

**RISK COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF THE TORONTO-DOMINION BANK**

**CHARTER**

*~ ~ Supervising the Management of Risk of the Bank ~ ~*

***Main Responsibilities:***

- Approving the Enterprise Risk Framework (ERF) and related risk category frameworks and policies that establish the appropriate approval levels for decisions and other measures to manage risk to which the Bank is exposed
- Reviewing and recommending the Bank's Enterprise Risk Appetite Statement and related measures for approval by the Board and overseeing the Bank's major risks as set out in the ERF
- Reviewing the Bank's risk profile and performance against Risk Appetite measures
- Providing a forum for "big-picture" analysis of an enterprise view of risk including considering trends, and current and emerging risks

***Independence is Key:***

- the Committee is composed entirely of independent directors
- the Committee meets regularly without management present
- the Committee has the authority to engage independent advisors, paid for by the Bank, to help it make the best possible decisions on risk management

***Composition and Independence, Experience and Authority***

The Committee shall be composed of members of the Board of Directors in such number as is determined by the Board with regard to the by-laws of the Bank, applicable laws, rules and regulations and any other relevant consideration.

In this Charter, "Bank" means The Toronto-Dominion Bank on a consolidated basis.

No member of the Committee may be an officer or retired officer of the Bank. Every member of the Committee shall be independent of the Bank within the meaning of applicable laws, rules and regulations and any other relevant consideration as determined by the Board of Directors, including the Bank's Director Independence Policy.

The members of the Committee shall be appointed by the Board and shall serve until his or her successor is duly appointed, unless the member resigns, is removed, or ceases to be a director. A Chair will be appointed by the Board upon recommendation of the Corporate Governance Committee, failing which the members of the Committee may designate a Chair by majority vote. The Committee may from time to time delegate to its Chair certain powers or responsibilities that the Committee itself may have hereunder.

In addition to the qualities set out in the Position Description for Directors, all members of the Committee should have a sound understanding of the types of risks to which the Bank may be exposed and of the techniques and systems used to identify, measure, monitor, report on and mitigate those risks, or be willing and able to acquire the necessary knowledge quickly. Committee members may enhance their familiarity with risk management issues by participating in educational programs conducted by the Bank or an outside consultant.

In fulfilling the responsibilities set out in this Charter, the Committee has the authority to conduct any investigation it deems appropriate to, and access any officer, employee or agent of the Bank for the purpose of fulfilling its responsibilities, including, without limitation, the shareholders' auditor. The Committee may obtain advice and assistance from outside legal, accounting or other advisors as the Committee deems necessary to carry out its duties and may retain and determine the compensation to be paid by the Bank for such independent counsel or outside advisor in its sole discretion without seeking Board approval.

### ***Meetings***

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee shall dedicate a portion of each of its regularly scheduled meetings to meeting separately with the Chief Risk Officer of the Bank and other selected members of management as considered necessary by the Committee, and to meeting on its own without members of management. Any member of the Committee may make a request to the Chair for a Committee meeting or any part thereof to be held without management present. The Committee shall also meet with the Office of the Superintendent of Financial Institutions Canada ("OSFI") to review and discuss the results of OSFI's annual supervisory examination of the Bank in the event OSFI directs that it meet with the Committee instead of the full Board. The Committee may also meet with the shareholders' auditor from time to time as determined by the Committee.

To facilitate open communication between this Committee and the Audit Committee, and where the Chair of the Audit Committee is not a member of this Committee, he or she shall receive notice of and attend by invitation of this Committee, as a non-voting observer, each meeting of this Committee and receive the materials for each such meeting. In addition, this Committee shall meet with the Audit Committee at least two times annually to discuss topics relevant to both Committees.

The Committee may invite to its meetings any director, member of management of the Bank or such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

### ***Specific Duties and Responsibilities***

To fulfill its responsibilities and duties, the Committee shall satisfy itself that a sound enterprise risk framework, including related frameworks, policies, procedures and practices are implemented to manage the Bank's key risks. More specifically, the Committee shall:

#### *Enterprise Risk Framework and Risk Appetite*

1. Review and approve the Enterprise Risk Framework (ERF) which sets the direction for how TD manages risk to its business operations in alignment with its overall strategy. The ERF describes; a) TD's Risk Inventory and major categories of risk, b) the Bank's risk governance and organization structure; and c) the risk management processes developed to identify and assess, measure, control, monitor and report on risk.
2. Review and approve the significant risk management policies and frameworks recommended by the Bank's management and developed and implemented to manage the Bank's major risk exposures. These policies are reviewed regularly as determined by the Committee, and include those required by regulatory authorities.
3. Review and recommend the Bank's Enterprise Risk Appetite Statement and related metrics, for approval by the Board at least annually and on the recommendation of the Chief Risk Officer.
4. Review and approve the Risk Appetite Governance Framework and monitor the Bank's risk profile and performance against its Risk Appetite as well as review any exceptions to Risk Appetite measures as reported by senior management.
5. Review Risk Management's annual assessment of the Bank's performance against the enterprise Risk Appetite Statement, which, among other things, may be used as input for the Human Resources Committee (HRC) as part of the compensation process.

