



TD Bank Group

**2018
Environmental,
Social and
Governance (ESG)
Report**





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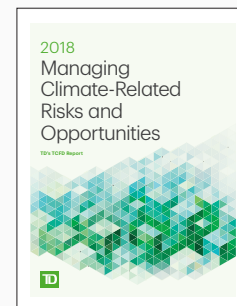
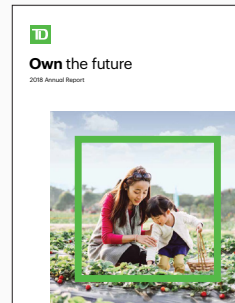
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This publication is part of our reporting suite. For more information about TD and our activities, please read our other reports:

- + Annual Report
- + The Ready Commitment Report
- + Appendix: ESG Performance Data
- + SDG Report
- + TCFD Report
- + Policies and References





Performance Summary for Investors

Sustainability reports tend to be too long. We agree! If you only have time to read one page, here is a summary of TD's ESG performance.

Sustainability Awards	<p>TD was listed on the Dow Jones Sustainability World Index for the fifth consecutive year.</p> <p>TD placed within the top 5% of banks, reaching Silver Class, in the Dow Jones Sustainability Index Yearbook.</p> <p>For the third year in a row, TD has been included in the Bloomberg Gender-Equality Index.</p> <p>TD received a rating of A- on its CDP disclosure.</p>
Environment	<p>Target \$100 billion, in total, towards initiatives in low-carbon lending, financing, asset management and internal corporate programs by 2030. Our contribution is \$30.3 billion in 2017 and 2018.</p> <p>Green bonds: Issued \$1.7 billion, participated in underwriting \$15 billion and invested \$940 million through TD's treasury group to date.</p> <p>34% of funds managed by TD Asset Management were rated high or above average in terms of sustainability by Morningstar.</p> <p>Supported the creation of the TD Sustainable Future Lab – the first cleantech accelerator in Ontario.</p> <p>TD is the only financial institution globally to participate in all three of the United Nations Environment Programme Finance Initiative (UNEP FI) Task Force on Climate-related Financial Disclosures (TCFD) pilots on lending, investment and insurance.</p>
Social	<p>Launched the TD Ready Challenge – a North American initiative – and selected 10 recipients for \$1 million grants each for solutions intended to provide people with skills for the future economy.</p> <p>TD Bank, N.A. was rated Outstanding in a Community Reinvestment Act performance evaluation by the Office of the Comptroller of the Currency dated April, 2018.</p> <p>Recognized as the Best Bank for Seniors U.S. by <i>Money</i> magazine for initiatives in place to protect senior customers.</p> <p>Educated 3,000 small business owners in the first year of the \$3 million three year partnership with the National Foundation for Credit Counseling (NFCC).</p> <p>89% of employees agreed that TD is doing the right things to make a positive impact on the communities in which it does business.</p> <p>Employees across North America logged 173,000 volunteer hours in the TD Volunteer Network website.</p> <p>TD invested \$91.7 million in employee training and development.</p>
Governance	<p>Tied for top spot in Global Finance World's 50 Safest Commercial Banks 2018 ranking.</p> <p>A founding corporate member of the Canadian Institute for Cybersecurity (CIC), a hub for cyber technology research and collaboration based at the University of New Brunswick.</p>



About This Report

Reporting Scope and Boundary

This report presents the material issues and impacts of our activities during the fiscal year ending October 31, 2018. Reports from previous years are available online:

www.td.com/responsibility.

This report encompasses all of TD's wholly owned operations and activities, which are organized under the following operating business segments: Canadian Retail, U.S. Retail and Wholesale Banking.

Throughout this report, "TD" or "the bank" refers to TD Bank Group. "TD Bank" refers to TD Bank, America's Most Convenient Bank®. All currency is in Canadian dollars unless otherwise noted. All restatements and significant changes from the previous report are described in the performance data footnotes.

Reporting Frameworks

TD has used the Global Reporting Initiative (GRI) framework for sustainability reporting since 2007. TD's 2018 ESG Report is written in accordance with the GRI Standards and fulfills the requirements for a Core report. In addition to GRI, this year we have chosen to link existing disclosures to Sustainability Accounting Standards Board (SASB). Linkages can be found in our GRI Content Index.

- + **GRI Boundary Table**
- + **Online GRI Content Index**

External Assurance Reports

Selected performance indicators were independently assured by Ernst & Young LLP. Ernst & Young performed a limited assurance engagement for a selection of TD's social and environmental performance indicators, including TD's greenhouse gas emissions (GHG) and Carbon Neutral Schedule.

- + **Assurance statement for the 2018 ESG Metrics, Greenhouse Gas Emissions and Carbon Neutral Schedule**
- + **Assurance statement for the 2018 Green Bond Schedule**

Ways to Reach Us

With teams across TD dedicated to maintaining relationships, we interact with several stakeholder groups on a regular basis, responding to the issues and concerns brought to our attention. If you would like to contact TD with feedback, here are a few ways to reach us:

- Customers: customer.service@td.com
- Shareholders: tdshinfo@td.com
- Investors: tdir@td.com
- Suppliers: tdsource@td.com
- The Ready Commitment: thereadycommitment@td.com
- Feedback on this report: crreport@td.com
- On Twitter: @TD_Canada or @TDBank_US
- By text: TDHELP (834357)



TD was named as the 2019 Best ESG Reporting in Canada by IR Magazine



TD's 2017 Corporate Responsibility Report won the IFD-FSI award for best sustainability report in the Canadian financial sector for the fifth year in a row.

Symbol Key

- Table of contents
- Supporting content (external links)
- Navigate to a different section
- Facts and figures for which Ernst & Young LLP provided limited level of assurance
- Analyst Corner: Links to additional policies and references.



1.1

A Message From Our CEO



A purpose-driven business

The size and scale of TD provide us with many advantages, including our ability to make a meaningful and long-lasting impact in the communities where we work and live. Our purpose is to enrich the lives of our customers, colleagues and communities. We do this through our businesses, our people and our philanthropy.

It's a responsibility we take very seriously as a purpose-driven organization, especially in light of the complex challenges confronting society today.

Transformative forces such as globalization and technology continue to change every facet of our lives. Many changes are for the better. More people are living healthier and more prosperous lives as a result. But we must be mindful of those vulnerable to disruption. Without the opportunities to grow, develop and make a living, people can feel excluded, isolated and left behind.

The consequences can be far-reaching. We cannot build a more prosperous world when some segments of the population are excluded from the changes driven by globalization and technology. That is also because economies do not grow when people stop participating in them.

TD aims to help our customers thrive in a changing world and feel more confident about themselves and their future. That's why we launched The Ready Commitment in 2018 – our new corporate citizenship platform that activates the power of our business, our human capital and TD's philanthropy toward a more inclusive and sustainable tomorrow. We are targeting \$1 billion, in total, in community giving by 2030 in four areas: financial security, vibrant planet, connected communities and better health across our North American footprint. In October 2018, we announced the grant recipients of our first annual TD Ready Challenge. A total of \$10 million in funding was provided to 10 organizations with innovative solutions intended to provide people with skills for the future economy.

TD also recognizes that the transition to a low-carbon economy must be balanced, taking into consideration the energy needs and economic realities of today while building for the future. As part of The Ready Commitment, TD has targeted \$100 billion, in total, toward initiatives in low-carbon lending, financing, asset management and internal corporate programs by 2030. And we have made important progress in meeting that goal with more than \$30 billion funded so far.

Finally, TD understands that we are part of something larger than ourselves. Our size and scale enable us to be a positive change agent across our footprint. Through our citizenship and business activities, TD is aligned with nine United Nations (UN) Sustainable Development Goals (SDGs) and is a founding partner of IMPACT2030, a global private-sector-led collaboration dedicated to using employee volunteer programs to contribute to the achievement of the SDGs. In all of this, collaboration is critical. If the public and the private sectors work together on key issues, we can create greater impact and effect positive social change.

While our core business is to provide financial products and services, our purpose is to enrich lives, supporting the long-term success of both the communities we serve and the bank we run.

Sincerely,

Bharat Masrani
Group President and Chief Executive Officer



1.2

About TD

Every day, TD touches the lives of millions of people throughout our value chain who rely on us to perform seamless and accurate transactions on their behalf.

Our Business (as at October 31, 2018)

85,000+
TD colleagues


25m+
customers served around the globe

2,300+
retail locations across North America

6,000+
ATMs

12.5m+
active digital customers

2018 Financial Performance¹



\$0.9t
total deposits

\$11.3b
reported earnings

4.6b
cash dividends to shareholders

\$1.3t
total assets

12.8%
shareholder return²

Economic Value Distributed (during year ended October 31, 2018)

\$10.4b
in salaries and benefits

\$6.3b
spent in procurement

\$4.6b³
corporate and property taxes

\$116m
community giving

173,000+⁴
volunteer hours

¹ Financial performance indicators are based on TD's full-year reported results for the year ended October 31, 2018. Unless otherwise indicated, all amounts are expressed in Canadian dollars and have been primarily derived from the bank's annual Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Results prepared in accordance with IFRS are referred to as the "reported" results.

² Total Shareholder Return (TSR) is calculated based on share price movement and dividends reinvested over a trailing five-year period (from 2013 to 2018).

³ Includes payroll taxes, sales taxes, municipal and property taxes, insurance premium taxes, business taxes and capital taxes.

⁴ As logged on the TD Volunteer Network platform.

1.3

Our Strategy and Purpose

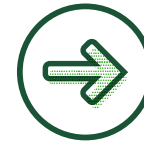
As a top 10 North American bank, TD aims to stand out from its peers by having a differentiated brand – anchored in our proven business model and rooted in a desire to give our customers, communities and colleagues the confidence to thrive in a changing world.

**Proven Business Model**

Deliver consistent earnings growth, underpinned by a strong risk culture

**Purpose-driven**

Centre everything we do on our vision, purpose, and shared commitments

**Forward-focused**

Shape the future on banking in the digital age

Governance

Corporate Responsibility is a key part of TD's strategy and is managed within a governance structure that balances broad engagement across the organization while also providing line-of-sight accountability.

Corporate Governance Committee of the Board

- Oversees TD's corporate responsibility strategy and performance
- Stays informed about international trends and best practices in corporate disclosure of non-financial performance
- Includes board-level competency on corporate responsibility on environmental and social matters

Executive Leadership

- Bharat Masrani, our CEO, has ultimate responsibility for ensuring TD acts as a leading corporate citizen
- Norie Campbell, a member of TD's Senior Executive Team reporting to the CEO, has oversight of TD's global corporate citizenship strategy

Corporate Citizenship Council

- Is chaired by Norie Campbell, Group Head, Customer & Colleague Experience
- Discusses corporate responsibility topics and provides guidance on TD's strategy, current performance and future direction
- Stays informed on emerging environmental and social issues and the impact on stakeholders



At TD, we recognize that our success is not only measured by our financial performance – it's also measured by the extent to which we do what's right, today and in the long term. For a business to endure, strong corporate governance is at the core. As the complex ESG landscape raises new and emerging challenges, we are continually working to embed responsible business practices across TD to build long-term value for our customers, colleagues and the communities we serve.

Norie Campbell

Group Head, Customer & Colleague Experience



1.4.1

The Ready Commitment

The Ready Commitment is our corporate citizenship platform designed to help open doors for a more inclusive and sustainable tomorrow. Based on internal and external research, we identified four areas that we call the Four Interconnected Drivers of Change, because when they are addressed, together they can help people feel more confident about the future. While in some way our efforts touch on all 17 of the United Nations Sustainable Development Goals (SDGs), we have identified the nine that we feel we can make the greatest contribution to and will track our progress towards.

Financial Security



Improve access to tools and programs to help people live their lives with greater financial confidence



Vibrant Planet



Elevate the quality of the environment so that people and economies can thrive



Connected Communities



Create the opportunities people need to connect with their community and have a sense of belonging



Better Health



Support more equitable health outcomes for all





1.4.2

TD's Contribution to the SDGs

The United Nations' (UN) Sustainable Development Goals (SDGs) provide a plan of action to achieve shared prosperity for the world at large. The SDG framework, through 17 goals, 169 targets and 230 related indicators, aims to help align international efforts to leave a better planet for future generations.¹

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 blueprint has helped us to identify nine SDGs that are most material to our business and aligned with the goals of The Ready Commitment. As we track the impact of The Ready Commitment, we will also measure our contribution to these goals and targets.

[Read TD's Leadership Forum on SDG 11](#), a dialogue on building resilient cities, hosted by GlobeScan.



¹ <http://www.undp.org/content/undp/en/home/sustainable-development-goals.html>



1.5

How We Listen to Stakeholders

There are many environmental, social and governance issues that demand our attention. We give more importance to those risks or opportunities that directly relate to TD's core business, are stated priorities for our stakeholders and are areas where we can effect change.

Stakeholder Group	Ways We Interact	Key Topics in 2018
Customers	Soliciting feedback by phone and online Formal process for handling complaints (see page 33) Consumer associations Social media team	Customer service Fee changes Processing delays Credit decisions Access to banking Financial education
Colleagues	Employee surveys, focus groups and HR meetings Executive leadership visits Intranet comment engine and online communities (Connections) Employee Ombudsman (Between Us) Employee Assistance Program Whistleblower Hotline	Improving work enablement (tools and processes) People management Career development Diversity and inclusion in the workplace Increased emphasis on employee wellness
Shareholders and Investors	Annual meeting and quarterly earnings calls Shareholder proposals Shareholder Relations team Regular meetings with investors Investor Relations website Industry conferences	Climate change and the Task Force on Climate-related Financial Disclosures (TCFD) Pipeline expansion projects Digital evolution in the banking sector Housing affordability and household debt levels Cybersecurity and data privacy
Government	Government Relations teams for Canada and the U.S. Ongoing dialogue with regulators and policy-makers	Progress on implementing regulations Evolving credit card and payments landscape Working to create greater financial literacy Participating in government consultation on open banking Bank Act review
Suppliers	Website for prospective suppliers Email responses to supplier questions	Third-party risk management Education for small and diversely-owned suppliers on doing business with large companies
Industry Associations	Industry association memberships Memberships in various multi-stakeholder groups Participation in financial centre bodies	Meeting needs of customers and evolving customer expectations Coordination among authorities for more effective regulation Oversight of unregulated and under-regulated market participants
Communities	Citizenship team Diversity team Ongoing dialogue with community organizations Volunteer Network TD Friends of the Environment	Growing income inequality Financial education Indigenous communities Disaster support Priorities under The Ready Commitment Impact measurement and evaluation
Non-Governmental Organizations	Meetings, phone calls, face-to-face consultation Funding research projects Conferences and forums Over 250 engagements on environmental topics	Environment and climate change Low-carbon economy Financing of fossil fuel energy developments Sustainable investing

+ List of Stakeholder Engagements on Environmental and Social Topics



1.6

Our ESG Material Topics

Our materiality process is informed by the Global Reporting Initiative (GRI). From that guidance, we have chosen to define materiality as those environmental, social and governance topics that have the greatest importance to our stakeholders as well as to the bank. We conduct an ESG materiality analysis every two years because we found that for our industry, the issues remain fairly consistent over this time frame. With a two-year assessment cycle, we're able to track trends on issues and it also provides time for TD to demonstrate progress based on findings from the last stakeholder panel. In 2018, we refreshed our materiality assessment to update and prioritize the topics that shape TD's ESG reporting, and this report is structured around the nine topics identified.

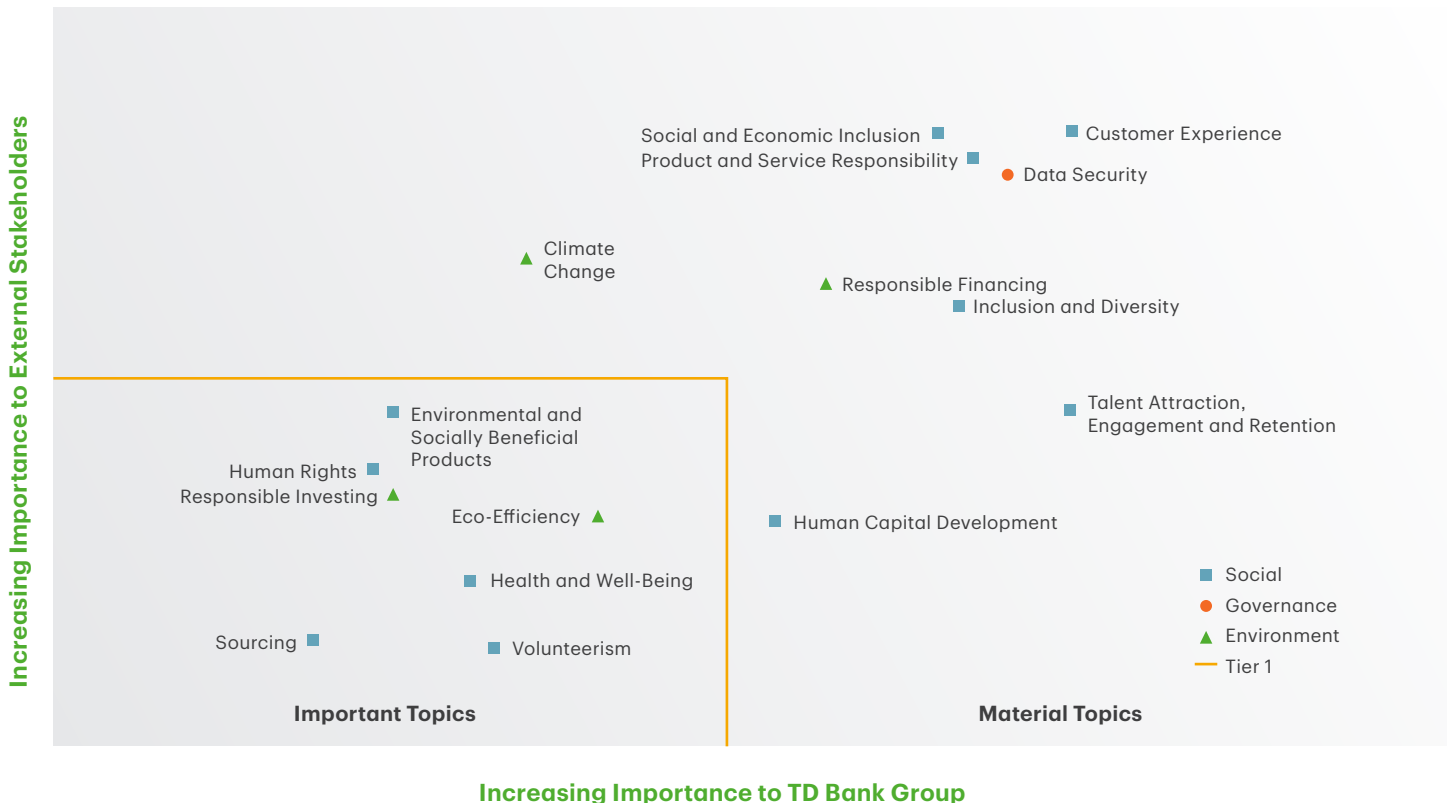
Our process involved four stages: research and benchmarking, impact mapping, stakeholder interviews and a validation workshop to discuss the assessment findings.

