



2020 ESG Update

March 2021

TD's 2020 ESG Performance



Achieved our goal of having **women in 40%** of roles titled vice president and above in Canada in 2020.



Listed on the **Dow Jones Sustainability World Index** for the seventh consecutive year (only North American-based bank on the World Index).



Issued an inaugural three-year US\$500 million **sustainability bond**; the proceeds from this issuance will be used to finance projects with environmental and/or social benefits.



Target to achieve **net-zero greenhouse gas (GHG) emissions** associated with our operations and financing activities by 2050.



Made a broader and longer-term commitment to increase **minority executive representation** across the Bank by 50% by 2025, at which time these communities will represent more than 25% of TD leaders. This will include a specific focus on Black and Indigenous talent.



In response to COVID-19, TD announced the **TD Community Resilience Initiative**. The initiative, part of the TD Ready Commitment, the Bank's corporate citizenship platform, allocated \$25 million to help strengthen community resilience today and into the future.

TD's Climate Action Plan



A target to achieve **net-zero greenhouse gas emissions** associated with its operations and financing activities by 2050, aligned to the associated principles of the Paris Agreement. The plan includes:

- **No new project-specific financial services**, including advisory 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 (ANWR)
- Creation of a new **TD Sustainable Finance and Corporate Transitions Group** within TD Securities to provide clients with advisory services and important transition and sustainability-focused financing globally.
- Creation of a **TD ESG Centre of Expertise** drawing on experts across TD to participate in global efforts to improve data measurement and analytics, invest in research and support academic progress and technological innovation.
- We will **report on our progress** starting with 2021

🏆 TD was the first Bank in North America to become Carbon Neutral in 2010

🏆 We are now the first Bank in Canada to set a target of Net Zero Emissions by 2050



TD's 2020 Response to COVID-19



Customers

- Provided support to over **450,000 customers** and accounts through TD Helps in Canada and TD Cares in the U.S.
- Deferred payments on approximately **\$84 billion** in loan balances.
- Offered insurance customer relief programs that exceeded **\$88 million in premiums**.

Colleagues

- In recognition of their front-line service, customer-facing employees required to work from a TD location in Canada and the U.S. received a **recognition award of \$1,500** (\$500 per month in April – June) and **three additional paid vacation days**.

Communities

- Introduced the **TD Community Resilience Initiative**, a \$25 million comprehensive program designed to help organizations and community groups we work with and the people they support. Through funding, employee engagement and ongoing collaboration with organizations and community groups, we are helping build community resilience today and into the future.
- The **TD Ready Challenge** adapted to help develop innovative solutions that help address the impacts of the pandemic. The \$10 million annual initiative supports organizations developing innovative solutions for a changing world.

Our commitment to our customers, colleagues and communities



\$130 million

to support non-profit organizations in 2020 across our global footprint contributing to our target of \$1 billion in philanthropy by 2030.

80,000 hours

In 2020, more than 2,900 colleagues globally in our TD Ready Commitment Network volunteered over 80,000 hours to better their communities.

10 paid personal days

Provided for employees affected by school closures/dependent care as a result of COVID-19

Over 8.9 million people

participated in shared experiences through TD-supported events and predominately virtual activities in Canada and the U.S.

\$25 million

committed through the TD Community Resilience Initiative to help organizations and community groups we work with and the people they support in the wake of COVID-19.



ESG Governance: Managing ESG Risk and Opportunity



Corporate citizenship and Environmental, Social and Governance (ESG) are key parts of TD's strategy overseen by the Board of Directors and managed within an enterprise governance structure that balances broad engagement across the organization while also providing line-of-sight accountability.

Board Oversight & Engagement

Board of Directors approves TD's ESG strategy and business objectives and oversees the implementation, execution and monitoring of performance including with respect to TD's corporate citizenship and environmental and social (E&S) strategy and objectives

Corporate Governance Committee oversees and monitors TD's alignment with its purpose and its strategy, performance and reporting on corporate responsibility and environmental and social (E&S) matters

Risk Committee regularly reviews TD's Enterprise Risk Dashboard, updates and monitors climate-related risk and does a deep-dive on TD's Environmental and Social risk management.

