

TD's Approach to Compensation

TD provides employees with a comprehensive total rewards package that includes a combination of base salary, incentive compensation, benefits, and retirement and savings plans. The bank's philosophy is to provide a competitive package that is tailored, as appropriate, to the different practices of the locations in which the bank operates. In 2018, we spent over \$10 billion globally on compensation and benefits.

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. 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.

Linking environmental, social and governance factors in executive compensation

The bank's ESG scorecard sets out the bank's ESG related objectives and goals across a number of key categories, including Customers, Colleagues, Community, Environment and Governance. Customer Experience is also one of the key metrics used to evaluate business performance under the Executive Compensation Plan. Performance relative to the bank's Customer Experience targets has a direct impact on the determination of year-end incentives for the CEO, the Senior Executive Team, and other executives. In addition, the performance of executives is assessed against its consistency with the bank's Risk Appetite Statement, Code of Conduct and other programs with principles embedded in the bank's management systems, which reflect and support the achievement of the bank's ESG objectives. These policies and programs include the reputational risk management elements of the bank's Risk Appetite Statement and related environmental risk policies; the cultural and behavioural standards and guidelines in the bank's Code of Conduct and Ethics; and the human resource policies and programs which measure and support progress towards the bank's diversity goals and which underpin the bank's talent strategy. This assessment of performance has a direct impact on compensation, in alignment with the bank's pay-for-performance philosophy.

More details on our executive compensation structure can be found in [TD's Proxy Circular](#).

Gender Pay

Diversity and inclusion are core values and strategic business priorities. Our goal is to sustain a working environment that

is supportive of all of our colleagues - where every employee has the opportunity to realize their potential to the fullest. In keeping with these core values, we are committed to providing equitable compensation and professional opportunities for all employees, while continuously working to address the key factors that can contribute to a gender wage gap.

Among these efforts are initiatives to promote equitable outcomes for promotions and career development. For more than a decade, TD's Women in Leadership strategy has worked to increase representation of women at senior levels at the bank and attract women to roles traditionally populated predominantly by men. We have embedded diversity and inclusion into every aspect of our business, from formal business strategy, to our workplace practices (including diversity and inclusion objectives in the goals for all senior leaders) and policies, customer relationships and community involvement. Over 300 leaders at TD are active in our diversity subcommittees and regional councils, which includes *Women in Leadership*, one of TD's key Diversity and Inclusion pillars. Through these networks TD women access a variety of in person and virtual professional development, mentoring and leadership training opportunities to support career advancement.

With respect to compensation, we have comprehensive and well-established programs and structures that are gender neutral and designed so that employees performing the same job have the same opportunity, resulting in internal equity and fairness. Highlights include:

- We have a pay for performance philosophy under which employees have the opportunity to influence their compensation based on their individual performance against team and personal objectives aligned to TD strategy.
- We define compensation program eligibility, including both salary and incentive compensation, based on role and level, and apply eligibility and opportunity consistently regardless of gender.
- The majority of our employees are paid according to well defined salary ranges. These define a range of pay for each role that is competitive in the market while allowing for appropriate variation to recognize individual performance, experience and capability.
- Salary ranges are supported by market analysis and job evaluation processes that measure the content of positions and organize jobs of similar complexity and accountability together into job levels.
- We review our salary ranges and incentive programs regularly and make adjustments where required to achieve appropriate outcomes.



TD's Approach to Compensation (continued)

In support of these gender-neutral compensation programs and structures, we have a number of practices to enhance consistency, and confirm that outcomes are appropriate. Highlights include:

- Tools used to facilitate year-end base salary and incentive decisions include guidelines to support consistency in decision making, and additional training and other support is available to people managers.
- Year-end performance and compensation decisions go through a review process, and outcomes are monitored for gender-based differences.
- We conduct reviews of compensation practices and outcomes to confirm that where we have men and women performing the same job, that our pay practices are gender neutral while taking into consideration performance and experience in the role.

During 2018, we worked with a third-party provider to complete a detailed statistical analysis of compensation to assess potential differences in outcomes based on gender. The review found that women earned more than 99 cents for every dollar earned by men in base salary and total compensation, adjusting for factors such as level, geography and role. We are committed to delivering equitable opportunities for all employees, including making adjustments to compensation where appropriate, and continuing to monitor our programs to confirm they are being delivered in a gender neutral manner.

We believe that this holistic approach, which combines a focus on increased representation, together with gender neutral compensation programs and policies that are closely monitored, provides fairness and equality in both professional and compensation opportunities, and demonstrates our ongoing commitment to being an inclusive and diverse organization.