An independent third party, BrownFlynn, facilitated interviews with senior leaders from businesses across TD and external interviews with representatives from the following organizations to capture a range of stakeholder views:

- NEI Investments
- Ontario Teachers' Pension Plan
- BankTrack
- Centre for Corporate Governance and Sustainability
- Deloitte LLP
- United Nations Environment Programme – Finance Initiative (UNEP FI)
- Building Bridges Across the River
- AVANA Capital Corporation
- CivicAction
- Mission Measurement
- Citibank
- Microsoft Corporation

The matrix below reflects our understanding of the importance of each topic to our stakeholders and to our business. The top material topics have been grouped into three key themes that drive the content, structure and scope of our reporting: environment, social and governance.

Relative Priority of Sustainability Topics



+ Details of TD's Materiality Assessment Process and Approach to Stakeholder Engagement



1.7

What We Heard

In the interviews, stakeholders were asked to rank the importance of various ESG topics by the level of risk, opportunity and impact for TD.

01

Climate change will alter the financial services industry

Some stakeholders tell us that they consider that the increasingly pronounced impact of climate change and international resolutions will compel financial institutions to adapt. These stakeholders approve of TD's involvement in the TCFD and expect TD to support international climate change agreements and initiatives.

"Banks have responsibility as providers of capital to think about how they shape the transformation of the economy."

Influencer / Think Tank

> See Climate Change on p13

03

The emerging low-carbon economy is driving a deeper appetite for responsible financing and investing

Stakeholders prioritized responsible financing due to TD's ability to make a significant impact. Responsible financing positions could attract employees, particularly millennials, seeking to work for firms that do good. Responsible investing allows customers to align their investments with their values.

"Responsible investing really is, putting your money where your mouth is."

TD Corporate Leader

> See Responsible Investing on p19

02

Data privacy and security are increasingly important

Banking is a trust industry. Stakeholders are increasingly concerned about cybersecurity and data protection. They felt that TD had an important role to play in raising consumer awareness and training employees and customers to better protect their data.

"The most important topic for us is data security and privacy. Everyone banks online. If this topic is not managed, it will have significant impacts."

Influencer / Think Tank

> See Data Security and Privacy on p57

04

Leverage TD's business resources to support local communities and the greater economy

Stakeholders expect TD to create a positive indirect economic value by being in business. Investing in local communities and supporting economies through sourcing can create shared value.

"As a bank, their impact is broad and far-reaching. Their operations have far-reaching socio-economic impact. Their size and number of employees amplify their impact."

Investor

> See Social and Economic Inclusion on p22



1.8

ESG Scorecard and Goals

Objective		2017 Results	2018 Results (Target in brackets if applicable)	2019 Target
Environment				
Support the transition to a low-carbon economy	TD's contribution to supporting the low-carbon economy (in billions)		\$30.3 (2017 & 2018)	\$100 by 2030
Embed the environment into our financing decisions	Applicable transactions reviewed according to TD's Environmental & Social Credit Risk Management process, which includes the Equator Principles	100% (100%)	100% (100%)	100%
Reduce our environmental footprint	Be carbon neutral	Yes (Be carbon neutral)	Yes (Be carbon neutral)	Be carbon neutral
	Reduce paper use (relative to 2010 baseline)	45% reduction (40% by 2020)	43% reduction (40% by 2020)	40% reduction by 2020 vs. 2010 baseline
	Reduce scope 1 and scope 2 GHG emissions (relative to 2015 baseline) ¹	12% reduction	14% reduction	
Social				
<i>Social and Economic Inclusion</i>				
Increase financial literacy	Number of participants in a TD-sponsored financial education program	683,000 (500,000)	530,400 (500,000)	500,000
	Number of customers with TD MySpend app (in millions)	1.00	1.65	
Give financial support to create change	Total donations (%)	1%	1.12% ²	At or above 1% ³
	Total donations (\$ in millions)	\$107	\$116	
Provide affordable housing ⁴	Provide 25 grants totaling US\$2.5 million to organizations working to develop or rehabilitate affordable housing units (in millions)	US\$3.13 (US\$2.5)	US\$3.13 (US\$2.5)	US\$2.5
Create value in the real economy	Distributed economic value (in billions) ⁵	\$22.7	\$24.7	
Drive local economies	Total value of small business loans and other credit facilities in Canada (in billions)	Over \$2	Over \$2.2	
	Total value of small business loans and other credit facilities in U.S. (in US billions)	\$1.4	\$1.4	
Encourage suppliers to use responsible practices	Number of suppliers assessed for responsible practices	154	89 ⁶	
<i>Customer Experience</i>				
Deliver legendary customer service	Legendary Experience Index – TD Composite Score	✓ ⁷	✓ 63.8 ⁸ (61.93)	64.23 ⁹
Digital innovation	Digitally active customers (in millions)	11.5	Over 12.5	

¹ Scope 1 GHG emissions include direct emissions from heating and cooling, leased aircraft and corporate fleet. Scope 2 GHG emissions include indirect emissions from electricity, heating and cooling.

² Calculated as an average of Canadian net income before tax giving on a five-year rolling average ending 2018 (breakdown includes Canada: 1.23%, U.S.: 1%).

³ The 1% giving target tracks to the North American scope of TD's new citizenship strategy.

⁴ U.S. only.

⁵ Economic value distributed as defined by the [Global Reporting Initiative disclosure GRI 201-1](#). Please see page 28 for more details.

⁶ The number of suppliers assessed decreased from 2017 due to changes in our processes that resulted in a renewed focus on suppliers who have not been previously examined.

⁷ Result in 2017 was 44.4. The calculations for the TD Bank Group composite score were modified to account for TD Canada Trust Branch Banking weight change and TD Business Banking inclusion. This does not allow for comparisons to other years.

⁸ The 2018 TD Bank Group composite score reflects February 1 to October 31, 2018, LEI survey results because the enhanced LEI was officially launched on February 1, 2018, for TD Wealth, TD Insurance and Business Banking.

⁹ Significant methodology changes during 2018-2019 do not allow comparisons to previous years' performance. Key changes include transition from phone to email survey, program weighting changes for TDCT Branch, TDCT Phone, Digital, TD Wealth Digital, and Business Bank.



1.8

ESG Scorecard and Goals (continued)

		2017 Results	2018 Results (Target in brackets if applicable)	2019 Target
<i>Diversity and Inclusion</i>				
Be diverse and inclusive to reflect the communities we serve	Overall women (global)	✓ 58.6%	✓ 57.9%	
	Women in senior management (global) ¹	✓ 37.3%	✓ 36.1%	
	Visible Minorities in senior management (% in Canada) ¹	✓ 14.5%	✓ 16.3%	
	People with disabilities (% in Canada)	✓ 5.7%	✓ 6.6%	
	Indigenous Peoples (% in Canada)	✓ 1.2%	✓ 1.3%	
Promote human rights	Total number of employee training hours related to human rights ²		94,913	
<i>Talent Attraction, Engagement and Retention</i>				
Attract and retain a diverse and inclusive workforce	% women promoted	56.8%	53.3% ³	
	% positions filled within TD	61.7%	55.8%	
Provide a great place to work	Increase Employee Engagement Index	✓ 82% (82%)	✓ 84% (82%)	82%
	Average global turnover	✓ 20.04%	✓ 20.00%	
Encourage volunteerism in our communities	Hours volunteered by TD employees	172,250 (increase year over year)	173,000 (increase year over year)	Increase year over year
<i>Human Capital Development</i>				
Support employees in their career journeys	Investment in training (in millions)	81.8	\$91.7 ⁴	
	Average number of days of training ⁵	4.8	5.7	
Governance				
Be diverse and inclusive	Women on Board	36% (at least 30% of independent Directors)	36% (at least 30% of independent Directors)	At least 30% of independent Directors

¹ Senior Management includes board-titled officers of the bank, Vice President level and above.

² The total number of hours related to human rights training was calculated using a 100 percent allocation applied to the total hours spent on human-rights related courses in fiscal 2018. Courses covered topics such as TD's Code of Conduct, diversity and inclusion, fair banking and serving customers with disabilities. 2018 is the first year this data was collected.

³ 53.3% of all promotions in 2018 were given to women.

⁴ Overall increase in training spend was due to investment in new training technology platform (TD Thrive) and support for business transformation projects.

⁵ An average day is considered eight hours for U.S. employees and 7.5 for all other employees.

Environment

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2.1

Interview With Nicole Vadori, Head of Environment, TD Bank Group



With the increasing impacts of climate change, what is TD's role in a sustainable future?

A top-performing bank requires a strong economy, and a strong economy requires a healthy environment. At TD, we recognized these linkages early on and made the decision to lead on climate change. For the last decade we have set our own ambitious strategy and executed against it. But we believe more can be done. The United Nations Intergovernmental Panel on Climate Change (IPCC) report this year was a wake-up call for many people regarding the impacts of climate change and the amount of work that needs to be done to prevent irreversible damage. It is important for us to move fast enough to limit future impacts of climate change, while being careful that our actions do not leave people behind.

We believe that responsible development of our natural resources must balance environmental, social and economic considerations. As such, we believe that immediately stopping or starting projects in environmentally sensitive sectors is not in the best interests of the bank or the communities in which the bank operates. The reality is that the transition to the low-carbon economy will take several decades, and fossil fuels still account for more than 80% of global energy consumption.¹ As a North American bank, we know we need to balance the economic considerations of transitioning to a low-carbon economy with the growing urgency brought forth by climate change. Accordingly, our approach includes supporting conventional energy sources that fuel North America's current economic vitality, while investing in low-carbon innovation aimed at supporting a more inclusive and sustainable tomorrow.

Although the transition will take time, there are areas of the economy and regions in our footprint where we can move quickly. The demand for clean energy is increasing and will drive tens of trillions of dollars of economic opportunity around the world over the next several decades.² At TD, we are helping to identify these opportunities and support the advancement and adoption of low-carbon solutions through our financial capabilities, geographic reach, and employee and client networks.

How has TD's environmental strategy evolved over the past few years, and where is it heading?

Our strategy has evolved from operational to transformational. Ten years ago, our focus was on verifying that our own operations met high environmental standards. This was expressed through projects such as carbon neutrality, paper and energy reduction, and responsible sourcing. These initiatives were foundational and set the stage for TD to venture into areas where we could influence environmental change on a larger scale. While operations will continue to be a key part of our strategy, our focus has grown to supporting our lines of business – from our teams of lenders and investors and our insurance partners to our front-line banking specialists – in integrating environmental risks and opportunities into their strategic planning. In addition to actively identifying and assessing climate change risks within our exposed business segments, we are also pursuing climate-related opportunities to grow and diversify our business. As part of The Ready Commitment, we have targeted \$100 billion, in total, to initiatives in low-carbon lending, financing, asset management and internal corporate programs by 2030 that will support the transition to a low-carbon economy. This commitment strengthens our ability to influence change in our role as a financial institution, and we are optimistic about the opportunities to support the expansion of innovative solutions to make existing fossil-fuel-based energy production cleaner, support the growth of renewable energy and encourage the responsible use of all our energy sources.

¹ <https://hub.globalccsinstitute.com/publications/fossil-fuels-will-continue-dominate-energy-consumption-patterns/fossil-fuels-will-continue-dominate-energy-consumption-patterns>.

² [Government of Canada, 2018, Interim Report of the Expert Panel on Sustainable Finance, Government of Canada: Gatineau, QC.](#)

2.2

Climate Change

Why It Matters to TD

We believe that managing risks and opportunities related to climate change will be increasingly important to our sustainability as a business. The special report “Global Warming of 1.5°C” released by the IPCC in 2018¹ is clear about the consequences for the environment and the economy if climate change is unchecked, but it also demonstrates that there are pathways to limit the worst of these impacts if decisive action is taken in the near future. A changing climate can lead to increased credit risk, insurance risk, market risk, and other risks across TD’s businesses, as well as operational risk to our physical footprint. We believe financial institutions have an important role to play in addressing climate-related impacts on their businesses and their clients and in supporting the transition to a low-carbon economy.

Our Approach

TD was one of the first North American banks to identify climate change as an environmental issue with economic impacts. We have embedded environmental considerations into key business segments and operations and established an enterprise-wide environmental strategy aimed at developing a comprehensive and long-term view of the physical and transition risks of climate change, as well as the opportunities that will come from the transition to a low-carbon economy. As we operate primarily in North American economies that have abundant oil and gas resources supplied by a wide range of service industries, we recognize that environmental, social and economic considerations must balance responsible development of natural resources.

Performance in 2018

Climate Opportunities: TD’s Low-Carbon Strategy

At TD we have followed this simple working definition: A low-carbon economy minimizes greenhouse gas (GHG) emissions while supporting sustainable economic growth. The transition to a low-carbon economy will require major capital investments across all areas of the economy. Estimates of the global capital needed to meet commitments under the Paris Agreement range up to US\$90 trillion over the next 15 years.² As a top 10 North American bank, we believe that TD has an important role to play in helping the transition to a low-carbon economy in North America. This is why we have committed to a target of \$100 billion, in total, in low-carbon lending, financing, asset management and internal corporate programs by 2030.



Analyst Corner

- TD’s Environmental Policy
- 2018 Carbon Neutral Schedule
- 2018 Natural Capital Valuation
- 2018 Principles of Sustainable Insurance – Annual Disclosure
- TD’s TCFD Report
- Low-Carbon Economy Progress Report
- 2018 CDP Climate Change Questionnaire

Initiatives that are part of the \$100 billion target include:

- Supporting the growth of renewable and low-carbon energy sources, energy-efficiency practices, sustainable land use, and green infrastructure through TD’s business activities, including lending, investment, asset management, advisory services and insurance
- Working with companies, ventures and projects that are driving innovation to advance the clean technology market in North America
- Expanding the impact of TD’s green bond strategy (issuing, underwriting and investing) to increase support for projects that provide both economic growth and environmental benefit
- Developing programs, products and services that provide tangible actions for our customers and communities to help transition to the low-carbon economy
- Fostering understanding and dialogue on climate change and the low-carbon economy through research and supporting opportunities for conversations to help society and the economy make a successful transition
- Building on our eight-year record of carbon neutrality to further reduce TD’s carbon footprint
- Targeting one million new trees in communities across North America, more than doubling the number we have helped plant since 1990

Over the last two years since our commitment, TD’s contribution to the low-carbon economy totalled \$30.3 billion, representing approximately 30% of our \$100 billion target, through our low-carbon lending, financing, asset management and internal corporate programs. The environmental impact of this contribution is estimated at approximately 787,700 tonnes of GHG emissions avoided (equivalent to the annual energy use of approximately 94,400 North American homes).^{3,4} From an economic perspective, our financing activities have supported more than 76,000 jobs and contributed approximately \$15.2 billion to the GDP.⁵

¹ <https://www.ipcc.ch/sr15/>

² New Climate Economy, 2016, “The Sustainable Infrastructure Imperative,” https://newclimateeconomy.report/2016/wp-content/uploads/sites/4/2014/08/NCE_2016Report.pdf

³ PwC Analysis

⁴ <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

⁵ PwC Analysis. The Low Carbon Economy total impact values (GHG, GDP, Jobs) are inclusive of Green Bond finance impact values. Number of jobs is measured in full time equivalents (FTE).



2.2

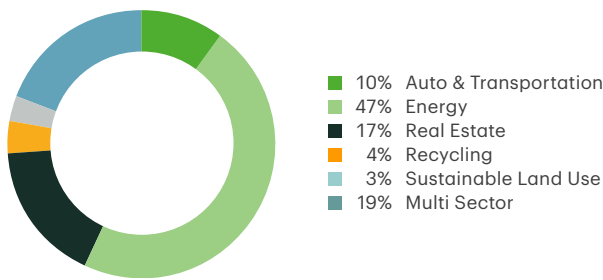
Climate Change

For more information on the methodology used to calculate TD's contribution and impact assessment, please see the [Low-Carbon Economy Progress Report](#).

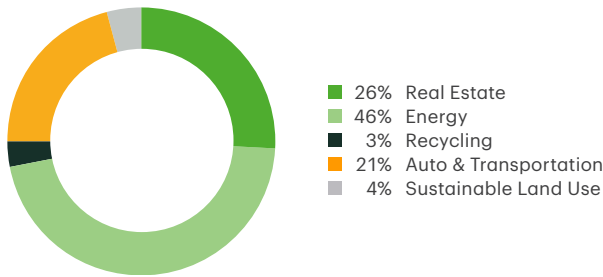
Interestingly, our 2018 low-carbon contribution results revealed a few notable insights:

- An increase in the number of our electric and hybrid insured vehicles, which may be due to government incentive programs encouraging Canadians to purchase greener vehicles;¹ and
- An increase in the value of low-carbon companies held by our TD Asset Management business since fiscal year 2017.

TD's financial support of the low-carbon economy by market sector²



Breakdown of jobs supported by market sector³



² Figure shows market sector breakdown of the \$30 billion (CAD) total. Reflects cumulative total of 2017 and 2018.
³ Represents 2017 and 2018 excluding the impact of multi sector transactions as these could not be accurately estimated using the current methodology.

Cleantech: Pathway to the Low-Carbon Economy

The transition to a low-carbon economy will take time and require capital to build the necessary infrastructure. But clean technology can accelerate the time-to-transition.⁴ Clean technology refers to innovations and technology that help the transition to the low-carbon economy by improving the efficiency of older processes or creating new cleaner solutions. TD has sought to minimize risk while encouraging low-carbon technology development by supporting cleantech startups. TD supports the incubation of ideas through the creation of the TD Sustainable Future Lab.

Case Study: TD Sustainable Future Lab – Cleantech Accelerator

Through The Ready Commitment, TD has contributed \$1 million to the Accelerator Centre to support the development of the [TD Sustainable Future Lab](#) within EvolvGREEN, a collaborative workspace for entrepreneurs, researchers and clean economy supporters in Waterloo, Ontario. The lab, which is the first cleantech accelerator in Ontario, is designed to support and mentor startups working on developing innovative and sustainable cleantech solutions to transition us to a low-carbon economy. Supporting cleantech companies reaffirms The Ready Commitment pledge for a more sustainable future and presents a new market opportunity in an emerging and important sector.

¹ <https://emc-mec.ca/ev-101/ev-incentives/>

⁴ <https://www.nrcan.gc.ca/plans-performance-reports/sustainable-development/2017-20/19965>



2.2

Climate Change

Climate Risk: Addressing Impacts on Business

In 2017, the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) published recommendations that provided important guidance on a more consistent approach to assessment and reporting of climate-related risks and opportunities. TCFD recommendations are structured around four core elements: governance, strategy, risk management, and metrics and targets. In 2018, TD became the only financial institution to be engaged in all three of the [United Nations Environment Programme – Finance Initiative \(UNEP FI\)](#) TCFD Pilot Projects for banks, investors and insurers. TD is participating in these pilots to better understand the resilience of our credit, investment and insurance portfolios to climate-related impacts. In support of the UNEP FI initiative, we have convened an internal cross-functional team to test the methodologies being developed to assess climate risk at the enterprise level and to provide feedback on the methodology to assist in its refinement.

In December 2018, we released disclosure on how TD has embedded assessment and disclosure of climate-related risks and opportunities into our governance, processes and reporting. TD is in the early stages of conducting climate scenario analysis and, like most of our peers, we view this as a multi-year journey; with refinements to scenario analysis methods, data and tools over time, we intend to continue building expertise for managing climate risks and opportunities. TD uses four principal processes to identify and manage climate-related risks and opportunities: identification & assessment, measurement, control, and monitoring & reporting. Once identified, climate-related risks are raised to relevant business segments to determine whether to accept, transfer or mitigate risks; develop mitigation plans as needed, and carry out regular monitoring and reporting. Opportunities are also evaluated by the relevant business segments and managed through TD's internal business processes. TD's climate change risk and opportunity identification process is integrated into the relevant risk management and governance policies.

