significant supporter of a group called Scientist in the School. What makes this group unique from other programs is its highly investigative, hands-on, curriculum-aligned workshops. Every student becomes a scientist in their

classroom while becoming involved in making detailed observations and new discoveries in workshops packed with innovative activities and experiments that connect with the real world.

- **Click on Climate education package:** Funded by the Winnipeg FEF chapter, the package is a ready-to-go kit with information and tools designed for children between the ages of nine and 12. The kit's activity books provide the background, scientific information and helpful tips needed for an individual to take action on climate change.
- **Prince Edward Point Bird Observatory:** This observatory near Picton, Ontario, conducts research on species at risk with the data they collect on migratory songbirds and develops strategies to protect other species. They also provide education and training opportunities to students, volunteers and the public.
- **Fort Whyte Centre – Lines for Life, Winnipeg:** Lines for Life is a project that is in the process of converting a former industrial-use rail-line into a nature trail. The rail-to-trail process provides hands-on lessons for youth about soil, trail impacts on the natural environment and how environmentalists make responsible decisions about trail placements and surfaces.
- **Bald eagle research:** Bird Studies Canada (BSC) has worked closely with governments, landowners and volunteers for many years to help effect and monitor the recovery of the eagle population in southern Ontario. While the population has increased dramatically, there is now evidence that Ontario eagles have unusually short life spans, owing to elevated levels of lead and mercury. In collaboration with the Canadian Wildlife Service and Ontario Ministry of Natural Resources, BSC initiated a special project in 2004 to determine where these migratory birds are acquiring toxic chemicals. With help from FEF funding, the project is using satellite telemetry to track the movements of juvenile eagles hatched in southern Ontario for up to five years.

- **University of British Columbia Supermileage Team:** Every year, teams from across the Americas compete to build the most fuel-efficient vehicle possible for the Society of Automotive Engineers' Supermileage Competition. Competitors learn to appreciate the environmental implications of design choices for nature and, through awareness, become more responsible engineers. FEF sponsored the UBC team, which won its third consecutive title as the highest-mileage vehicle in the collegiate class.

### FEF Facts 2006

Total granted to community environmental projects	\$2.2 million
Local environmental projects supported	830
Customers and employees who donated through TD Canada Trust's Automated Monthly Donation program	128,000
FEF chapters across Canada that review and recommend local projects for funding	119
Customers and employees who volunteered for FEF chapters as advisory board members	1,062

## Making a difference together for Canada's shorelines

It's the second-largest marine conservation initiative of its kind in the world. And in 2006, it encompassed a record 40,000+ volunteers across Canada.

It's the **TD Canada Trust Great Canadian Shoreline Cleanup**. Each September, the week-long campaign takes place whereby committed citizens across the country make our shorelines cleaner, removing garbage and other items along oceans, lakes, rivers and wetlands that threaten wildlife and compromise our natural surroundings.

Hundreds of TD employees and friends were among the "environmental heroes" who participated in 2006. The TD Friends of the Environment Foundation has been a proud sponsor of the event since it began 14 years ago with two dozen people on a beach in downtown Vancouver. Created by the Vancouver Aquarium, within a few years the cleanup initiative expanded across Canada with the vision and support of FEF.

### 2006 Statistics

Volunteers	40,781
Sites cleaned across Canada	966
Shoreline cleaned	2,080 km
Garbage collected	84,708 kg
Top finds	Cigarette filters (214,229), food wrappers (99,179), bags (50,511)
Most unusual finds	A kitchen sink, bed frame, shopping carts

**TD** Canada Trust  
great  
**CANADIAN**  
shoreline cleanup



The shorelines of Toronto are cleaner thanks to these environmentally conscious employees.



TD employees find everything and the kitchen sink! George Dalal, Financial Advisor, displays his unusual find.



TD's "Team Levack" at Clear Lake cleanup site in northern Ontario.

- **Black-footed ferret recovery program:** Since 1993, the Toronto Zoo has been involved in recovery programs for the endangered black-footed ferrets. FEF has provided funding for the zoo's recent efforts to reintroduce the species into areas of Canada where they existed historically in the 20th century, with the first step identifying suitable

habitat and threats to the survival of ferrets on the Canadian Prairies.

*More information:* [www.fef.ca](http://www.fef.ca)