Human Resources Committee satisfies itself that the bank's people strategy, organization structure and compensation strategies, plans, policies and practices, are consistent with the sustainable achievement of the bank's strategic ambitions, business objectives, prudent management of its operations and risks, and safeguarding of its unique and inclusive culture

E&S Risk Management

- TD enhanced its governance of E&S risks through the formalization of its E&S Risk Management function under Operational Risk Management.
- An enterprise E&S Risk Framework has been developed and implemented that sets foundational guidance and defines key pillars of activities for managing E&S risks.

¹ "Visible minority" is defined as non-Caucasian in race or non-white in colour, other than a person of Indigenous or Aboriginal heritage.

² "Indigenous or Aboriginal heritage" is defined as First Nations, Inuit, Metis, American Indian, Alaska Native, Native Hawaiian or other.

³ "LGBTQ2+ member" is defined as a member of the Lesbian, Gay, Bisexual, Transgender, Queer, Two-Spirit, Plus community.

⁴ "Person with a disability" is defined as a person having a long-term or recurring visible or invisible physical, mental, sensory, psychiatric or learning impairment, including impairment resulting from, or related to hearing, seeing, vocal, mobility, agility, pain, neurological, memory, developmental, psychological or addiction.

Linking ESG Factors in Executive Total Rewards

- One of the objectives of the bank's executive compensation program is to reward executives for successfully executing the bank's strategy, which includes ESG factors.
- The bank has embedded ESG related elements in the determination of executive compensation in a number of ways, including in the determination of the business performance factor used to create incentive pools, and in the evaluation of individual performance.
- In 2021, the bank is building on the existing links, and formally incorporating a number of additional ESG metrics in the Executive Compensation Plan for the Senior Executive Team. The additional metrics include objectives related to climate change, diversity and inclusion, and employee engagement.