TD uses several metrics to manage climate-related risks and opportunities related to our lending, financing and investing activities, our business operations, and our employee and community activities. TD sets targets for GHG emissions and energy use from our business operations and discloses its GHG emissions annually.¹ For a comprehensive set of our climate-related and other targets and current performance, consult the [TD Environmental Scorecard](#).

Moving forward, TD intends to work closely with our sustainability and risk management professionals to continue embedding climate risk assessment practices in relevant business segments and refining climate risk disclosures in our reporting where appropriate. TD will also explore opportunities to further embed climate competencies in relevant senior leadership functions, anticipating that climate change risks and impacts will become increasingly important in long-term strategic planning.

Carbon Trading

Since 2016, TD has participated in carbon credit markets, trading nearly 105 million credits to date with a market value of \$1.1 billion in the Regional Greenhouse Gas Initiative (RGGI) and the California Carbon Allowance (CCA) markets. In 2018, TD traded 85 million credits in RGGI and CCA markets, with a market value of \$900 million.

Addressing the Physical Risks of Climate Change. Extreme weather events continue to have an impact across our footprint, directly affecting our operations and the communities we serve. We continue to research and assess ways in which we can help our customers adapt to climate change and improve our disaster recovery efforts.

- As a signatory to the UNEP FI Principles for Sustainable Insurance (PSI), TD Insurance (TDI) reports on its progress toward embedding the principles into all aspects of its operations. In 2018, TDI joined a group of 16 PSI signatories that have committed to participating in the UNEP FI-supported pilot project to implement the recommendations of the TCFD in the insurance industry.
- TDI's industry-leading Mobile Response Units provide quality and timely disaster relief support to our customers across the country. In 2018, this included quick responses to severe-weather-related damage from a hailstorm in Calgary to tornadoes in Ottawa.
- We continue to participate in cross-sector collaborations and research initiatives to understand how the industry can increase resilience in the face of increasing extreme weather events. A few examples include the Institute for Catastrophic Loss Reduction (ICLR), Atmospheric Environmental Research (AER) and the Alberta Severe Weather Management Society. We are also active participants in industry associations such as the Insurance Bureau of Canada (IBC) and the Canadian Association of Direct Relationship Insurers (CADRI) and subject-specific working groups such as the National Roundtable on Flood Risk and the National Roundtable for Disaster Risk Reduction.

¹ GHG emissions are disclosed in TD's ESG Appendix.

2.3

Eco-Efficiency



Analyst Corner

[TD's Environment Policy](#)
[Appendix: ESG Performance Data](#)
[Notes to GHG Emissions](#)
[2018 GHG Emissions Assurance Statement](#)
[2018 Carbon Neutral Schedule](#)
[2018 TD's Ongoing Energy, GHG and Water Reduction Initiatives](#)
[Environmental goals and scorecard](#)

Changing weather patterns and evolving climate policies are relevant to how we manage our operations and workplace environment. Commercial buildings represent about 35% of greenhouse gas (GHG) emissions across North America.¹ As a financial institution with a significant physical presence, we believe it is important to manage and offset the emissions from our buildings and operations. Insights gained from the sustainable operation of our business also enable TD to better assist customers on their journey to sustainability.

TD is committed to continually improving eco-efficiency and resilience as part of our environmental leadership. We collect and review our data annually.² We have been carbon-neutral since 2010 and we have developed multi-year metrics and targets to be achieved by 2020 in connection with GHG emissions, energy consumption, and water use and water diversion. In 2018, we maintained our carbon neutrality, reduced our scope 1 and 2 GHG emissions by 14%, reduced energy use by 1% and reduced water use by 5% all relative to our 2015 baselines. Our key business units work in an integrated manner to reduce our operational footprint, and we review our strategy and report on our performance at least annually to TD's Corporate Citizenship Council.

¹ UN Environment: Global Status Report 2017: https://www.worldgbc.org/sites/default/files/UNEP%20188_GABC_en%20%28web%29.pdf

² Some of the data is also assured annually. For more information please see our [assurance statement](#).

2.4

Responsible Financing

Why It Matters to TD

Financial institutions such as TD, through their resources and expertise, have a unique opportunity to have an impact on businesses and influence the economy. Many of our stakeholders expect us to ensure that our own business activities, and those of the clients we support, follow sound environmental policies and practices. By continuing to improve how we assess environmental risks and opportunities in our lending portfolio, we have an opportunity to help our clients move toward a low-carbon economy and effectively manage risk.



Analyst Corner

[TD's Environment Policy](#)
[TD's Environmental and Social Credit Risk Process](#)
[2018 Equator Principles Reporting](#)
[List of Stakeholder Engagements on Environmental and Social Topics](#)

Our Approach

TD's enterprise-wide business strategy is designed to provide better returns to our investors while remaining within our risk appetite. Environmental and social (E&S) issues are embedded within our Enterprise Risk Management Framework. We support responsible energy development backed by federal and provincial/state energy policy, regulation and our own rigorous due diligence. Through our participation in the UNEP FI TCFD lending pilot (discussed further in Section 2.2) we are working toward a better understanding of the physical, transition and climate risks in our current portfolio, which we expect to integrate into relevant future strategic discussions.

Environmental and Social Due Diligence

We manage environmental and social risk based on a life-cycle approach that begins before our formal engagement with a client and continues throughout our relationship. TD's E&S Risk Policy for Non-Retail Credit Business Lines governs our processes for assessing risk and contains a set of due diligence tools that are applied to applicable non-retail lending activities, which include general corporate-purpose, project and fixed-asset financing.

2.4

Responsible Financing

Important components of these processes include:

- A list of transaction types and activities that are prohibited based on environmental and social risk
- Enhanced due diligence for environmentally sensitive sectors: forestry, mining, oil & gas and pipelines, oil sands and thermal power
- A formalized escalation process for higher-risk deals to environmental experts and senior executives within credit risk management and, in some cases, TD's Reputational Risk Committee comprising senior executives across the bank
- Where our assessment indicates that there is potential for high residual risk, we insert additional conditions, engage with the client on solutions to reduce environmental and social risk, and are prepared to not pursue the relationship further
- Since 2007 we have embedded the Equator Principles into our E&S Risk processes

Our E&S Risk Policy and due diligence procedures are updated on a regular basis to maintain alignment with current industry good practices. We are currently working on updates that will include a refreshed training program for applicable members of TD's Wholesale and Commercial Banking teams.

Performance in 2018

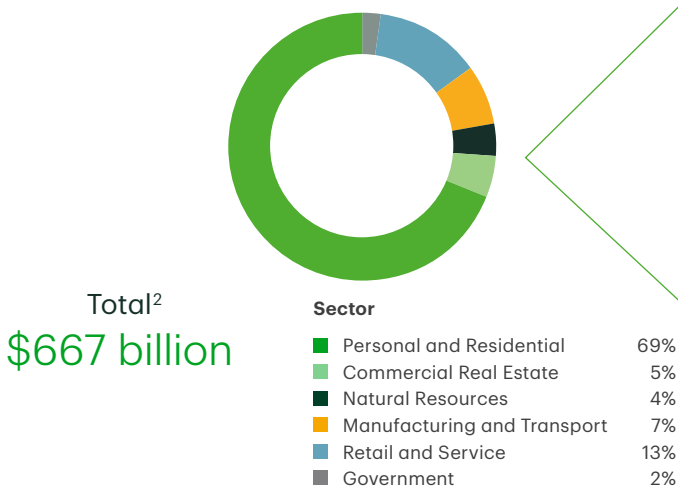
- TD participated in the Equator Principles (EP) Association's process to update the current EPIII to EP4, with the EP4 draft expected to be published in the second half of 2019.
- We continue to work to strengthen international risk standards; our Head of Environment joined representatives from 50 other global banks at the Equator Principles Annual General Meeting to discuss how to strengthen environmental and social risk practices outlined in the Equator Principles.

- We participated in a working group convened by the American Petroleum Institute to develop a midstream E&S due diligence framework to provide best practices for banks and midstream companies.
- In 2018, our lending portfolio was focused primarily on North American-based personal and residential lending, accounting for 69% of our lending. Due to the nature of those lending activities, 88% of our total lending portfolio went to economic sectors that have low or medium carbon and water risk, and approximately 12% was directed to sectors that we have identified as environmentally sensitive.
- Our environmental and social credit risk process conducted enhanced due diligence on 308 deals.

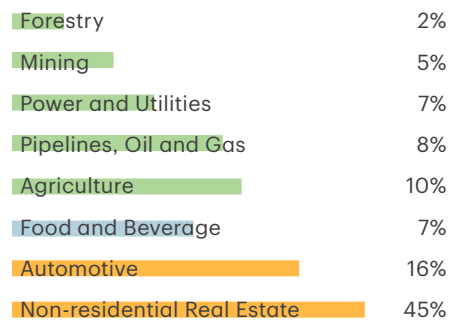
E&S Risk-Enhanced Due Diligence Reviews by Sector 2018		
Sector	Number of Reviews	Percentage
Forestry	22	7%
Mining	36	12%
Oil and gas, pipelines	198	64%
Thermal power	52	17%
Total enhanced due diligence	308	100%

- We participated in the UNEP FI TCFD lending pilot and published a case study on the approach.

TD's Total Lending by Sector¹



Lending to Environmentally Sensitive Industries



¹ See Table 24 in TD's 2018 Annual Report, pg. 45. In the 2017 Corporate Responsibility Report, we erroneously reported TD's total lending by sector as \$601 billion. The actual lending in 2017 was \$633 billion.

² Corrected on December 5th, 2019. In the first publication of the 2018 ESG report, we erroneously reported TD's total lending by sector as \$989 billion. The actual lending in 2018 was \$667 billion.



2.4

Responsible Financing

Balancing Economic and Environmental Considerations

Challenge: TD and other banks have received some criticism for their involvement in the development and expansion of traditional energy sources and associated infrastructure, including pipelines.

Response: We operate primarily in Canada and the U.S., in economies that are heavily resource-based and commodity-driven. North America's abundant energy supply means that these sectors contribute jobs and economic benefits for many communities. Over 3.6 million Americans¹ work in traditional energy industries, and in Canada more than 900,000 jobs² are supported by the energy sector. With fossil fuels still accounting for more than 80% of global energy use³ and demand expected to grow due to population growth and urban development, conventional energy and associated infrastructure continue to be important components for the global economy.

We believe that responsible development of our natural resources must balance environmental, social and economic considerations. To that end, we have embedded strong due diligence processes in our financing activities and continue to work with industry, environmental stakeholders and Indigenous communities to actively encourage dialogue and develop guidance for good practices in managing issues related to resource development. While we are focused on reducing the impacts of conventional energy use, we are also strong supporters of the emerging low-carbon economy and have targeted \$100 billion, in total, to support the transition.

This transition will take time. Even as renewable energy is becoming cheaper and more viable, global demand for energy from natural gas and oil will continue to be an important part of the energy mix. To help accelerate the transition, TD is supporting innovation in cleantech through the TD Sustainable Future Lab. Support of cleantech presents a significant opportunity for TD to play a key role in the transition by helping to advance innovation and technology that reduce greenhouse gas emissions that contribute to climate change and the associated impacts.

TD's Energy and Environment Position

TD's participation in the low-carbon economy is growing as market demand accelerates – through retail products, finance and investing. We were the first commercial bank in Canada to issue a green bond, with proceeds dedicated to supporting projects that reduce GHG emissions. At the same time, we operate primarily in a North American economy that has abundant oil and gas resources supplied by a wide range of service industries. We believe that it is important to balance these economic realities with the need to build a lower-carbon economy, supported by federal and provincial carbon pricing and related policy initiatives. Our goal is to take a balanced approach wherein we support responsible growth and solutions that will generate positive economic, social and environmental impacts for the communities we serve.

Equator Principles

In 2018, TD also provided project finance advisory services for three qualifying Equator Principle Projects.⁴

Sector	Category A	Category B	Category C
Mining			
Infrastructure		2	
Oil & Gas			
Power			
Others			1
Region			
Americas		2	1
Europe, Middle East & Africa			
Asia-Pacific			
Country Designation			
Designated		2	1
Non-Designated			
Independent Review			
Yes		2	
No			1
Total		2	1

¹ [2018 U.S. Energy and Employment Report](#).

² <https://www.nrcan.gc.ca/energy/facts/energy-economy/20062>

³ <https://hub.globalccsinstitute.com/publications/fossil-fuels-will-continue-dominate-energy-consumption-patterns/fossil-fuels-will-continue-dominate-energy-consumption-patterns>.

⁴ See [TD's 2018 Equator Principles](#) reporting for further details.



2.5

Responsible Investing

Increasingly, ESG risk is being considered part of investment decision-making. TD Asset Management (TDAM), Canada's largest asset manager, directs more than \$303 billion in assets on behalf of retail and institutional investors. TDAM believes that ESG risks are important factors in their investment decisions as highlighted in their Sustainable Investment Policy.

In 2009, TDAM became a signatory to the UN Principles for Responsible Investment (UN PRI) and was the first investment business of a major Canadian financial institution to elevate its commitment to ESG assessment. Today, the UN PRI have 1,449 signatories representing over US\$89.6 trillion of assets under management.¹ Our commitment to ESG integration extends beyond the UN PRI. We also participate in CDP and the Canadian Coalition for Good Governance (CCGG).

TDAM employs a three-pronged approach to assessing company risk that includes:

- **Investment analysis:** We integrate ESG factors into our equity and credit research and maintain a proprietary ESG risk management matrix on which we score every company in which we invest.
- **Engagement:** We engage directly and collaboratively with companies across a broad range of industries, meeting with company leaders to understand the potential impacts of ESG risks on their business and the processes in place to manage those risks. Our discussions cover the management of environmentally and socially sensitive issues such as fuel efficiency, safety, water treatment and carbon emissions, as well as corporate governance.
- **Proxy voting:** Exercising our voting rights as shareholders is one of the key ways we can positively influence environmental and social practices for the companies in which we invest.

Performance in 2018

- Through the UN PRI assessment, we have created a clear road map that we believe enables us to continually strengthen our investing approach and enhance our ESG integration. In 2018, TDAM continued to improve its annual assessment.
- TD acquired Greystone,² a signatory to the UN PRI, to become the largest money manager in Canada. Work is underway to harmonize the ESG approaches of both asset management teams.
- As part of TD's low-carbon strategy, TDAM is contributing to the bank's 2030 \$100 billion target by considering ESG-related information in our investment allocations (in accordance with TDAM's sustainable investing approach). Greystone also has \$152 million in infrastructure assets, which includes green infrastructure and renewable energy.
- TDAM continued to support ESG-related shareholder proposals, and we are engaged with companies across a broad range of industries.³
- As at October 31, 2018, 34% of funds managed by TDAM were rated high or above average in terms of sustainability by Morningstar (a leading investment research firm).⁴

Analyst Corner

TD's Environment Policy

2018 Principles for Responsible Investment and Engagement Report

Sustainable Investing Approach

TDAM Disclosure on Proxy Practices

2018 Green Bond Assurance Statement

2018 TD Green Bond (2017) Issuance - Use of Proceeds as at October 31, 2018

TD Green Bond Framework

Appendix: ESG Performance Data

TDAM Funds Rated High in Sustainability By Morningstar

Name	Category
Epoch European Equity Fund	Canada Fund European Equity
TD Canadian Blue Chip Dividend Fund	Canada Fund Canadian Dividend & Income Equity
TD International Growth Fund	Canada Fund International Equity
TD U.S. Dividend Growth Fund	Canada Fund U.S. Equity

North American Socially Responsible Investing (SRI) Portfolio

TDAM manages a North American Socially Responsible Investing Portfolio for TD Private Investment Counsel. The portfolio consists of best-in-class sustainability leaders (80-100% of portfolio) and emerging environmental specialists (up to 20% of portfolio).

- The best-in-class segment seeks to invest in companies that are leaders relative to their peers in the areas of environmental impact, corporate governance and social responsibility.
- The environmental specialist segment identifies global leaders in the areas of structural environmental growth: water, resource efficiency and alternative energy.

The Road Ahead

TDAM is committed to continued improvement of our responsible investing practices. Two areas of focus going forward include:

- Establishing a process to prioritize proxy engagement
- Completing sector-level reviews of ESG risks and opportunities for consideration at portfolio and individual investment level decisions

¹ [Principles for Responsible Investing, Annual Report 2018.](#)
² On November 1, 2018, the bank acquired 100% of the outstanding equity of Greystone Capital Management Inc., the parent company of Greystone Managed Investments Inc. (Greystone). For more information please see page 18 of the 2018 Annual Report.
³ In accordance with [TD Asset Management's Sustainable Investment Policy.](#)
⁴ Morningstar Research Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

2.5

Responsible Investing

Moving the Dial on Green Bonds

We issue, underwrite and invest in green bonds and educate others about their benefits.

Issuing

US\$1 billion

TD Bank has issued two green bonds, a \$500 million bond that matured in 2017 and a US\$1 billion bond. With its second green bond issuance, TD continues to help drive growth in the green bond market, bringing the total amount of green bonds issued to \$1.7 billion since 2014. The TD Green Bond issued in 2017 was upsized from US\$500 million to US\$1 billion when first launched (the only U.S. dollar green bond issued by a Canadian bank). It was oversubscribed and attracted 70% green investors and 10 new investors to the bank in 2017.

Some of the projects funded by the 2017 TD Green Bond Issue

Freedom Plaza: Office building in Washington, D.C., that is projected to earn LEED Gold certification

LAX Integrated Express Solutions LLC: Automated People Mover, part of the Landside Access Modernization Program at Los Angeles International Airport (LAX)

New Market West LLC: LEED-certified office tower in West Philadelphia

For detailed information on these projects, see the [2018 Green Bond Use of Proceeds](#).

Member of the Green Bond Principles

TD continues to enhance its [Green Bond Framework](#), with the most recent issuance aligned with 2017 Green Bond Principles, the most up to date at time of issuance. TD Bank is a proud member of the Green Bond Principles and participated in the ICMA Social Bonds and Green Projects Eligibility working groups in 2018.

Underwriting

\$15 billion TD's participation in green bond underwriting since 2010¹

Example:

\$450 million issue – TD Securities was an active bookrunner and advisor for Ontario Power Generation Inc.'s (OPG) inaugural green bond, the first syndicated green offering from a Canadian company. The bond's proceeds will support OPG's renewable energy projects.

TD is playing an integral role in the development of the green bond market, which is helping to direct capital toward the transition to a low-carbon economy.

Investing

\$940 million

Since 2014, TD's Treasury Group has purchased approximately \$940 million in green bonds as part of managing the bank's investment portfolio, which includes \$68 million purchased in 2018.

TD Bank Group Green Bond Investment Statement

We believe that incorporating environmental considerations as one of the many facets of our investment decision-making contributes to the overall economy and long-term sustainability of the environment. As such, we intend to allocate a portion of new bond purchases in our Treasury investment portfolio to green investments that align with our investment strategy.



¹ Notional value of TD green bond underwriting, inclusive of TD's green bond issuances

Social

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Product and Service Responsibility	36
Diversity and Inclusion	38
Talent Attraction, Engagement and Retention	42
Human Capital Development	49



3.1

Social and Economic Inclusion

Why It Matters to TD

An era of unprecedented change driven by technological acceleration and automation has presented new dynamics – inconsistent work hours, multiple sources of income, self-employment and the gig economy – into the workforce. Many people are concerned that they – or their children – will be left behind, excluded from social and economic opportunities. Within this changing environment, finding new ways to serve unbanked and underbanked consumers, educating our customers to make better-informed financial decisions to drive confidence, and breaking barriers for minority- and women-led small businesses, are all achievements we hope to help our customers reach. We are acutely aware that TD’s long-term success as a business depends upon the prosperity and growth of all the communities we serve.