6. Meet annually with the HRC to review the Bank's performance against the enterprise Risk Appetite Statement prior to the HRC determining year-end compensation.
7. Receive presentations, regular reports and other information to understand the top and emerging risks to which the Bank is exposed. This includes reviewing on an annual basis management's report on Enterprise-Wide Stress Testing results, and identifying material risks and emerging risk issues and trends.
8. Review at least annually, and approve as required, the Bank's risk-based capital requirements and management's evaluation of the effectiveness of the Bank's internal capital adequacy assessment process ("ICAAP") for determining these requirements.
9. Regularly review the Bank's risk management performance and obtain reasonable assurance that the Bank's risk management policies for significant risks are being adhered to.
10. Review reports on the amount, nature, characteristics, concentration and quality of the Bank's credit portfolio, as well as significant credit exposures and exceptions to risk policy, and trends in portfolio quality (credit and position risk), market risk, liquidity risk, economic trends and other risk information.
11. Review the provisioning methodology for credit losses and adequacy of the Bank's provisions for credit losses.
12. Review annually the Bank's material outsourcing arrangements and approve its outsourcing policy.
13. Review and approve the Bank's Crisis Management Recovery Plan, and any similar crisis management recovery or resolution plan of the Bank as required by applicable regulatory requirements.
14. Receive regular liquidity risk reports and annually approve the acceptable level of liquidity risk in respect of the combined U.S. operations<sup>1</sup> in accordance with applicable regulatory requirements.
15. Incidental to the Committee's overall responsibilities, the Committee receives reports from the Internal Audit Division on, and considers compliance with, internal control policies and the effectiveness of related procedures, recognizing that the Audit Committee has the primary responsibility for the review and approval of such internal control policies and procedures. In addition, the Committee shall periodically monitor the independent assessment by the Internal Audit Division of significant risk-related issues.

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<sup>1</sup>Footnote 1: The combined U.S. operations or "CUSO" comprise TD Group US Holdings LLC and its subsidiaries together with The Toronto-Dominion Bank's U.S. branch and agency network.

16. Review and approve any other matters required by OSFI and other relevant regulators from time to time.

### *Risk Management Governance and Oversight*

The Committee shall oversee Risk Management, including reviewing and approving the mandates of Risk Management and the Chief Risk Officer at least annually. The Committee shall satisfy itself that Risk Management has adequate resources and independence to perform its responsibilities. In addition, the Committee shall:

- review and approve, at least annually, the Risk Management budget and resource plan, including assessing the adequacy of both as well as reviewing the succession plans for the Chief Risk Officer of the Bank;
- confirm the appointment and dismissal of the Chief Risk Officer of the Bank;
- at least annually assess the effectiveness of Risk Management;
- review the results of an independent assessment of Risk Management effectiveness conducted periodically;
- periodically review the results of a benchmarking of the Risk Management function conducted with the assistance of an independent third party;
- annually convey its view of the performance of the Chief Risk Officer to the Chief Executive Officer of the Bank as input into the compensation approval process;
- review and discuss regular reports prepared by the Chief Risk Officer including with regard to reports by supervisory authorities related to Risk Management, together with management's response and follow-up on outstanding issues, as necessary, including proactive consideration of whether deficiencies in one area may be present in other areas; and
- provide a forum for the Chief Risk Officer to have unfettered access to the Committee to raise any risk issues or issues with respect to the relationship and interaction between Risk Management and senior management of the Bank, Internal Audit Division, the shareholders' auditor and/or regulators.

### *General*

The Committee shall have the following additional general duties and responsibilities:

- review and assess the adequacy of this Charter at least annually and submit this Charter to the Corporate Governance Committee for review and recommendation to the Board for approval; noting that changes considered administrative by the Chair of the Risk Committee and the Chairman of the Board can be reviewed and approved by the Corporate Governance

Committee throughout the year and aggregated once per year for review and concurrence by the Board;

- from time to time and as needed, Committee members will participate in educational sessions to enhance their familiarity with risk-related issues;
- conduct an annual evaluation of the Committee to assess its contribution and effectiveness in fulfilling its mandate;
- perform such other functions and tasks as may be mandated by legal and regulatory requirements applicable to risk management committees or delegated by the Board;
- review significant pronouncements and changes to key regulatory requirements relating to the risk management area to the extent they apply to the Bank;
- report to the Board on material matters arising at Risk Committee meetings following each meeting of the Committee. Report, as required, to the Audit Committee on issues of relevance to them; and
- maintain minutes or other records of meetings and activities of the Committee.

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