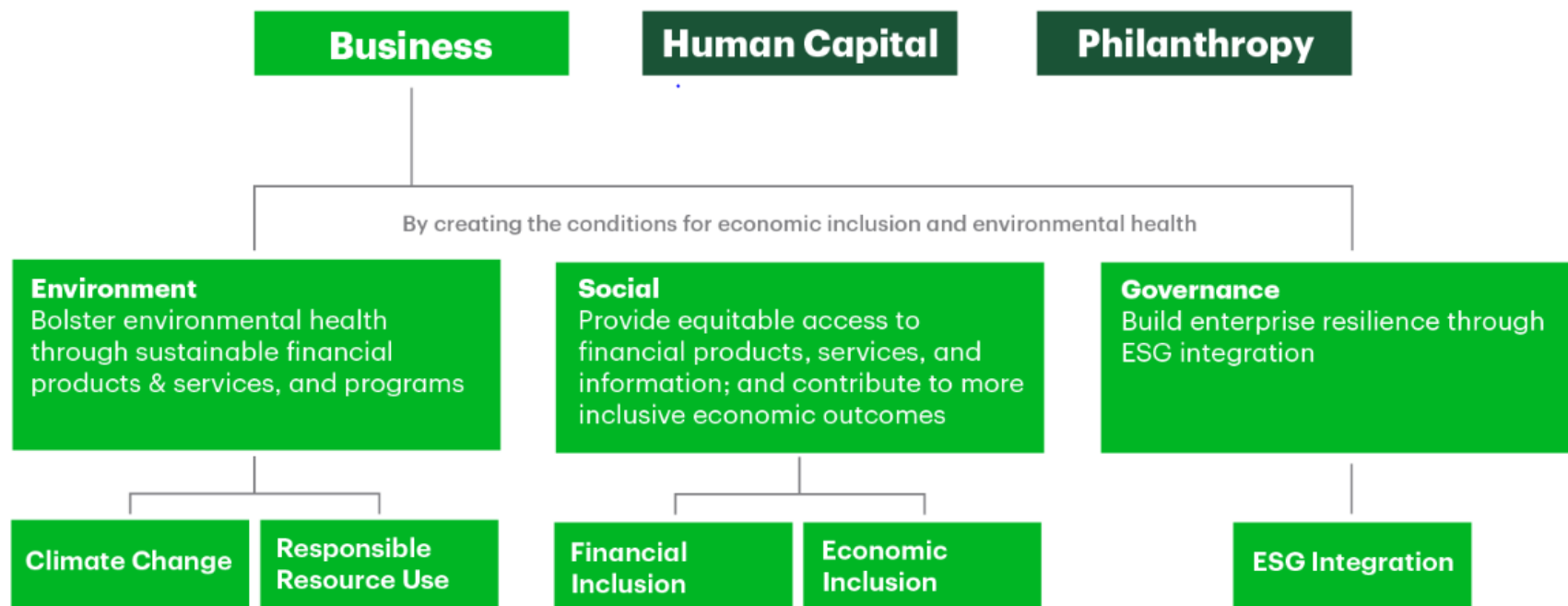
Diversity and Inclusion

- The board recognizes and embraces the benefits of diversity in its membership as a competitive advantage, which is in keeping with the Bank's commitment to diversity and inclusion at all levels of the Bank's workforce
- Women comprise 36% (5 of 14) of all director nominees. Further, 29% (4 of 14) of all director nominees voluntarily self-identify as a visible minority¹, a person of Indigenous or Aboriginal heritage², LGBTQ2+³ or a person with a disability⁴.