Our Approach

In 2018, TD launched **The Ready Commitment** – an enterprise-wide platform that is focused on helping TD meet its purpose to enrich the lives of our customers, communities and employees. Our new corporate citizenship strategy outlines the four key drivers of this platform that will help support building a more inclusive and sustainable tomorrow in a differentiated, meaningful, authentic and measurable way. The goal is to provide financial support to areas where we believe the greatest impact can be made toward changes to help make the world around us a better place to live. While each driver can stand on its own, the issues within each are still interconnected and, if they can be addressed together, can further maximize impact. These distinct and interconnected drivers are:

- Financial Security
- Vibrant Planet
- Connected Communities
- Better Health

And as part of The Ready Commitment, we will also refocus our community giving, targeting a total of \$1 billion in giving by 2030.



Analyst Corner

Diversity Governance
Serving Diverse Needs
Low-Cost Banking Options
TD and Indigenous Communities in Canada
Codes of Conduct and Public Commitments

In June 2018, we announced the [TD Ready Challenge](#), an annual North American initiative that makes ten \$1 million grants available to be awarded to help catalyze innovative solutions seeking to help change the world for the better. In its inaugural year, the TD Ready Challenge focused on financial security, seeking innovative solutions to help increase income stability and prepare people for the skills they need for the economy of the future.

This year’s ten recipients will apply their grants to solutions that they designed to help workers transform their existing skills and build new ones, help reduce barriers to science, technology, engineering and mathematics (STEM) training for under-represented groups, and help harness the power of AI, all with the goal of opening doors for individuals who may have the greatest risk of falling behind due to rapid technological advancement.



“We don’t see The Ready Commitment as just a \$1 billion target for philanthropy, but as a platform that connects our business, philanthropy and human capital to reach our goals of a more inclusive and sustainable tomorrow.”

Andrea Barrack, Global Head, Sustainability and Corporate Citizenship



+ For further details see **The Ready Commitment Report**



3.1

Social and Economic Inclusion

Performance in 2018

Encouraging Inclusion by Serving Diverse Customers

Low-Income Customers

TD continues to provide and expand affordable access to essential banking services for lower-income individuals. TD offers a wide range of products and services from low-fee chequing accounts to ATMs in low-income areas. We open personal accounts regardless of whether a person is unemployed, is or has been bankrupt or is unable to make an initial deposit, subject to required conditions.

Canada

- We offer a low-fee, basic banking account, which is free for seniors collecting government income security benefits and for beneficiaries of registered disability savings plans (RDSPs).
- We provide unlimited transactions with a free student account for our customers enrolled in full-time post-secondary studies and unlimited transactions for all our youth accounts.

U.S.

- We have a low monthly maintenance fee account (TD Simple Checking) that does not require a minimum deposit balance and we also have another account (TD Convenience Checking) with a low US\$100 balance requirement to avoid monthly maintenance fees.
- Students under 24 years of age can get a free checking account (TD Student Checking) that also includes a free savings account.
- We partnered with Rite Aid and Walgreens to install 95 full-service ATMs with no surcharge fees in low-to-moderate income (LMI) areas in Pennsylvania and New Jersey to drive financial inclusion in these areas.¹ Our analysis found that most users perform a full range of banking transactions, including deposits, at these ATMs, which is a sign of the utility of ATMs in these regions.
- We offer several home mortgage programs tailored to low-to-moderate income and first-time homebuyers who do not have funds for a large down payment. Our Right Step Mortgage[®] program features a low 3% down payment option and no borrower-paid mortgage insurance. In 2018 through this program, we helped 447 families borrow US\$86 million to purchase or refinance their homes. We also offer the HomeReady Loan program, which allows homebuyers to use gift funds for their 3% down payment.² In 2018, we originated 904 such loans for US\$148 million. In total, there was a 4.6% increase in the total number of mortgages issued through the Right Step and HomeReady programs in 2018, which demonstrates the value of the programs targeted toward low-to-moderate income and first-time homebuyers.

People With Disabilities

Our goal is to be a leader in accessibility, supporting equal access to meet the unique and diverse needs of our customers and employees. ATMs are now fully audio-accessible with headphones for people with visual disabilities. And accessibility services are an integral part of our customer-facing employees' customer service training.

- A branch in Toronto (Yonge/St. Clair) participated in the CNIB's ShopTalk: BlindSquare Enabled pilot program. Using the app BlindSquare together with electronic beacons within the branch, individuals who are blind or visually impaired can safely and confidently navigate the branch on their own. When a participant enters the branch, a verbal navigation message from the beacons is relayed to the user's phone via Bluetooth.
- In May 2018, TD rolled out an app for interpretation services on its branch tablets. The app provides customers with audio or video translation services with access to over 200 languages.
- Members of TD's People with Disability network are actively engaged in testing new products, services and solutions for customers.
- TD has a dedicated research lab focused on research, development and testing new technologies designed to improve accessibility.

Newcomers

Access to banking is a critical part of helping newcomers feel welcome and included.

- We have over 6,000 ATMs across North America, with over 2,800 in Canada that are multi-lingual. Our New to Canada website, which provides newcomers, including immigrants, with information and resources to help build a financial foundation in Canada, is available in four different languages and has fact sheets in 13 different languages.
- Last year we upgraded our New to Canada banking package to provide a chequing account with no monthly fee for the first six months and the ability to apply for a TD credit card with no Canadian credit history required. This package helps immigrants start their new life journey in Canada with easy access to financial services, building their financial confidence as they start their lives in Canada.
- Our new-to-bank customers now also can open a chequing account digitally without having to visit a branch.
- TD's mobile banking app is available in simplified and traditional Chinese to improve ease of access for the more than one million Canadians who read primarily Chinese.

¹ [The Role of the ATM in Driving Financial Inclusion Worldwide. NCR White Paper. 2018.](#)

² For one-unit properties.

3.1

Social and Economic Inclusion

Indigenous Peoples

TD has a long history of working with Indigenous communities. We work hard to deliver projects and services that are tailored toward the specific needs of each Indigenous community. The financial needs of TD's Indigenous customers and businesses are growing in both volume and complexity. From personal banking to supporting governments and businesses with complex commercial and wealth management advice, TD is committed to helping bring the bank to Indigenous communities and supporting prosperity today and for generations to come.

We have a dedicated Indigenous Banking team that works closely with all our internal business partners to help provide a comprehensive approach to serving Indigenous clients. Additionally, supporting education, increasing employment in the banking industry, celebrating and preserving Indigenous arts and culture and supporting environmental activities remain a focus for TD. For more information, please read our report, [TD and Indigenous Communities in Canada](#).

LGBTQ2+ Customers

TD has been a resolute and long-time supporter of the LGBTQ2+ community and has worked hard over the years to meet their evolving banking needs. To support the unique needs of our LGBTQ2+ customers, we continue to grow our business development team. Our team – unique among our Canadian peers – has added LGBTQ2+-focused business development managers across Canada, while also adding a new team member in New York City. We also help support financial education for our LGBTQ2+ customers by sponsoring and providing financial advice through magazine columns and radio segments at LGBTQ2+ media outlets.

Women

Women entrepreneurs face a multitude of challenges in sustaining and growing their businesses. TD has sought to mitigate some of these challenges by hiring a business development manager focused solely on women entrepreneurs. Through this position, we are helping address female entrepreneurs' unique needs and challenges and increase our presence in the marketplace. Furthermore, we have continued to fund the women's category of Ignite Capital's program to give aspiring Canadian women entrepreneurs with limited access to capital an opportunity to compete for this startup award and support program. Women entrepreneurs are a growing segment who are powering economies in communities in which we do business. We want to be the bank of choice for these entrepreneurs and offer products and services that will contribute to the success of their businesses and communities.



Analyst Corner

How We Protect You (Security Measures)
Our Privacy Commitment

Protecting Our Customers

TD prides itself in not only making banking accessible to diverse customers, but also equipping its customers, through multiple channels, with the tools and services needed to protect their finances. With TD Fraud Alerts, we will send our customers text messages notifying them if we detect suspicious activity made with their TD Access Card for their personal banking accounts.

- TD's website promotes smart online usage by offering information and tips to customers to recognize and prevent fraud. TD also sends consumers text messages notifying them if we detect suspicious activity made with a TD Access Card for personal banking accounts through the TD Fraud Alerts program. For more information, visit [TD's website](#).
- In the U.S., TD allows trusted family members or friends with power of attorney to have "read only" access to monitor seniors' account activity. Employees receive financial fraud prevention training to detect potential abuse of seniors' accounts. These efforts have resulted in TD being named the 2018 Best Bank for Seniors by *Money* magazine in the U.S.
- In Canada, TD proactively worked to make sure seniors receive all the benefits they are due after it noticed that many customers over 60 were not claiming eligible benefits. By automatically applying the senior discount program in 2018, TD has reimbursed 450,000 eligible customers for discounts available to them.
- While TD has made significant investments into technology to build a digital bank, our core focus remains on delivering legendary customer service for all our customers. In line with this commitment, in 2018, TD worked together with the City of Toronto to provide digital literacy classes for seniors as part of the city's first ever Digital Literacy Day.

TD Bank was named the best bank for seniors in the U.S. by *Money* magazine.

Financial Education

As the sixth largest bank in North America, TD has an important role to play in helping people from all walks of life improve their confidence in their financial future by building their financial knowledge. Our financial education activities are overseen by the Financial Education Council in Canada and by the Community Development Services team in the U.S.



3.1

Social and Economic Inclusion

2018 Target	Rating	2018 Result	2019 Target
Help 500,000 participants improve financial literacy through a TD-sponsored program	●	530,400	500,000

● Met ● On track ○ Did not meet

Canada

- Launched in 2016, the TD MySpend app has been downloaded by 1.65 million customers. The app helps customers understand their spending patterns on their TD deposit accounts and TD credit cards so that they can make more informed decisions for the future.
- TD has been a supporter of Prosper Canada and co-founder of its Centre for Financial Literacy since 2010. Prosper Canada works to financially empower Canadians living in poverty through financial information, education and one-on-one support and by mobilizing new knowledge for greater innovation and impact. TD and Prosper Canada aim to reach one million vulnerable Canadians by 2022. In 2018,¹ our contribution helped support over 92,850 people improve their financial literacy skills. 34,350 of these clients participated in financial literacy education and training classes and over 51,000 received financial coaching and one-on-one support. The improved financial literacy allowed clients to access over \$142 million in benefits.

U.S.

- **Financial Education:** TD’s financial education classes have enhanced financial literacy skills across the U.S. footprint, with classes tailored to adults, youth and LMI communities. In 2018, more than 19,000 people attended over 1,700 financial education classes, with more than 7,000 youth attendees. In addition, we held more than 1,200 classes in LMI communities, and they were attended by over 14,500 participants.
- **TD Bank Learning Center:** TD customers and consumers in the U.S. can access interactive financial education content 24/7 from any mobile device or computer. The center offers a variety of modules including mortgages, credit scores and credit reports, and identity theft. In the aftermath of recent high-profile data breaches, the most accessed module was the identity theft lesson, which explains the concepts of consumer fraud and identity theft and provides tips on prevention, protection and responses to identity theft.



Analyst Corner

TD Helps
 TD Ready for You Website
 TD Bank Learning Center
 The Financial Clinic

Case Study: Moving the Needle on Financial Education for Small Business Owners

In 2017, TD partnered with the National Foundation for Credit Counseling (NFCC) to fund financial capability and credit counseling for small business owners across the U.S. TD’s US\$3 million investment over three years in NFCC’s Sharpen Your Financial Focus program for small business owners gives participants access to specialized financial education coaching, educational resources, and financial products and services.

With TD’s support, the NFCC will help educate a minimum of 10,000 small business owners over the next three years.

In the first year of this arrangement, the NFCC exceeded its target of serving 3,000 small business owners by 13%. TD provided direct support to over 3,300 small business owners through 3,000 financial reviews and over 2,500 targeted education sessions. TD’s capacity-building grant to the NFCC is creating opportunity for thousands of small business owners and is helping have an impact on the economic health of communities across the U.S.

¹ Reporting period: January – August 2018.

3.1


Social and Economic Inclusion

- **Financial Clinic:** The TD Charitable Foundation's US\$250,000 grant to the Financial Clinic is helping to further financial education for unbanked and underbanked families. TD's investment delivers workforce development, financial education and coaching to families in LMI communities, with a focus on building long-term financial security through arrangements with local social service agencies. The clinic has already identified four target locations within TD's footprint in New Jersey, Florida and Massachusetts where these clinics will have the most impact.

People With Disabilities

TD recognizes that people with intellectual and developmental disabilities may have unique needs for financial education tailored to how they learn best and to their practical needs when managing their money. To address this, in April 2018, TD launched its new Adaptive Financial Education curriculum in the U.S., one of the first of its kind to be offered in the country. Designed with input from individuals with diverse abilities and their caregivers to help improve financial independence and quality of life, this new resource is increasing participants' involvement in the economy at every level from employment to accessing financial services. Organizations can also request TD volunteer instructors, while all individuals, caregivers, teachers and organizations can download these resources at <https://www.td.com/us/en/personal-banking/finance/adaptive-learning/>. As a result of the great success with this program, we have now piloted the program in Canada.

- We also participated in Project Search – an on-the-job-training and financial education project for students 18 and older with intellectual or developmental diverse abilities – for the second consecutive year. The one-year transition program provides students with a 10-week rotation through three different departments.



Analyst Corner

**London Benchmarking Group
Canada Summary**

Apply for Funding Canada

Apply for Funding U.S.

Strategic Philanthropy

We believe that helping communities thrive is a business imperative for TD. To help individuals and communities prosper in a changing world, we launched The Ready Commitment through which we will target \$1 billion in total philanthropic spending by 2030 to open doors for a more inclusive and sustainable future. We aim to link our business, products, services and community investments for greater focus, intent and impact and help people feel more confident, not just about their finances, but about their future and their ability to achieve their personal goal in a changing world. A corporate citizenship council governs our giving policy and strategy, including our approach to community investment. Grant application requests are approved by the Community Investment Committee in Canada and the TD Charitable Foundation in the U.S. In 2018:

- We provided \$116 million to support non-profits across North America and the U.K., up from \$107 million in 2017.
- In Canada, the TD Friends of the Environment Foundation (TD FEF) – a national charity that supports grassroots environmental initiatives – distributed \$5.1 million to 642 projects.
- In the U.S., the TD Charitable Foundation donated US\$21.6 million in philanthropic grants while providing US\$4.4 million in community sponsorships. One of the programs supported is the Non-Profit Training Resource Fund, which provides donations to eligible organizations for employee job training, education and professional development. Since its inception in 2007, the program has distributed US\$1.5 million in funding, representing 1,638 grants, including US\$189,308 for 211 grants in 2018.

2018 Target	Rating	2018 Result	2019 Target
Maintain our North American charitable giving at or above the 1% target set by Imagine Canada and the Giving U.S.A Foundation ¹	●	1.12% ²	1%

● Met ● On track ○ Did not meet

¹ The 1% giving target tracks to the North American scope of TD's new citizenship strategy.
² Calculated as an average of Canadian net income before tax giving on a five-year rolling average ending 2018 (breakdown includes Canada: 1.23%, U.S.: 1%).

3.1

Social and Economic Inclusion

Performance Trends: Corporate Giving ¹	2018	2017	2016
Canada (millions of Canadian dollars)	80	74	68
U.S. (millions of U.S. dollars) ²	26	26	26
Total (millions of Canadian dollars)	116	107	103

¹ All amounts converted into Canadian dollars using Bank of Canada exchange rates. For the total value of our contributions, please refer to the [summary provided by London Benchmarking Group Canada](#), which performs an annual independent audit of our community investment.

² Includes US\$21.6 million from the TD Charitable Foundation.

Supporting Underserved U.S. Communities

TD continues to focus on increasing the economic capacity of underserved U.S. communities in areas such as affordable housing (see next section), community services, revitalization and small business economic development. In 2018, TD Bank in the U.S. provided close to US\$2 billion for community development loans and investments in underserved locations. We increased the support to tax credit programs and other investments supporting local initiatives for LMI individuals and families to US\$361 million from US\$325 million in 2017. One of the tax credit programs we support is the New Markets Tax Credits (NMTC), which is operated through our wholly owned subsidiary TD Community Development Corporation (TDCDC). Since 2007, TDCDC has deployed US\$340 million in NMTC allocation and leveraged over US\$500 million in project financing for 37 projects to support the revitalization of low-income, urban and rural neighborhoods across TD's footprint. In 2018, TDCDC provided US\$15 million in NMTC allocation to expand Phoenix Packaging Operations, LLC, a family- and minority-owned packaging company in Dublin, Va. – a once booming location that now suffers from high unemployment and economic distress. The expansion will result in 145 new jobs and the retention of approximately 400 local positions that pay double the area's living wage.³ TDCDC's allocation will also allow Phoenix Packaging to participate further in environmentally sustainable initiatives and practices.

TD Bank, N.A. was rated Outstanding in a Community Reinvestment Act performance evaluation by the Office of the Comptroller of the Currency dated April, 2018.

Affordable Housing

TD is committed to addressing the enduring problem of affordable housing in the U.S. by mobilizing investment and collaboration. In 2018:

- The TD Charitable Foundation donated US\$5.81 million to organizations working to increase access to affordable housing in low-to-moderate income U.S. communities. One of the grants was made to support the Local Initiatives Support Corporation (LISC), an organization that works in affordable housing by providing technical assistance and training and funding critical gaps in capital access to local partners. TD's grant will be used to launch LISC's presence in Delaware, while continuing to bolster the affordable housing work done in Boston, Hartford, Jacksonville, New York City, Newark, Philadelphia, Rhode Island and Washington, D.C. Through the grant, local partners were able to invest US\$138.5 million, leverage US\$805 million and develop and preserve 5,800 affordable housing units in our nine shared markets. The foundation also donated US\$3.13 million in 2018 to organizations working to rehabilitate affordable housing units.
- We provided community development loans and services to companies developing or preserving affordable housing in low-to-moderate income areas. We provided nearly US\$793 million in loans – a significant increase from US\$537 million the previous year – to support the development or preservation of over 9,000 units of affordable housing in the U.S. communities we serve.
- We make investments through Low-Income Housing Tax Credits (LIHTC) that benefit underserved communities. We significantly increased our commitment from US\$275 million in 2017 to US\$327 million in LIHTC to support new construction and rehabilitation of affordable housing for families, individuals and elderly residents.

Affordable Housing in the U.S.			
2018 Target	Rating	2018 Result	2019 Target
Provide 25 grants totaling US\$2.5 million to organizations working to develop or rehabilitate affordable housing units	●	US\$3.13 million	US\$2.5 million

● Met ● On track ○ Did not meet

³ <https://www.prnewswire.com/news-releases/td-community-development-corporation-supports-expansion-of-phoenix-packaging-with-15-million-in-new-markets-tax-credits-300768037.html>

3.2

Economic Value

Maintaining a strong business with solid revenues will allow us to pay our employees fair wages and benefits, compensate our suppliers, support local small businesses, contribute to government revenues through taxes and pay dividends to our shareholders. Our business strategy is to produce long-term profitable growth by building strong franchises and delivering value to customers, shareholders and the broader community.

Supporting Small Business

We support small businesses because they are critical drivers of local economies and an integral part of our customer base. In addition to facilitating loans, we support financial literacy and education seminars for small businesses and microfinancing initiatives such as Grameen America and Accion while constantly exploring creative ways in which we can help small businesses grow and prosper.

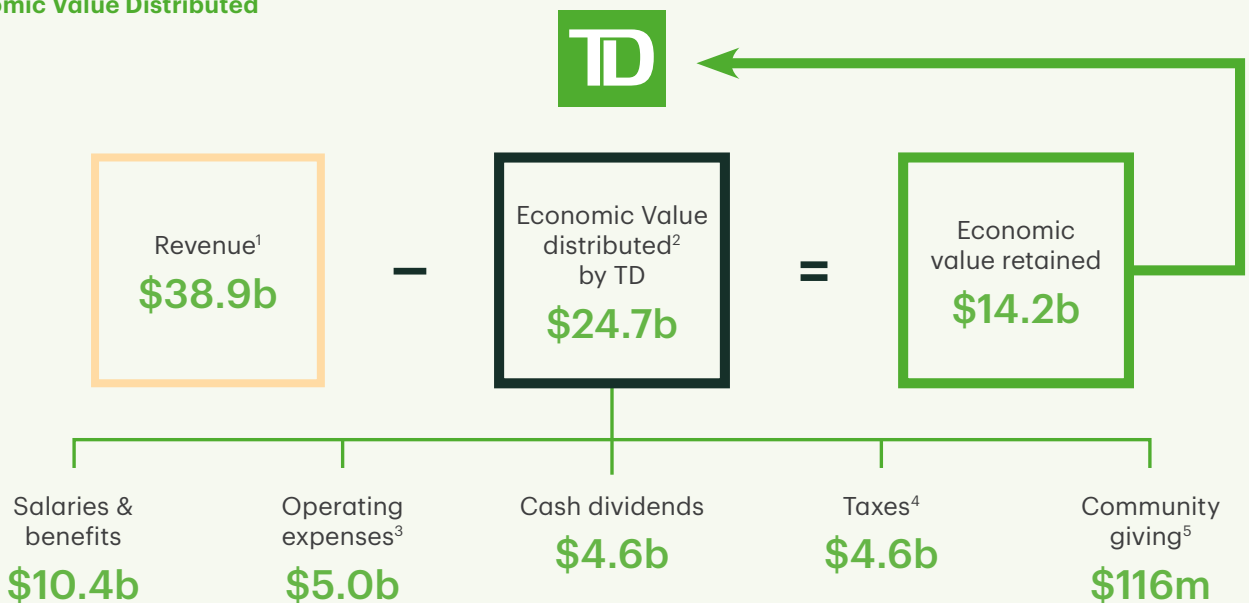
Performance in 2018

Canada

- TD provided small business customers with more than 33,000 loans and other credit facilities, totalling over \$2.2 billion in new and increased credit authorizations, up from \$2 billion in 2017.

- We made improvements to our internal policy and procedures governing the participation of small businesses in Canada's Small Business Financing Program, which have resulted in a 25.8% increase in the total number of loans year over year. Since 2009, there has been over \$1.31 billion in small business loans disbursed through this important program.
- TD has been the Official Partner of Big Dreams for small businesses since 2015. Our current program provides advertising space to small businesses on TD's media platforms (print, social media and digital), enabling these companies to promote their brands and products and demonstrating our commitment to small business. In 2018, nine companies participated in the program. We also unveiled a Together with TD campaign through which we brought together diverse groups of small business owners to take part in roundtable discussions across Canada.
- During Small Business Month in Canada, we collaborated with the *Financial Post* to bring our small business banking customers the Big Dreams Advice Series. The networking event offered customers the opportunity to learn from Canada's successful entrepreneurs and connect with like-minded business owners.
- In recognition of the differing needs of small businesses, we have dedicated business development officers for women, Indigenous Peoples and the LGBTQ2+ communities. We disbursed \$35 million in loans to LGBTQ2+ businesses in 2018.

Economic Value Distributed



¹ Amounts based on International Financial Reporting Standards. See the bank's [2019 Q1 Supplementary Financial Information](#) package for more information.
² Economic value distributed as defined by GRI ([GRI 201: Economic Performance 2016](#)).
³ Operating expenses include occupancy, equipment, marketing and business development, professional and advisory services and communications.
⁴ Includes payroll taxes, sales taxes, municipal and property taxes, insurance premium taxes, business taxes and capital taxes.
⁵ Includes cash donations in North America and the U.K.

3.2

Economic Value

U.S.

- We provided 42,130 small business loans, new and existing, totaling US\$1.4 billion. To bolster the capacity of our small business owners to successfully manage and grow their businesses, we held 484 financial education seminars, which were attended by 5,762 small business owners. The seminars covered topics such as business plan development, accessing capital and analyzing competition.
- We launched the [Digital Application for Small Business](#) borrowing requests of up to US\$100,000 in the U.S. Now, small business owners can apply for loans any time, from any computer, tablet or mobile device. The digitization process has allowed TD to continue to offer competitive interest rates and quick turnaround times for a loan decision. This program has also supported our efforts to engage with LMI communities more effectively. For instance, applications from small businesses in LMI communities submitted digitally are 2% higher than applications submitted in person. Digital engagement is another way to reach underserved communities and underscores our commitment to bringing financial access and inclusion to all segments of society. Since inception, we have received 2,164 applications with US\$82 million in requests with an average request of US\$38,000. Our decision process overall is faster by one day; 17% of decisions are made on the same day and 56% within two days. In line with TD's commitment to accessibility, the loan application is ADA-accessible.
- We have supported Accion since 2002 through the TD Charitable Foundation. Accion is a non-profit network that provides microfinance loans to the owners of the smallest businesses (micro-entrepreneurs) throughout the U.S. These micro-entrepreneurs tend to be minorities and women with typically fewer than five employees and capital needs between US\$500 and US\$25,000. In 2018, TD contributed US\$300,000 to Accion's Maine to Miami Lending and Financial Education program, which will provide over 5,000 small business owners across 13 states with critical counseling, business development tools and US\$10 million in loan capital. In 2017, 44 small business owners received over US\$572,000 in capital with 48% of the loans disbursed to minorities, 53% to immigrants and 23% to women-supported businesses. 75% of Accion's clients are part of LMI communities. The program combines capital loans with financial education and one-on-one counseling to allow clients to start, grow and stabilize their businesses.

Case Study: Microfinance for Women Entrepreneurs

Access to capital remains one of the greatest challenges for small businesses, particularly when they are owned by women and/or minorities. TD Bank, through the TD Charitable Foundation, has provided vital financial support to **Grameen America**, a non-profit microfinance organization that provides loans to women in poverty. Ninety percent of Grameen's clientele are minority women from low-to-moderate income households.

TD's initial US\$100,000 grant to Grameen in 2017 was renewed in 2018. With these funds, Grameen and TD are helping women address the challenges of poverty by building businesses, developing financial identities and achieving higher family incomes, while transforming their communities in the process.

Since 2017, Grameen has provided more than US\$200 million in microloans to 36,728 members in Boston, New York, Newark, Charlotte and Miami. Grameen's New York City branch alone distributed more than US\$165 million in microloans to more than 28,000 women entrepreneurs.

Grameen America clients saw their annual incomes increase by more than US\$1,500, a 23% increase since 2016. Members also boosted their credit scores and annual savings. With a consistent loan repayment rate of more than 99%, Grameen's model has a proven track record of long-term sustainability.



Grameen client Luz in her tailor shop.

3.3

Responsible Sourcing



Analyst Corner

Supplier Code of Conduct
Prospective Supplier Website

TD is committed to influencing strong ethical, social and environmental performance across our supply chain. We diligently screen our suppliers for ethical and sustainable practices. Global supply chain management is an increasingly complex challenge with a high degree of regulatory and societal scrutiny. We continue to focus on managing third-party risks that could result from our procurement activities.

We strive to not only have a responsible supplier network, but also a diverse one, with suppliers who share our values and demonstrate responsible practices while delivering high-quality goods and services.

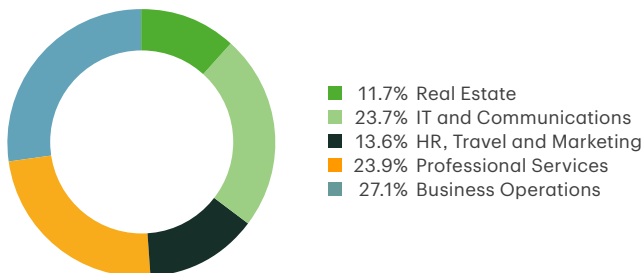
For example, we expect our third parties to have policies and practices that include:

- Corporate responsibility performance
- Health and safety policies and performance
- Human rights and labour practices, including prohibitions on child or forced labor
- Diversity and inclusion; and
- Code of conduct, ethics, anti-bribery, anti-corruption

Performance in 2018

- We spent over \$6.3 billion on the procurement of goods and services from third-party suppliers, of which the vast majority are based in North America.
- We underscored our commitment to responsible sourcing and the environment by holding TD Strategic Sourcing Group's (SSGs) first carbon neutral event. The event was a two-day town hall attended by almost 200 people. We worked with a third-party provider to offset the carbon emissions generated from participants' travel, hotel accommodations and use of event spaces.
- We received an A- ranking from the CDP Supply Chain Program.

2018 Spend on TD's Sourcing



- We assessed 89 suppliers in 2018 against our Supplier Code of Conduct. The number of suppliers assessed decreased from 2017 due to changes in our processes that resulted in a renewed focus on suppliers who have not been previously examined. The Responsible Procurement Policy was retired as a stand-alone policy, and instead these practices have been integrated into our new Procurement Policy and Third-Party Risk Management Policy. We will continue to require our products and services to be responsibly sourced with an improved approach that is now fully integrated into the strategic sourcing process. We expect our suppliers to adhere to our Supplier Code of Conduct and we monitor this compliance through various processes and audits.

Number of Suppliers Who Revised Their Own Policies and Procedures in Response to Our Review

Health and safety	5
Ethical	3
Environmental	4
Human rights and labour code	7
Percentage of invited suppliers who agreed to participate in our responsible procurement survey (89 in total) ¹	100

¹ The number of suppliers assessed decreased from 2017 due to changes in our processes and a focus on suppliers who have not been previously assessed.

Supplier Diversity

We have designed our North American Supplier Diversity Program to promote a level playing field and encourage inclusion of women, visible minorities, Indigenous Peoples, the LGBTQ2+ community, people with disabilities, veterans and other minority groups in our procurement selection process.

TD is a member of eight diverse supplier organizations in North America that certify a supplier's diversity credentials. We also educate our own employees to raise awareness of our Supplier Diversity Program.

In 2018:

- TD was once again named a top 50 diversity organization by DiversityInc. We also received a National Business Inclusion Consortium Best of the Best Award based on our supplier diversity practices.
- To encourage diversity within our supplier networks, for the past several years we have surveyed some of our key primary suppliers on diversity spending within their supplier networks. This Tier 2 reporting contributes significantly to our overall spending and sends a signal to our primary suppliers that supplier diversity is important to us. We plan to survey and engage more prime suppliers within the next two years in order to expand our Tier 2 reporting and encourage more primary suppliers to participate.

3.4

Tax

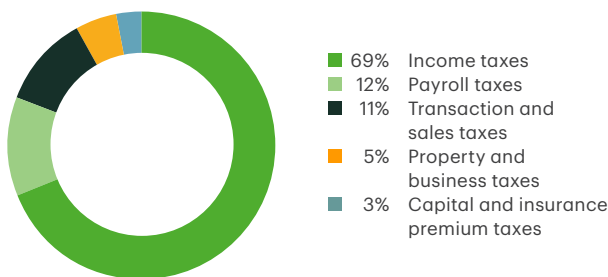
Tax Governance

The Audit Committee of the Board oversees TD's financial reporting, including the review of tax and tax planning matters that are material to the financial statements. TD's approach to tax governance includes these key elements:

- Complying with all applicable tax laws, rules and regulations
- Maintaining tax compliance as a fundamental part of our business practice
- Paying all taxes due in the jurisdictions where we operate, based on underlying economic activity
- Complying with arm's-length principles for TD Bank Group's intra-group transactions between different countries and jurisdictions
- Managing tax risk to avoid unnecessary disputes
- Working transparently and co-operatively with the appropriate tax authorities
- Consulting with leading law and accounting firms to obtain expert, objective advice and opinions on tax matters
- Proactively working with policy-makers and revenue authorities

TD applies the tax transfer pricing principles and documentation requirements under the local country laws for each jurisdiction where we operate and follows the Organisation for Economic Co-operation and Development (OECD) guidelines. TD has transparent working relationships with the Canada Revenue Agency and other tax authorities and often obtains advance tax rulings where legal uncertainty exists.

Types of Taxes Borne by TD in 2018



Taxes We Pay

TD pays corporate income taxes on earn, as well as various taxes incurred in our business operations. TD's business strategy is focused on our core markets of Canada and the U.S. In 2018, 99% of our taxes were paid in these jurisdictions. TD is one of the largest corporate income tax payers in Canada.

Taxes We Collect

TD collects taxes on behalf of governments in the countries and regions where we operate. We assume the administrative costs associated with this activity, understanding and supporting the benefits to the broader economy. The taxes we collect include:

- The employee portion of payroll taxes
- Income tax on behalf of employees
- Property tax on behalf of customers who are mortgage holders
- Transaction tax on customer activities to which sales taxes apply
- Withholding taxes on behalf of investors

Looking Forward

As TD's primary operations are in only two countries, we do not currently make our country-by-country reporting publicly available. The first such country-by-country report was filed by TD with the Canada Revenue Agency before October 31, 2018. Given that the collection and methodology behind country-by-country reporting is relatively new, the OECD plans to revisit the guidelines and the prescribed information in 2020. We plan to review our public disclosure once the OECD guidelines have been revisited, with a focus on consistency and clarity among all the reporting entities.



Analyst Corner

Taxes Paid in Canada – TD's 2018 Public Accountability Statement
Appendix: ESG Performance Data

Amount of taxes borne by TD Bank Group (in millions of dollars)	2018	2017	2016
Income taxes	3,182	2,253	2,143
Payroll taxes for over 85,000 employees across 16 countries	538	517	502
Transaction and sales taxes	487	462	461
Capital and insurance premium taxes	148	136	169
Property and business taxes	237	202	203
TOTAL	4,592	3,570	3,478

3.5

Customer Experience

Why It Matters to TD

Our customer experience strategy has long been a competitive differentiator for TD. But technology and innovation, coupled with widespread banking options, are increasingly shifting traditional customer service expectations. In this evolving landscape, banks who continue to lead in customer service will often economically outperform their peers, making it vital for TD to maintain and constantly improve our legendary customer service.¹

Our Approach

TD uses its Legendary Experience Index (LEI) to measure our customer experience and drive insights to improve the experience in the moments that matter most to our customers. TD is making significant investments in research, digital tools and platforms, artificial intelligence (AI) and other new technologies and solutions to anticipate market and customer needs. Innovation in digital technology and AI will play a key role in helping us create and deliver new personalized banking experiences for our customers across all channels – from branch banking to mobile and digital channels.

Performance in 2018

Legendary Customer Experience

In 2018, we exceeded our LEI target (see chart). LEI is how we measure our customers' experiences. Leveraging a best-in-class platform, we contact customers in near real time to seek feedback regarding their most recent interaction with TD. In 2018 nearly 1.2 million customers across North America provided feedback through this survey measurement program. LEI results are shared in real time with TD to improve our performance, and our customers' feedback has a direct tie to bank employee variable compensation.

Objective	2017 Results	2018 Results	Progress	2019 Target
		(target in brackets)		
Deliver legendary customer service	44.4 ²	63.8 ³ (61.93)		64.23 ⁴

Met On track Did not meet

² Result in 2017 was 44.4. The calculations for the TD Bank Group composite score were modified to account for TD Canada Trust Branch Banking weight change and TD Business Banking inclusion. This does not allow for comparisons to other years.

³ The 2018 TD Bank Group composite score reflects February 1 to October 31, 2018, LEI survey results because the enhanced LEI was officially launched on February 1, 2018, for TD Wealth, TD Insurance and Business Banking.

Analyst Corner

- To Our Customers
- Problem Resolution Process
- Codes of Conduct and Political Commitments
- Office of the Ombudsman
- TD Ombudsman Annual Report

Empowering Our Employees to Provide an Enhanced Customer Experience

TD's front-line employees are crucial to our ability to deliver legendary customer experience and build customer financial confidence. We continue to leverage technology to provide them with the right tools and training.

- In 2018, we enhanced the TD Discovery tool in Canada. The tool enables advisors to gather information and understand our customers' financial goals to consistently deliver more personalized, proactive and relevant advice that helps customers feel more confident about their financial decisions.
- We continue to see great momentum in the adoption of the TD Digital Academy – a library of short visual tours demonstrating TD's online and mobile capabilities. TD front-line employees now have an improved understanding of our digital capabilities across all channels and can offer improved support on channel choice to our customers. The Academy has already surpassed 2.7 million views.
- In 2018, we further developed our Value for Money framework in Canada to help customers better understand the value of TD's products and services. The framework helps TD's product leaders design and evaluate product innovation by focusing on features and benefits customers value most.

⁴ Significant methodology changes during 2018-2019 do not allow comparisons to previous years' performance. Key changes include transition from phone to email survey and program weighting changes for TDCT Branch, TDCT Phone, Digital, TD Wealth Digital and Business Bank.

¹ Banks that provide leading customer service experiences outperform their peers according to [The US Banking Customer Experience Index, 2018 – How US Banks Earn Loyalty With The Quality Of Their Experience report](#).



3.5

Customer Experience

Resolving Problems

TD's goal in customer service is to be proactive and prevent problems before they occur. This is why we review customer feedback and look for opportunities to invest in improvements leading to a seamless customer experience. However, when problems do arise, customers are supported through our complaints resolution process, which is designed to help front-line employees to resolve problems. TD has introduced additional training and resources this year to better equip front-line employees to resolve concerns with empathy and efficiency.

Customers may choose to use the Closed Loop Feedback program (introduced as part of the LEI process last year) to connect with managers quickly. Closed Loop Feedback allows any customer who has had a poor experience to request a follow-up call while completing an LEI survey. Front-line managers and/or Closed Loop Feedback teams are then notified of the issue, whereupon they will reach out to customers to discuss their feedback. In 2018, close to 18,000 Closed Loop Feedback requests were generated. Closing the loop with our customers gives us unique and differentiating opportunities to resolve their concerns and understand how we can improve. When closing the loop, our employees capture important details such as root causes and the actions they took, which are then shared with TD's process improvement experts.

If an issue is complex or the customer does not feel the matter is resolved, the concern may be escalated to the experienced resolution experts of TD's Customer Care team in Canada. This year, we experienced an increase in recorded complaints due to our growing customers/transactions, as well as enhanced customer and resolution processes.

In the event a customer's concern remains unresolved, they may choose to contact the TD Office of the Ombudsman (Canada) or the Chairman's Service Center (U.S.). The TD Office of the Ombudsman is the third step in the complaint resolution process in Canada. Customers may escalate to the Office of the Ombudsman in writing after they voice their complaint as part of Step 1 and escalate their complaint as part of Step 2. In the U.S., the Chairman Service Center receives customer complaints directly.