TD **READY** COMMITMENT

Working together towards an inclusive and sustainable future

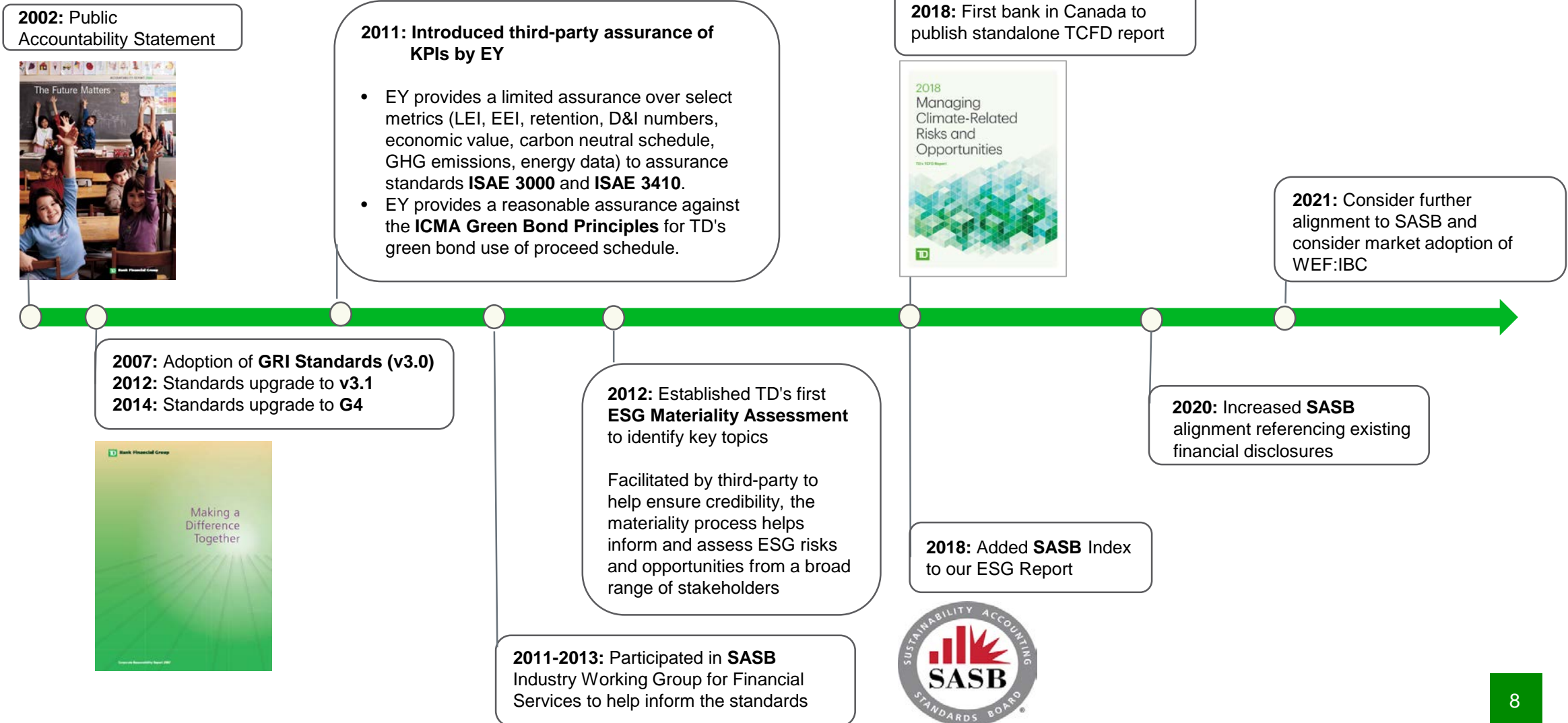


TD is seeing significant interest from multiple stakeholder groups regarding ESG performance. We have strengthened our ESG focus by establishing the **TD ESG Centre of Expertise**, announcing **TD's Climate Action Plan** and developing an **enterprise-wide ESG Framework**. This strategy acts as the business lever of the TD Ready Commitment.

Key Developments in TD's ESG Reporting



TD's evolution of ESG reporting includes the Public Accountability Statement in 2002, the Corporate Responsibility Report in 2003, and the ESG Report in 2018



TCFD Recommendations – Overview

- In June 2017, the FSB published the final TCFD report outlining 11 recommendations for companies on assessing and disclosing climate-related risks. The recommendations call for:
 - Disclosure in public annual financial filings
 - Climate scenario analysis to assess resilience of organization's strategy
- Three years on, over 1,700 organizations across 77 countries have come out in support of the TCFD.¹
- TD has published two standalone TCFD Reports to date ([2018](#) & [2019](#)). The most recent annual update for 2020 states TD's support for both TCFD, and the objectives of the Canadian and U.S. government to meet the goals of the Paris Agreement.
- The 2020 TCFD Report, which will be published in March 2021, presents an update on our efforts towards implementing the TCFD recommendations across the four key pillars:

Governance	Strategy	Risk Management	Metrics and Targets
<p>Disclose the organization's governance around climate-related risks and opportunities.</p>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</p>	<p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>

TCFD Recommendations – Scenario Analysis Highlight



- Support for TCFD continues to grow as global supervisors continue to show progress on incorporating climate change risks into banking regulation.
 - In particular, the industry has focused on the recommendation of advancing climate scenario analysis.
- Scenario Analysis has been identified as a key tool in assessing forward looking implications of climate change that are without historical precedent.
- Climate-related scenario analysis is an emerging industry practice. As such, we have embarked on a multi-year journey to conduct climate scenario analysis using new methods, data and tools. This includes participation in industry discussions and evolving our internal practices:

Industry Working Groups

- UN Environment Programme Finance Initiative (UNEP FI)
- TD has participated in all of the UNEP FI's industry pilots across our lending, insurance, and asset management business
- OSFI and the Bank of Canada (BoC) Climate Change Pilot
- OSFI and the BoC have engaged a small group of institutions, including TD, to better understand the risks of the financial system related to a transition to a low-carbon economy.

Internal Practices

- Climate scenario analysis is being integrated with the Bank's Enterprise Stress Testing process. In 2020, the program introduced a scenario based assessment of a physical risk scenario.
 - Scenario analysis assessed impacts of an Eastern Seaboard Hurricane across our footprint and in lending, insurance, investment business lines as well as our business operations.