- In Canada, there was a 1% decrease in the complaints received by the TD Office of the Ombudsman over the prior year. The decrease confirms that we continue to resolve problems earlier in the escalation process. The Office of the Ombudsman is in the unique position of being able to access a tremendous amount of data that allows us to mitigate risk and improve processes for customers across the various businesses. The Office also plays a critical role in reacting and responding to individual customer complaints. In 2018, the top three complaints received were errors, service levels or delays and decisions.
- In 2018, there was a 156% increase in the complaints referred to our Chairman's Service Center. As noted above, the Chairman's Service Center is a direct line to the customer unlike in Canada, where the TD Office of the Ombudsman receives only escalated complaints. This means the Chairman's Service Center generally handles a greater volume of complaints and reflects a conscious decision on our part to understand customer pain points. We wanted to hear the challenges our customers face directly, and we opened multiple doors through which we could receive, respond to and resolve complaints. We made significant enhancements to the U.S. complaints procedure in 2018 by expanding our social media complaint intake process to capture feedback from our customers from additional lines of business and media sources. We also began conducting LEI surveys via email to give our customers the opportunity to express their dissatisfaction. Customers send these surveys directly to the Chairman's Service team where they are tracked, triaged and addressed. Primary drivers of complaints regarding our retail store and phone interactions were customer service, product knowledge, and fees.



3.5

Customer Experience

Customer Problem Resolution

Canada	2018	2017	2016
Number of problems referred to Personal Banking Customer Care	13,103 ¹	9,630	7,723
Number of customers who contacted TD Office of the Ombudsman	3,846	4,245	4,331
Number of complaints requiring investigation by TD Office of the Ombudsman	774	779	749
Percentage of problems resolved by TD Ombudsman within 90 days (target 90%)	100%	97%	95%
Problems investigated by the OBSI ² and ADR Chambers Banking Ombuds Office	177	187	176
U.S.			
Total number of problems referred to the Chairman's Service Center	22,818 ¹	8,927	8,622
Percentage of escalated customer problems resolved by the Chairman's Service Center within designated service level agreements (target 98%)	98%	98%	98%

¹ This year, we experienced an increase in recorded complaints due to our growing customers / transactions, as well as enhanced customer and resolution processes.

² Ombudsman for Banking Services and Investments.

Enhancing Our Legendary Customer Service With Significant Investments in Technology

TD's strategy is omni-channel as we deliver legendary customer service through our branch, phone and digital channels. Our customer interactions are, however, becoming increasingly digital, making our technology an important aspect of the customer experience. TD's success in delivering legendary customer service relies on the technology underlining the digital interface. Customers expect to be able to digitally access their accounts safely, whenever and wherever they want.

TD's investments in any sphere, be it technology or human capital, are centred around constantly improving the customer experience. Our investments are geared toward understanding the true impact of technology challenges on the customer, while enabling the experiences that customers expect. Our technology needs to keep pace with the demands of the increasing volume of digital transactions, the increasing pace of functional changes and enhancements, and the necessity to do our part in keeping customers safe and secure from evolving cyber threats.

To support these goals, we continue to make investments in technology to better monitor our applications so that we can identify and remedy or mitigate issues as quickly as possible. Our technology investments over the past year have already resulted in marked improvements in performance across platforms. We have also invested in our system architecture and resiliency features that allow for increased real-time monitoring and capacity, which helps us deliver greater resiliency and efficiency.

Technology challenges are part of the world we live in today. At TD, we are committed to doing our best – through investments in capital, people and systems – to uphold the integrity of the technology that our customers depend on.

Challenge: Companies that use technology in their operations are bound to experience technical challenges that may interrupt customer access to products and services. As a large financial institution that is increasingly adding digital experiences, TD needs its technology platforms to handle the increased demands.

Response: TD has systems in place to monitor and govern its technology systems to support stability and resiliency. We continue to make significant investments to enhance these systems based on innovations in technology, industry best practices and takeaways from challenges faced by companies (including TD) with technology infrastructure.



3.5

Customer Experience

Digital Innovation: Building the Bank of the Future

- TD is a leading digital bank in North America with over 12.5 million digitally active customers, and we recently surpassed 7.5 million mobile active customers.
- TD's is the number one ranked retail banking app¹ in Canada, with over four million active users, and is considered a leader in mobile banking, with the highest number of mobile unique visitors accessing the banking category.

In 2018, we continued to invest in digital platforms to help deliver exceptional customer experiences and drive high levels of engagement with our customers through the following initiatives:

- We announced the initial participants in TD's **Patents for Startups** program; TD is the first bank in North America to offer a non-equity-based program specifically supporting the rigorous patent application process in Canada, the U.S. and elsewhere. This program, which is part of TD's \$4 million Patent Program, helps promising new companies get patents that protect their innovative ideas. The program can help spark innovation in Canada and abroad by securing the creation of domestic tech startups for future generations; patents are linked to jobs, innovation and access to capital.²
- We joined forces with **Hydrogen**, a recognized leader in the design of financial technology platforms. We now offer clients the ability to independently create financial plans and investment portfolios through our TD Direct Investing GoalAssist™, all seamlessly integrated via an online brokerage account.
- We launched TD's first authenticated AI-powered chatbot, **Clari**. Clari can quickly deliver answers to many commonly asked banking questions and provide information on a customer's accounts and transaction history 24/7, 365 days a year, to provide improved customer experience.
- In 2018, we expanded **TD Voiceprint**, launched last year in the U.S., to the Canadian market. TD Voiceprint allows customers to authenticate their identity by the sound of their voice. TD Voiceprint has been well received in both countries, with over 2.4 million users in North America.
- We deepened our current banking technology relationship with **Flybits**. In Canada, Flybits powers several of TD's most popular digital customer experience enhancements within the TD mobile app, including the TD for Me mobile concierge app. Under the new agreement, Flybits will help TD deliver contextual customer engagement – including offers, tips and relevant, proximity-based information while on the go, in Canada and in the future in the U.S.
- We expanded our collaboration with the University of Toronto's Rotman School of Management to fund exploration of real-world data and analytics applications with the opening of the **TD Management Data and Analytics Lab**. The funding will help Canada build a diverse ecosystem of data and analytics talent and will continue TD's tradition of building bridges between the financial technology sector and leading educational institutions.

Case Study: Acquisition of Layer 6 Positions TD as a Leader in AI

TD acquired [Layer 6 Inc.](#), a world-renowned artificial intelligence (AI) company based in Toronto. Layer 6 has already emerged as a global thought leader and pioneer in the delivery of responsive, personalized, real-time experiences for the financial services industry and was the first ever back-to-back winner of the RecSys Challenge in 2017 and 2018. Layer 6 enables TD to deploy advanced deep learning and machine learning solutions through its AI prediction engine. Layer 6 connects AI capabilities to our digital, data and technology ecosystem, accelerating our transformation and enabling us to further drive personalized and timely customer interactions.

TD anticipates Layer 6 will primarily have an impact on our ability to know our customers through data and provide them with truly personalized services and experiences. In the future, it is anticipated that Layer 6 will have far-reaching implications in many areas, including fraud detection and capital market applications. As part of The Ready Commitment, Layer 6 is using its advanced machine learning techniques to assist organizations in a wide range of health applications, including early diabetes detection, using Canadian health data.

¹ TD ranked first according to 2018 App Annie report, which measured smartphone monthly active users, downloads, average sessions per user, open rate, average review score, and average time spent for August 2018 among top retail banking apps by time spent on Android phone.

² Hinton et al, 2017. [Issues in Bringing Canadian Fintech to the International Stage](#). Policy Brief No. 111 (June).

3.6

Product and Service Responsibility

Why It Matters to TD

As a bank, we provide our customers with a wide range of options while maintaining responsible sales practices, so our customers can have confidence in their choices and long-term financial security. Increasingly, stakeholders expect TD to consider the environmental, social and economic impacts of our products and services and will choose to invest in us, work for us or bank with us, based on our efforts and progress.

Our Approach

TD has an enterprise-wide New Business and Product Approval (NBPA) policy that is approved by the Chief Risk Officer (CRO). The policy establishes standard practices to support consistent processes for approving new businesses, products and services across the bank. The policy is supported by business segments processes that consider significant aspects and risks of a new product, including Conduct Risk and Reputational (e.g., Customer Satisfaction) Risk. TD designs its products and services in consultation with customers and stakeholders so that they meet our customers' financial needs. Furthermore, TD considers product and service responsibility to be a shared accountability across our Compliance, Marketing, Product Group, Distribution, and Citizenship departments.

Performance in 2018

Educating Our Customers with Clear Language and Communication

Using clear language is a cornerstone of delivering a legendary customer experience. We want our customers to properly understand how our products and services work as well as their financial rights and obligations so they can make informed financial decisions. In Canada, TD has Clear Language Principles to guide our employees and a Clear Language Basics course to train our employees who write customer documentation.

In Canada we continued our clear language journey in 2018 by enhancing our core real estate lending documents using TD's Clear Language Principles. In addition, we started working on enhancements to our personal deposit account documents for delivery by 2020 and will be testing the redesigned documents to gain customer and colleague insights to further refine our Clear Language approach.



Analyst Corner

To Our Customers
Codes of Conduct and Political Commitments
Understanding Tied Selling

Our Responsible Sales Practices

Our products and services are designed to meet our customers' needs.

- Across our businesses, we have checks and balances in place to support adherence to our corporate values and selling practices.
- Employees who interact with customers receive training on product features, Know Your Customer policies, and compliance with regulatory requirements.
- Branch and phone-based sales representatives are trained to use online discussion tools in their conversations with customers. These tools prompt employees to ask the customers the right questions to determine their financial needs and suggest appropriate solutions to meet them.

We are constantly striving to live up to the trust that our customers have placed in us. And we are proud of the more than 85,000 TD employees who come to work each day to serve our customers with excellence and integrity. Following the media stories about our sales practices in 2017, we undertook a review of our own and did not find a widespread problem with people acting unethically to achieve business results. We have nonetheless continued to improve our processes and strengthen our internal controls and policies.

- We continue to enhance our sales monitoring capacity, controls and techniques, and continue to take action to investigate and address any issues with employees and customers. In 2018, we established a dedicated Conduct Risk and Sales Practice Centre of Excellence to help our employees in achieving their business results with integrity and further reinforce and develop checks and balances that adhere to TD's corporate values and practice.
- In 2018, the Corporate Governance Committee (CGC) which has oversight of the bank's conduct risk program, provided regular reporting to the Board. And the CGC received updates from the bank's chief compliance officer on the status and effectiveness of the conduct risk program.

We also continue to reinforce our Leadership messaging about integrity and TD's Code of Conduct and Ethics, which emphasizes our imperative to act ethically and with integrity. And we continue to review and enhance our Performance Management Framework so that our employees are recognized and rewarded for doing the right thing for our customers. Finally, we take any issues or concerns raised by or about our employees very seriously. We promptly deal with any related concerns brought forward to us through communication channels in place.

3.6

Product and Service Responsibility

Incentivizing our Customers to Save

TD offers many resources to allow customers to build savings. We recognize the importance of saving to long-term well-being and provide multiple options through products and arrangements to incentivize saving.

- We offer different options designed to help customers reach their goals faster. For instance, Simply Save helps customers save money every time they use their debit cards. During 2018, TD Canada Trust customers saved \$4.5 billion through various automated savings plans, up from \$4.3 billion the previous year.
- We are also encouraging our customers to save for their children’s education in the face of rising tuition through products and arrangements. The Canada Learning Bond (CLB) is a government grant that encourages customers to save for their children’s future education. In 2018, we facilitated \$17.7 million in CLB payments, up from \$15.8 million the previous year. Since 2015, we have been working with SmartSAVER, a non-profit organization that helps eligible Canadian low-income families access education funding through government savings plans.

Helping Our Customers Facing Financial Hardship

Financial challenges can strike our customers at any time; they can be the result of economic turbulence, illness or an unanticipated life event. There is also growing income volatility in North America which adversely affects financial planning, saving and overall financial health.¹ We believe in delivering legendary customer experience to all our customers, including those experiencing financial challenges. To help our customers cope with uncertainty and financial hardship, we encourage them to talk to us as soon as they can, so that we can be responsive and sensitive to their financial challenges. We offer credit and

repayment solutions that help our personal and small business customers avoid alternative financing means that are often more expensive. Such endeavours allow us to assist our customers in need while retaining their business and avoiding potential losses. In 2018, we assisted customers with payment issues and troubled real estate:

- In Canada, we restructured \$78 million in loans, which helped ease payments for 17,639 customers.
- In the U.S., we restructured US\$169.5 million in troubled real estate assets, which helped 1,213 customers.

Analyst Corner

Green Banking
2018 Green Products

Providing Green and Social Banking Choices

Consumers believe that protecting the environment contributes to rather than hinders economic growth² and are increasingly interested in green banking products. To meet this demand, we have created a range of green financial products and services as part of our retail and small business offerings. These products, available across our business lines, include paperless banking and insurance discounts for hybrid and electric vehicles. We are exploring options within social products to meet SDG goals and expanding our socially conscious product offerings. More details are provided in the Environment section of this report.

Paperless Banking	2018	2017	2016
Number of online statement accounts, in millions	12.1	11.5	10.4
Paper statements stopped, in millions	136.0	112.3	97.8
Paper documents stopped (TD Wealth), in millions ³	45.9	33.1	31.5
Insurance for hybrid and electric vehicles	2018	2017	2016
Number of active hybrid and electric vehicle discounts	25,068	20,620	17,777
GHG reduction by TD Auto Insurance customers (in tonnes of CO ₂ e) ⁴	18,569	10,819	7,268

¹ TD Economics Report (Canada); Pew Charitable Trusts (U.S.); <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2017/03/how-income-volatility-interacts-with-american-families-financial-security>.

² Environics Research, 2018. *Canadian Environment Barometer*.

³ Fiscal year 2017 and 2016 data was restated due to corrected information

⁴ The estimated calculations were completed by WSP.



3.7

Diversity and Inclusion

Why It Matters to TD

For TD, diversity and inclusion is and has been a strategic priority for over a decade. Organizations that have embedded diversity and inclusion foster innovation and creativity, widen the talent pool, increase employee satisfaction, and outperform their peers financially.¹

Our Approach

We have embedded diversity and inclusion into every aspect of our business – from workplace practices to customer relationships and community involvement – to help create an inclusive bank that reflects the diverse communities we serve.

We formed the Inclusion and Diversity Leadership Council (IDLC) in 2005 to set the bank’s diversity and inclusion strategy and oversee its progress. The Council, which reviews plans and goals every three years, completed its 2018-20 goal setting and planning cycle in 2017 and has highlighted inclusion and leadership amongst its priorities. It is committed to finding new and creative ways to promote diversity and embed inclusion in the company’s culture and infrastructure by providing our employees with work that matters, opportunities beyond expectation and inspiring leadership.

Building a Diverse and Inclusive Organization

We developed an inclusive leadership strategy to reinforce the value of inclusion and teach our managers actionable strategies to engage and leverage the full potential of diverse teams and minimize negative consequences resulting from unintentional bias. We launched an ‘Inclusive Leadership’ curriculum to help our people managers identify biases and other non-inclusive behaviours. Since 2017, more than 1,900 people managers in North America have completed the program. We have also created an inclusive leadership resource guide to support learning and development specialists in their efforts to build diversity and inclusion messaging into business-specific training and to complement our centrally driven training. TD branch managers are trained through the ‘Own My Branch’ program targeted towards Canadian Branch Banking that includes inclusive leadership principles.



Analyst Corner

- Code of Conduct and Ethics
- Our Commitment to Diversity
- Diversity Governance
- Employment Equity Report – Canada only
- TD and Indigenous Communities in Canada

Participation in employee-related events and networks continues to grow. Over 1,000 employees participated in events and activities during National Indigenous History Month. TD sponsored 95 Pride festivals, and over 190 LGBTQ2+ community initiatives across North America, and engaged over 3000 employees supporting LGBTQ2+ inclusion, as members of TD’s LGBTQ2+ Employee Resource groups.

Our 50+ employee networks include:

Minorities in Leadership Network	Women in Leadership Mentorship
Latinos in Leadership	Working Moms and Dads Network
TD Korean Community Employee Network	Forever Proud: A Community for LGBTQ2+ Colleagues and Allies
Parents of Children with Disabilities Network	Veteran Employee U.S. Network
African-American & Caribbean Leadership	Indigenous Employee Circle
Black Employees Network	AccessAbility: a network for colleagues with disabilities and their allies

¹ <https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>; <https://www.catalyst.org/knowledge/why-diversity-and-inclusion-matter>.



3.7

Diversity and Inclusion

Supporting the LGBTQ2+ Community

- In 2018, we evolved our scope from LGBT to LGBTQ2+ to recognize and be inclusive of the gender and sexual diversity of our community and to reflect the evolution of how our many community members identify themselves today.
- To equip our employees to authentically deliver legendary service to all our customers and employees, including the transgender and gender non-binary community, we delivered Gender Language and Concepts training to approximately 800 employees across Canada in 2018.
- We offer a variety of development programs and initiatives such as LGBTQ2+ executive speaker panels, external thought leader presentations, mentoring events and targeted in-house and external development programs for emerging LGBTQ2+ leaders and executives.
- TD Life Insurance offers insurance coverage for HIV-positive applicants. In 2018, we approved the first life insurance policy for an HIV-positive applicant.

Moving towards Gender Equality

Diversity and inclusion are core values and strategic business priorities. Our goal is to sustain a working environment where every employee has the opportunity to realize their potential to the fullest. In keeping with our core values of diversity and inclusion, 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.

- 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. 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 continuing to monitor our programs to confirm they are being delivered in a gender-neutral manner.
- We refreshed our Women in Leadership (WIL) strategy to sustainably increase the representation of women from all communities and backgrounds, call upon both men and women to help create inclusive workplaces that work to close gender inequalities, and lead efforts to close the gap. Our WIL Connections Community in our internal social media platform has grown to 16,000 members with 20 chapters across North America. In Canada, we set a target of 40% women in senior leadership positions by 2020.

Mentoring Our Employees

- TD's mutual mentoring program pairs executives with employees from all different backgrounds and levels to share insights, experience and knowledge. The program has over 1,600 participants and will help enable stronger leadership at every level.

Supporting Indigenous Communities across Canada

In 2018, we launched our internal Indigenous Resource Centre as part of our overall strategy to promote an inclusive environment and create awareness of Indigenous history and culture to support our business and talent strategies. This newly created digital platform is a destination to learn about and celebrate Indigenous culture and Peoples, to enable important connections and to promote active engagement with Indigenous communities. It is also home to the "I Am Indigenous" employee video series, where Indigenous employees share their stories and speak about what reconciliation means to them.

Building a Minority Leadership Pipeline

Last year, we launched the Each One Teach One (EOTO) mentoring pilot program aimed at supporting TD's minority employee talent as they pursue their career development goals and expand their networks. The initial pilot was a success, engaging over 150 employees. In 2018, the new cohort grew to over 250 employees and the program has been expanded more broadly across the TD organization in North America. Regional and business line EOTO cohorts now reach more than 500 minority employees across TD.

Building a Supportive and Inclusive Organization

In 2017, we piloted a hiring program with Specialisterne Canada, an organization that partners with employers and identifies talented individuals with neurodiversities for key roles. The program provides onboarding support for new employees and people managers and their teams. In 2018, we expanded this pilot across several additional businesses. We have now hired 30 talented employees, most of whom work in complex market, credit and risk-related areas. We are looking to further expand this program across North America.



3.7

Diversity and Inclusion

Workforce Diversity at TD (%)					
Global¹			2018	2017	2016
Women	Women on board (% female of all directors)		36%	36%	36%
	Overall		✓ 57.9%	✓ 58.6%	
	Senior Management ²		✓ 36.1%	✓ 37.3%	
Canada³		Labour Market Availability⁴	2018	2017	2016
Visible Minorities⁵	Overall	25.1%	✓ 30.7%	✓ 28.2%	✓ 29.1%
	Senior Management ²		✓ 16.3%	✓ 14.5%	✓ 14.7%
Indigenous Peoples⁵	Overall	2.0%	✓ 1.3%	✓ 1.2%	✓ 1.3%
	Senior Management ²		1.1%	1.4%	1.7%
People with Disabilities⁵	Overall	5.6%	✓ 6.6%	✓ 5.7%	✓ 5.9%
	Senior Management ²		5.9%	4.9%	5.0%
U.S.⁶		Labor Market Availability⁷	2018	2017	
Minorities	Overall	27.2%	40.4%	39.0%	
	Minority Executives ⁸		15.3%	15.1%	

Additional categories of reporting on workforce diversity can be found in the ESG Appendix page 13-14

¹ Includes all full-time and part-time employees, excluding those on LTD. A new global methodology was implemented for 2017 and 2018 reporting. 2016 data is not available.

² Senior Management includes board-titled officers of the bank, Vice President level and above.

³ Includes all Canadian businesses and full-time and part-time employees, excluding those on LTD.

⁴ Labour Market Availability is based on 2016 census Canada data calculated in accordance with Employment Equity regulations.

⁵ Data is voluntarily disclosed by employees.

⁶ Includes TD, America's Most Convenient Bank employees, excluding those on LTD. The first year that TD publicly disclosed diversity representation data in the U.S. was 2017.

⁷ Labor Market Availability is based on 2010 U.S. Census Data as calculated based on Affirmative Action regulations.

⁸ EEO-1 Category, A B or 2.

3.8

Human Rights

Respecting Human Rights

In every country in which TD operates, we support and respect the protection of human rights. We also share the values reflected in international proclamations about human rights, such as the Universal Declaration of Human Rights. TD's primary businesses are conducted in countries that are governed by strong legal and human rights regulations. We abide by the expectations and requirements of such human rights related laws of the countries where we operate. In 2018, TD furthered its commitment to human rights by joining the [Business for Social Responsibility's \(BSR\) Human Rights Working Group](#), which supports companies in implementing the [United Nations Guiding Principles on Business and Human Rights \(UNGP\)](#).

We adhere to, and in many cases exceed, all applicable labour laws and standards addressing issues such as equal pay, hours of work and child labour. TD's Respectful Workplace Policy and our Health and Safety Policy articulate our commitment to providing a work environment free from any form of harassment and unlawful discrimination, where every employee, customer, client and independent contractor is treated with dignity and respect. TD's employees are at the heart of everything we do, and we encourage a diverse and inclusive working environment. TD's model is one of employee engagement, and we encourage open dialogue to help us create a positive working environment where all employees can thrive.

Under the TD Code of Conduct and Ethics, every employee and director of TD is expected and required to assess every business decision and every action on behalf of the organization in light of whether it is right, legal and fair. Specific internal investigation and escalation processes are followed when concerns are raised regarding harassment, unlawful discrimination or other conduct that would contravene these policies. Employees and directors attest to compliance with these policies on an annual basis. We promote Indigenous rights and support the principle of free, prior and informed consent (FPIC), with our commitment reflected in TD's Environmental Policy and Environmental Management System. Our Human Rights Working Committee meets regularly to understand relevant issues and is responsible for updating the TD Bank Group Slavery and Human Trafficking Statement. There are many ways in which TD incorporates human rights considerations into our business lines. For instance, we provide opportunities to underrepresented groups as a part of our Supplier Diversity Program.

In 2018 we became the first corporate sponsor and contributing partner to the Mandela: Struggle for Freedom exhibition at the Canadian Museum of Human Rights.

In order to align with the UNGP, we recognize our responsibility as a corporate citizen to respect human rights, and by undertaking a review of current practices and procedures, we will be working toward integrating the UNGP across our bank-wide operations and practices.



Analyst Corner

Code of Conduct and Ethics

Supplier Code of Conduct

TD Bank Group Slavery and Human Trafficking Statement

TD Bank Statement on Anti-Money Laundering, Anti-Terrorist Financing and Sanctions

Statement on Anti-Corruption

94,913

Total number of employee training hours related to human rights¹

¹ The total number of hours related to human rights training was calculated using a 100 percent allocation applied to the total hours spent on human-rights related courses in fiscal 2018. Courses covering topics such as TD's Code of Conduct, diversity and inclusion, fair banking and serving customers with disabilities. 2018 is the first year this data was collected.

Talent Attraction, Engagement and Retention

Why It Matters to TD

At TD, we believe our people are our greatest assets. Our future success depends on our ability to attract, develop, deploy and retain the best talent. As individuals look to work for organizations that align with their values, we at TD believe it is critical to provide employees with work that matters, opportunities beyond their expectations and leadership that inspires.

Our Approach

At TD, we are committed to providing our people with an inclusive environment within which they can engage in meaningful and fulfilling work. We provide our employees with opportunities to grow their careers by offering career advancement throughout their tenure. Our internal development programs allow our employees to develop and retool their skill set to forge their unique paths in TD while keeping pace with a changing world. Our Diversity Sourcing team focuses solely on attracting top talent from diverse communities in alignment with an enterprise-wide talent acquisition strategy. We offer enterprise-wide colleague experience initiatives and programs that enrich the lives of our people and inspire them to work towards providing our customers with legendary service. We also provide an ethical culture, competitive benefits, and meaningful work standards and policies and strive to be a workplace that is responsive to the needs of our employees.



Analyst Corner

2018 Workforce Profile
Our Commitment to Diversity
Appendix: ESG Performance
Campus Recruitment

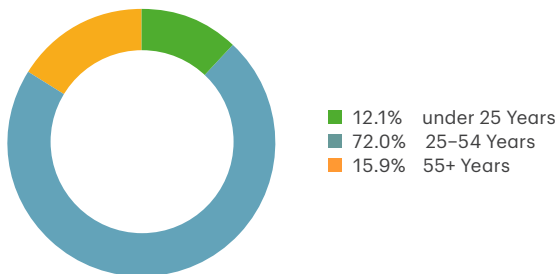
Attracting a Diverse and Inclusive Workforce

We have a team dedicated to sourcing and attracting diverse talent. We value diversity and are committed to recruiting visible minorities, LGBTQ2+ people, people with disabilities, women and Indigenous people. We also leverage applications like Textio, an augmented writing platform used to create highly effective and gender-neutral job listings. Textio scans for key phrases in job postings and offers suggestions for improvement to minimize bias and attract qualified and diverse candidates. In 2018, some of our initiatives to attract a diverse workforce include:

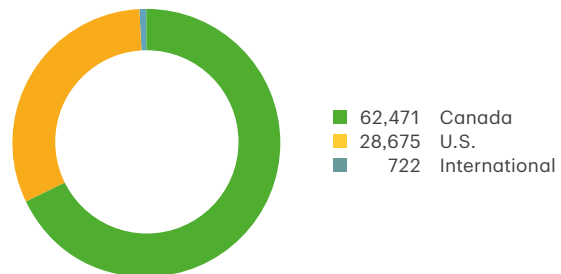
- To help develop the LGBTQ2+ leaders of tomorrow and to attract talent, we worked with community organizations such as Start Proud and Venture Out in Canada to support career development and networking opportunities through conferences and regional events.
- We are a key sponsor of the Women in Capital Markets' Return to Bay Street Program, which provides opportunities for professional women to return to their industry careers after extended periods of leave, usually due to family commitments.

We also invest significantly to attract and develop talent to create the workforce for the future. We recruit using employee referrals, search firms and social media. We also work to attract and develop "generation next" talent by offering rotational programs, paid internships and management association programs.

Employee age profile



Employees by region¹



¹ Data reflects headcount rather than full-time equivalent



3.9

Talent Attraction, Engagement and Retention

Employee Engagement

At TD, we strive to create an environment with opportunities for our employees to participate in causes that matter to them, such as social and environmental initiatives. With the launch of The Ready Commitment, there was increased awareness about community involvement and we were pleased to see increases in our employee engagement scores related to community and environment.

In 2018, there was a high rate of participation (87%) in our annual global engagement survey, with 84% of our employees reporting as being engaged. Our actual engagement score on a five-point rating scale increased to 4.26 from 4.22 in 2017. TD employees consistently reported they are proud to work for TD and felt supported in their ambitions to work on corporate responsibility initiatives. They also felt that TD shows genuine commitment to the communities in which we operate and is taking the right steps to positively impact the environment.

In 2018, TD became the first Canadian founding member of IMPACT2030 and hosted a leadership forum bringing together over 50 attendees from over 40 corporations and community organizations, including IMPACT2030 partners and stakeholders. IMPACT2030 is a global private-sector-led collaboration that harnesses the power of employees to bring about positive social and environmental change to help advance the Sustainable Development Goals.

TD's employee engagement is overseen by the Colleague Experience Council, which acts in a strategic advisory capacity on employee programs and initiatives. The council defines priorities and drives coordinated change on enterprise-wide colleague experience initiatives that address barriers to employee engagement. These initiatives are informed by feedback and ideation from our employees, again emphasizing TD's inclusive culture.

Investing in Talent

898,532

applicants in North America

47,204

hires

112,790

recruiter interviews

5,912

employees that have worked at TD for more than 25 years

70,121

hiring manager interviews

53.3%¹

Percentage of promotions were for women, in Canada

55.8%

positions filled within TD

Fostering Opportunities for Women in Technology

TD is working to achieve gender parity in the technology field by using the Women in Technology (WIT) group to recruit, support and mentor women. In 2018, WIT sponsored five industry events through which it exceeded its objectives of recruiting women into technology positions. TD also initiated an arrangement with #movethedial, an organization focused on increasing the participation and leadership of all women in technology. Through this arrangement, we strive to position TD as a leader and technology company of choice for women and create new opportunities to improve STEM participation for girls and women. In 2019, the arrangement will expand nationally and into the U.S. footprint.

Objective	2017 Result	2018 Result	Progress	2019 Target
Provide a great place to work	Increase Employee Engagement Index ✔ 82%	✔ 84%	●	82%
	Average global turnover ✔ 20.04%	✔ 20.00%		

● Met ● On track ○ Did not meet

¹ 53.3% of all promotions in 2018 were given to women.



3.9

Talent Attraction, Engagement and Retention

Listening to Employees – Global survey results¹

Employee Engagement Index (EEI) Composite:	2018	2017	2016 ²
My work gives me a personal feeling of accomplishment.	80%	79%	78%
I plan to be with TD one year from now.	84%	83%	81%
I am proud to say I work for TD.	87%	85%	85%
TD is doing the right things to make a positive impact on the communities in which it does business.	89%	87%	87%
TD is doing the right things to make a positive impact on the environment.	88%	86%	87%
TD supports employees' ambitions to get involved in corporate responsibility initiatives (e.g. community or environmental initiatives).	89%	87%	87%

¹ Percentage of respondents who agreed or strongly agreed with the statement.

² 2016 data has been restated due to corrected information.

Employee Turnover (%)	2018	2017	2016
Average global turnover rate	✓ 20.00%	✓ 20.04%	✓ 20.08%
Canada			
Voluntary ³	✓ 14.3%	✓ 13.8%	✓ 11.8%
Involuntary ⁴	✓ 2.7%	✓ 2.2%	✓ 4.5%
Retirement	✓ 1.5%	✓ 1.3%	✓ 1.2%
Total	✓ 18.5%	✓ 17.2%	✓ 17.6%
U.S.			
Voluntary ³	✓ 17.8%	✓ 18.9%	✓ 18.3%
Involuntary ⁴	✓ 4.6%	✓ 4.8%	✓ 6.4%
Retirement	✓ 0.6%	✓ 0.6%	✓ 0.6%
Total	✓ 23.0%	✓ 24.3%	✓ 25.4%

³ A voluntary exit from TD occurs when the employee chooses to leave TD.

⁴ An involuntary exit from TD occurs when employment is terminated.

Retention

One of the ways in which we assess employee engagement and satisfaction is by looking at how well we retain our top talent. TD's average global turnover was 20% in 2018. TD's voluntary turnover in Canada remains within the normal range¹ of our peer group, taking into account our high complement of part-time employees and reflects TD's longer-hours business model, which requires a higher complement of part-time employees. Retention continues to be a top priority in the U.S., where the voluntary turnover rates tend to be higher. But we are making progress, as our voluntary retention rates have been improving from year to year.

¹ According to a comparison of the Big 5 Banks in Canada, conducted by PwC in 2015, the average voluntary turnover rate was 11.52%. The source is a syndicated survey where all banks are measured using common criteria.

3.10

Health and Well-Being



Analyst Corner

- Summary of Benefits Programs
- TD's Approach to Compensation
- TD's Approach to Job Transition
- Code of Conduct and Ethics
- Whistleblower Hotline

TD's business depends on the contribution of our over 85,000 employees, and as such, the health and wellness of our workforce are fundamental to our success. TD offers extensive programs to help our employees assess, manage and improve their physical, financial and mental well-being. In 2018, we reinforced this commitment with the appointment of Dr. Vipin Nikore, whose mandate as our new Chief Medical Director is to keep our employees healthy.



As TD's Chief Medical Director, I have a mandate to improve employee health while decreasing stress and sickness. I will not only help TD manage health-care risks, but also help from a health-care strategy perspective by focusing on innovative ways to keep our 85,000+ employees healthy and by exploring how TD can further contribute to a healthy community.

Dr. Vipin Nikore, TD's Chief Medical Officer

Physical Well-Being

TD's Health and Safety (H&S) policy spans North America and has a dedicated H&S management system that delivers regular training and communication to keep managers and employees informed. In Canada, the H&S team, a National Policy H&S Committee, people managers and H&S representatives in each location across the country work with employees to ensure H&S programs support applicable regulations and are effective across our operations. The H&S-programs in the U.S. are overseen by a Safety team with support from Safety Committees, Human Resources, people managers and employees across the enterprise.

We have designed our benefits plan to provide employees with essential benefits to protect them from unanticipated financial hardship. We offer a wide range of optional coverage since we understand that the needs of our employees vary by person and over time. TD provides resources to support employees as they choose the benefits plan that best meets their needs. Employees receive assistance for coverage from TD through benefit credits (Canada) or subsidies (U.S.).

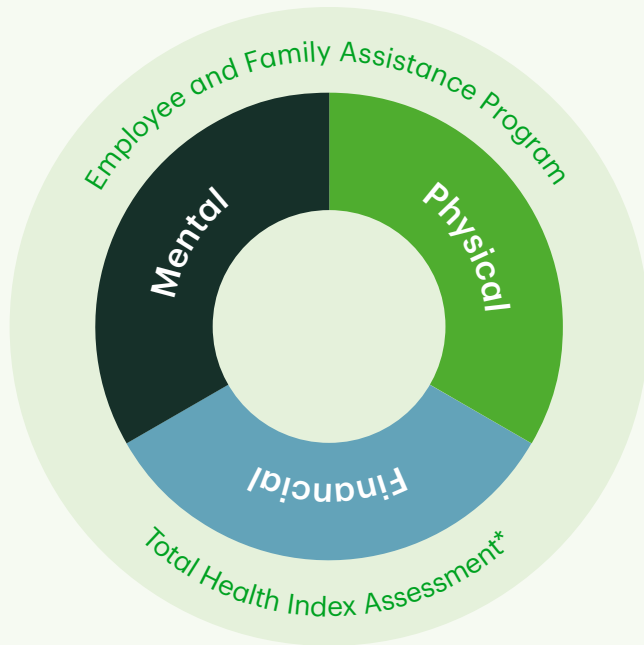
Work-Related Injuries ¹			
Canada	2018	2017	2016
Minor injuries ²	359 (0.57%)	290 (0.49%)	255 (0.43%)
Disabling injuries ³	290 (0.46%)	188 (0.32%)	148(0.25%)
Employee days absent beyond day of injury ⁴	3,485	2,409	2,667
Fatalities due to work-related accidents	0	0	0
U.S.			
Medical/report-only claims filed through workers' compensation ⁵	420	389	454
Indemnity claims filed through workers' compensation	33	35	38
Employee days absent beyond day of injury	1,912	1,315	2,334
Fatalities due to work-related accidents	0	0	0

¹ Figures in parentheses indicate accident statistics as a percentage of our workforce in the country noted, as at the end of the calendar year.
² Injuries that are treatable in the workplace with no time lost beyond the day of injury.
³ Injuries that result in lost time in the workplace on any day following the injury for each of the years shown.
⁴ Number of disabling accidents have increased, resulting in more days absent.
⁵ Workers' compensation claims below \$2,500 or any claim that requires no payment or activity other than generating a report.

3.10

Health and Well-Being

TD's Approach to Well-Being



Examples of benefits:

Physical Well-Being

- Benefit plans
- Wellness account
- Seasonal flu coverage
- Insurance coverage
- Workplace accommodations
- WELL building standard
- Health and safety

Financial Well-Being

- Compensation
- Employee savings plans
- Share ownership plan*
- Pension/401(k)
- Scholarship programs
- Incentive plans
- Discounts and banking benefits
- Tuition reimbursement

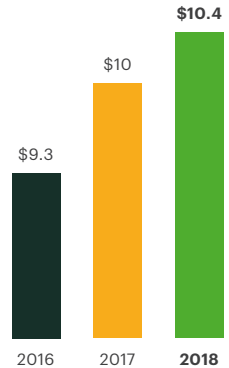
Mental Well-Being

- Vacation/PTO (paid time off)
- Reward and recognition
- Leave policies
- Flexible work options
- Volunteer grants
- Emergency child care*
- Employee ombudsman
- Critical incident response

*Benefits available to Canadian employees

Total spend on Compensation and Benefits (\$ billions)

\$10.4b
Spent in 2018



Financial Well-Being

In the context of rising income volatility, TD is committed to providing our employees with a competitive total rewards package with the flexibility to meet their needs and the changing needs of their families. We offer a comprehensive benefits plan that includes medical, dental and insurance options. We also offer a competitive compensation package, an employee share ownership plan (Canada), a defined benefit pension plan (Canada) and 401(k) (U.S.) and group savings plans to help employees meet their financial goals. In 2019, TD introduced a new defined contribution (DC) pension plan for newly hired employees in Canada.

We offer an online retirement and financial planning tool for our employees to assist them with personalized projections for their short-term and long-term plans. We also include information and advice on employee pension arrangements. Our employees can also access legal and financial support services for several issues, including debt management, legal bankruptcy, contracts and housing.

Mental Well-Being

TD offers a variety of resources to support employees and people managers with their mental well-being, including online tools, educational training and access to a comprehensive employee and family assistance program. In 2018, TD launched new online mental health training for all Canadian employees to support a mentally healthy workplace, with an additional support module for people managers. The training helps employees build mental health awareness and develop stress management and resiliency skills, supports their mental well-being and enables them to access support, when needed. Over 7,000 employees and people managers have completed the training as of December 2018.



3.10

Health and Well-Being

Challenge: New technologies create the opportunity for many employees to be connected to work at all hours; however, the need for balance remains as important as ever for a healthy life.

Response: TD recognizes the importance of helping employees balance their work/life demands. TD offers flexible working options to attract and retain talent and create an inclusive and supportive culture by recognizing each employee's unique needs. To empower our employees to do their best work and provide legendary customer service, TD offers a supportive and flexible work environment. We understand that employees need to balance personal and professional commitments and that they may sometimes feel forced to choose between the two. To help our employees live balanced lives, we offer several flexible work options. This approach helps TD retain great people and keep them feeling engaged and supported. Many TD business and functional groups have Flexible Work Options Business Committees to assist employees in maintaining a healthy balance between personal and professional commitments. Flexible work options can include, where possible, a compressed or reduced workweek, job shares, transition to or from regular hours when returning from a leave of absence or preparing for retirement, and opportunities to work remotely. Employees can mix and match flex work options to meet their needs.

Program Enhancements

At TD, we regularly benchmark our benefits program against those of other leading employers to determine how we are positioned in the support provided to meet the diverse needs of employees. In Canada, we completed a market review to benchmark TD's benefit plan support for the five diversity and inclusion pillars and, as a result, we implemented a number of diversity-inspired coverage enhancements for 2019, which include:

- An increase from six to 12 weeks in childcare leave salary top-up for the person who gives birth
- Mental health practitioner annual limits, which have increased from \$1,000-\$2,000 to \$1,500-\$2,500
- Expanded services to support social and medical gender transition, up to a lifetime maximum of \$25,000
- Expanded coverage to include fertility drugs, breast pumps, traditional medicines and natural remedies, and coverage for midwives and doulas
- Up to 16 weeks paid leave to all eligible parents welcoming a new child through the Paid Parental leave program in the U.S.

Employee Relations

Our employees have several channels through which they can comfortably and safely raise their concerns directly within the organization.

- The **Employee Complaint Resolution Process** provides our employees with various channels to report their concerns. The process facilitates the reporting of their concerns to the right point of contact so that they are resolved quickly, objectively and without any fear of retaliation. TD is committed to protecting individuals from reprisal in any form, no matter what channel an employee chooses to raise their concerns.
- **Between Us**, the Employee Ombudsman Office, offers confidential, impartial and informal guidance, which is available for all employees to discuss work-related concerns and review possible options for resolution. In 2018, 1,240 employees used this program.
- Our **Whistleblower Hotline** is a confidential and anonymous communication channel for both our internal and external stakeholders to submit their concerns regarding TD. Through the hotline, anyone can submit ethical, legal or accounting concerns without fear of repercussions. They can also submit allegations of retaliation for having reported matters in good faith. Our hotline is hosted by a third party and managed independently within TD.

TD has a Global Employee Relations group that maintains meaningful work standards, policies and practices consistent with TD's commitment to the overall employee experience and the bank's business objectives, as well as legal and regulatory requirements. The group provides guidance to human resource practitioners and management on complex employment matters to promote the consistent application of TD's policies and practices across the organization and the fair and transparent resolution of matters raised.



3.11

Volunteerism

TD recognizes the importance of volunteerism as a community and employee engagement tool and as a way for our employees to contribute to The Ready Commitment.

- TD had 800 volunteer ambassadors across North America who helped to manage fundraising events and community programs. For our annual employee-giving campaign administered by United Way, TD employees raised \$19.77 million for registered charities across North America last year, up from \$19 million the previous year.
- TD is a proud sponsor of the Junior Achievement (JA) Company Program. The program brings high school students into TD and helps them build a company with TD employees serving as volunteer advisors. The 18-week program is an opportunity for students to develop business skills and boost their employment potential while teaching them financial literacy and entrepreneurship. In 2018, 30 teams participated in the program with 61 employee volunteers.
- Our annual TD Tree Days campaign drew 10,600 volunteers across North America and enhanced 162 green spaces, adding over 48,000 trees and shrubs to local tree canopies. More than 390,000 native trees and shrubs have been planted in communities across North America through TD Tree Days since 2010. An estimated 890.1 tons of CO₂ emissions have been

sequestered as a result of these activities, comparable to the emissions released annually from 189 passenger vehicles.

- TD understands the difficulties new immigrants to Canada face in seeking employment. Accordingly, we are a founding member of the Toronto Region Immigrant Employment Council (TRIEC) Mentoring Partnership program, which was initiated in 2005. Through the program, TD employees provided over 1,800 mentoring relationships, with approximately 25% of TD mentees gaining positions within the bank. TD was also recognized for passing the 1,000th mentoring match mark through the TRIEC Mentoring Partnership Awards.
- We launched the TD Mindpower: Analytics for Social Good initiative to give our employees an opportunity to leverage their data and analytic skills in helping non-profit entities and play a role in creating inclusive and sustainable communities. Through this program, TD employees work on projects to answer questions, solve problems or explore ideas through the application of data analysis using the non-profit's own information sources. Six non-profits have been identified for the pilot, and more than 300 TD volunteers have already signed up to participate in the program.

2018 Target	Rating	2018 Result	2019 Target
Increase number of employees across North America registered on the TD Volunteer Network by the end of the calendar year	●	36,427	Increase volunteer registrations

● Met ● On track ○ Did not meet

Financial Education

In 2018, we invested over \$4.5 million across North America to support community financial education programs that benefited 530,400 people. We strive to focus on underserved or disadvantaged communities – including the low-income, youth, Indigenous and newcomer communities. In 2018:

- We supported 2,738 potential homebuyers in the U.S. at 211 educational events where our employee volunteers discussed key topics in the home buying process.
- In Canada, we continued our relationship with Money Matters – a free program for adult learners that teaches topics such as banking, saving and building credit. In 2018, we had 12,166 participants in the program. Newcomers, Indigenous Peoples and post-secondary students have all used different versions of Money Matters to increase their financial literacy.

36,427
registered North American users in the TD volunteer Network

777
volunteer grants worth over \$450,000 made by TD to 635 charities where TD employees volunteered more than 40 hours

173,000+
volunteer hours logged

3.12

Human Capital Development

Why It Matters to TD

TD's ability to attract and retain the best and the brightest, while sustaining and deepening the relationship with its current employees, is critical to maintaining its legendary customer experience. Employees will choose to stay at TD only if there are opportunities for personal and professional development and advancement and if they believe that TD is committed to supporting, mentoring and preparing them for the economy of the future.



Analyst Corner

Developing Leaders
Training and Development

Performance in 2018

We provide wide-ranging opportunities and resources to support our employees in every stage of their career journeys, including regular career coaching, mentoring and training. In 2018, we invested \$91.7 million¹ globally in training and developing our employees. The average number of days of training invested per person increased from 4.8 to 5.7 days. Employees also receive individual performance reviews every six months.

Our Approach

We invest in professional training and development, identify opportunities for employees to take on challenging and interesting work across TD and help our employees create personal development plans to help achieve their career goals. We are building programs and platforms to reskill and upskill our workforce and assist employees as they transition into new roles as the banking industry evolves. The commitment to creating new development opportunities extends across the organization, with leaders at every level supporting and challenging employees to bring their whole selves to work and deliver their best to customers and each other.

Investing in Employee Development (global)	2018	2017	2016
Investment in training (millions) ²	\$91.7 ¹	\$81.8	\$83.3
Investment in training per employee ²	\$971	\$933	\$835
Average number of days of training ³	5.7	4.8	3.3
Average hours of training ⁴ per:			
Executive ⁵	56	31	35
People manager ⁵	41	44	30
Employee (non-manager) ⁵	46	39	24

² Includes the courses available through TD's MyLearning System, as well as external courses, certificates and accreditations.

³ An average day is considered eight hours for U.S. employees and 7.5 for all other employees.

⁴ Excludes training hours tracked outside of TD's MyLearning System because the data is not available and cannot be reasonably estimated.

⁵ Executive includes TD job levels Associate Vice-President and above. People manager includes an employee who has one or more direct reports. Employee (non-manager) includes an employee who does not have any direct reports.

¹ Overall increase in training spend due to investment in new training technology platform (TD Thrive) and support of business transformation projects



3.12

Human Capital Development

Reskilling Our Human Capital

In 2018, we launched **TD Thrive** – a new development platform that empowers our employees to build the skills they need to learn and grow today and well into the future. Our vision is to have a single platform for all learning needs, with rich content and mobile and social functionality for real-time learning. With TD Thrive, we fulfill our shared commitment to develop employees in a new way, letting them learn on their own terms, whether it is building new digital skills or deepening their financial expertise. TD Thrive allows employees to acquire capabilities and skills of their choosing and at their own pace that will serve them personally and professionally over their lifetimes. The content within TD Thrive, which is powered by the education technology company Degreed, is curated into Pathways, Skill Plans and Career Paths so that our employees can access development content in a way that is relevant and personal to them and their career aspirations.

As personal banking in Canada evolves, TD is adapting through a program called **Future Ready**, which will help us continue to meet the expectations of our customers. It is designed to help us better understand their needs, simplify their lives and deliver timely advice they need to make appropriate and informed decisions. Evolving for our customers also means helping our employees learn and contribute in new ways. For example, to improve our advice in branches, we are equipping employees with the tools and training they need to help our customers feel more financially confident. We have also begun to create more specialization in branch roles, while concurrently establishing more career paths for branch employees.

Developing Our Leaders

At TD, we know that stronger leaders create more engaged employees, which drives better results and performance. As such, we invest in creating unique and strategic development opportunities for leaders at all levels of the organization. In 2018, we designed and delivered leadership programs for hundreds of leaders across the organization. Among these important programs are the following:

Activate is a leadership development program for new people managers. Our goal is for all new leaders to have the tools and knowledge they need to make the transition as quickly and as smoothly as possible by offering targeted development within their first six months. **Activate** offers two days of instructor-led training focusing on core leadership skills such as team dynamics, coaching capability, critical thinking and organizational awareness. The program empowers newly hired or recently promoted managers to lead with confidence while at the same time being aligned with TD's values.

Elevate – our signature executive development program – is focused on inclusive leadership behaviours that are proven business accelerators. In this highly immersive and interactive two-day workshop, our leaders grapple with the real-life trade-offs and tensions needed to balance employee engagement, client experience and profitability. Each session, co-facilitated by senior TD leaders, demonstrates effective leadership behaviours rooted in our culture, values and real-life business context. By June 2019, it is expected that all of our executives will have completed this comprehensive and challenging development program.

Thriving in the future means ongoing investment in our leaders today. This year, we partnered with industry experts to deliver an advanced coaching program, ideation workshops and a data and analytics program for senior leaders. In 2019, we will continue to broaden our slate of strategic leadership development programs underscored by **Leadership Ready** – our online platform of over 300 self-directed learning assets that reinforce what effective leadership looks like at TD.

Building Our Leadership Pipeline

In addition to developing all leaders, TD also makes additional targeted investments in an annually identified pool of diverse talent who are expected to be the successors to senior leadership roles.

Since 2015, we have offered programs each year to invest in our future leaders, including Leading with Impact, pod coaching and 6in6 Mentoring. The largest of the three, **Leading with Impact (LWI)**, is an experience-based program that challenges participants through a combination of critical experiences and classroom learning, with a focus on driving real business impact and developing leadership capabilities through a strategic team assignment. The program, which consists of seven days in class over the course of five months, builds business acumen and cross-enterprise, cross-border learning. A key component of the program is the opportunity to work in cross-functional, cross-border teams to work with a community organization. Each team helps address a business problem the organization is facing, culminating with a presentation of recommended solutions to a board of directors panel. By leveraging the business acumen of our emerging leaders to strengthen our community partners, TD has established a unique approach to helping them achieve sustainability while also developing our people. In 2017, we developed a unique LGBTQ2+ leadership program that positions our emerging LGBTQ2+ talent as visible role models and leaders.

Governance

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Data Security and Privacy	56



4.1

Risk Management

Why It Matters to TD

Everyone at TD has a role to play in risk management. It's essential that we each play our part to protect our business, our customers and our employees from a variety of risks in the financial services sector. These include traditional financial risks inherent to banking, such as credit and interest rate risk, as well as modern-day risks such as climate change and cybersecurity threats.

Our Approach

In the TD Framework, one of our shared commitments is to "Execute with speed and impact; only take risks we can understand and manage." TD executives, Directors and employees look to both our Enterprise Risk Framework and our Risk Appetite Statement for a common understanding of how TD views risk and determines the type and amount of risk that TD is willing to take to deliver the bank's strategy and enhance shareholder value.

TD employs a "three-lines-of-defence" model that describes the roles and responsibilities of our business segments; governance, risk and oversight groups; and internal audit in managing risks across TD. We regularly monitor and report on risk levels and compliance within TD's Risk Appetite to senior management, the Board and its committees. Awareness and communication of the bank's Risk Appetite Statement and the Enterprise Risk Framework take place across the organization through enterprise risk communication programs, employee orientation and training, and participation in internal risk management conferences.

TD's Risk Appetite Statement

We take risks required to build our business, but only if those risks:

1. Fit our business strategy and can be understood and managed
2. Do not expose the enterprise to any significant single-loss events; TD does not "bet the bank" on any single acquisition, business or product
3. Do not risk harming the TD brand



Managing Risk (p69-72)
Update From the Risk Committee (p84)

Board-Level Oversight

- This year, the Board approved enhancements to the broader conduct risk framework, including the consolidation of oversight of conduct risk as the primary responsibility of the Corporate Governance Committee. The Corporate Governance Committee oversees the status and effectiveness of the bank's conduct risk management program, including receiving reports on any potential conduct risk trends.
- The Board, directly and through the Risk Committee, reviewed the bank's cybersecurity program, including threat readiness and resilience and regulatory oversight, and received educational updates from expert speakers.
- The Risk Committee and the Board also received updates on environmental risks and the bank's support for the transition to a low-carbon economy.

Managing Environmental Risk

The bank manages environmental risks within the Environmental Management System (EMS), which is consistent with ISO 14001. TD also has an enterprise-wide Corporate Citizenship Council (CCC) composed of senior executives from TD's main business segments and corporate functions. The CCC is responsible for approving the environmental strategy and performance standards and communicating these throughout the business. TD's business segments are responsible for implementing the environmental strategy and managing associated risks within their units. TD's Corporate Environmental Affairs team is engaged by risk management functions and relevant business lines to provide subject matter expertise in identifying and understanding the implications of environmental and related social risk for our business. When required, the team also consults with clients to better understand management practices and potential E&S risks.

Environmental risk is the possibility of loss of strategic, financial, operational or reputational value resulting from the impact of environmental issues or concerns and related social risk, either short-term or long-term. Management of environmental risk is an enterprise-wide priority.

Key environmental risks include:

- **Direct risks:** Risks associated with the ownership and operation of the bank's business, which include management and operation of company-owned or -managed real estate, fleet, business operations and associated services.
- **Indirect risks:** Risks associated with environmental performance or environmental events, such as changing climate patterns that may have an impact on the bank's retail customers and clients to whom TD provides financing or in which TD invests.
- **Risk arising from the changing regulatory environment:** Including identification and management of new or emerging environmental regulatory issues.
- **Risk of opportunity loss:** Failure to understand and appropriately leverage environment-related trends to meet customer and consumer demands for products and services.

For information on TD's approach to climate-risk, see the [TCFD report](#).

4.2

Corporate Governance and Integrity

Why It Matters to TD

TD's Board of Directors is elected by TD's shareholders to oversee the management of the company and to assure that the long-term interests of shareholders are advanced responsibly, while addressing the concerns of other relevant stakeholders, including the bank's employees, customers, regulators, communities and the public.

Our Approach

The Board of Directors and the management of TD are committed to leadership in corporate governance. We have designed our corporate governance policies, principles and practices to be sure we are focused on our responsibilities to shareholders and other relevant stakeholders and on creating long-term shareholder value. We have an independent Chairman with a clear corporate governance leadership mandate and a Board that is responsible for fulfilling a number of duties. These include:

- Setting the tone for risk, integrity and compliance culture throughout TD
- Approving the strategy and business objectives of the bank and overseeing their execution
- Overseeing the identification and monitoring of the principal risks affecting the bank's businesses



Analyst Corner

The Board of Directors and Its Committees

Disclosure of Corporate Governance Policies and Practices

Code of Conduct and Ethics for Employees and Directors

Whistleblower Hotline

Proxy Access Policy

AML/ATF/Sanctions Policy Summary

To help TD keep pace with evolving regulatory and market expectations, the Board regularly reviews and updates our governance practices and continues to represent the best interests of shareholders through a strong focus on transparency and accountability.

Among other duties, the Corporate Governance Committee of the Board is responsible for reviewing and assessing the bank's corporate responsibility strategy for environmental and social matters and related reporting. In 2018, TD's Chairman, Brian Levitt (among others), participated in ESG-related engagements including management's presentation on ESG trends, including climate-related disclosures and a meeting with representatives of institutional investors in Canada to discuss Board oversight of environmental and social risks.

Case Study: Canadian Coalition for Good Governance

The [Canadian Coalition for Good Governance \(CCGG\)](#) was formed to promote good governance practices in Canadian companies. The organization works to improve the way that Canadian public companies govern themselves, and the regulatory framework in which they operate, to ensure that the interests of their shareholders are key considerations in business decisions and the use of corporate assets.

In May of 2018, the CCGG issued the [Directors' E&S Handbook](#) – practical insights and recommendations for effective board oversight and company disclosure of environmental and social (E&S) matters.

As part of the research for this publication, the CCGG interviewed members of boards, including TD's Board members Brian Levitt and Bill Bennett in 2017.

The report includes 29 recommendations that cover many aspects of E&S considerations for directors, including corporate culture, risk management, corporate strategy, board composition, board structure, board practices, performance evaluation and incentives, and disclosure to shareholders.

Recognizing the emerging nature of E&S matters, TD's Corporate Governance Committee took the opportunity to review the bank's current practices and discussed potential areas for increased alignment with the CCGG recommendations.



4.2

Corporate Governance and Integrity

Key facts about TD's approach to governance		See 2019 Proxy Circular
CEO Compensation	In assessing the CEO's performance, the committee considered the results of a comprehensive 360-degree assessment process that incorporated feedback from all Board and SET members. The assessment included consideration of performance against the goals and short- and medium-term objectives that were agreed to by Mr. Masrani and the Board at the beginning of the year, as well as performance on a range of key indicators including financial, operational, customer experience, risk, colleague, and environmental, social, and governance (ESG) measures.	Page 21
Diversity	The Board's goal is that women and men each comprise at least 30% of the Board's independent Directors.	Page 74
Competencies and Skills/ Experience Matrix	The Corporate Governance Committee uses a matrix to assess the collective skills and experience profile of the Director nominees it recommends to the Board. Corporate responsibility for environmental and social matters, is one of 14 competencies in the skills matrix. Directors annually self-assess their skills and experiences against the competencies. On the skills matrix, six out of 13 board members are identified as having corporate responsibility for environmental and social matters as a key area of expertise and experience.	Page 16 and Page 74
Other Directorships and Board Interlocks	Other than as members of the Board of the bank or as designees of the bank on the Board of Directors of TD Ameritrade Holding Corporation, no more than two Board members may sit on the same public company Board without the consent of the Corporate Governance Committee. In addition, no member of the Audit Committee may serve on more than three public company audit committees without the consent of the Corporate Governance Committee and the Board.	Page 67
Share Ownership	Under the Bank's director share ownership requirement, non-employee directors are expected to acquire common shares with a value equivalent to at least six times their annual cash retainer. DSUs are considered the equivalent of common shares for the purposes of the directors' share ownership requirement. Directors have five years from their first election date to meet the share ownership requirements.	Page 18
Open Communication with Stakeholders	The bank is committed to proactive, open and responsive communications with shareholders, other interested parties and the public. The bank recognizes the importance of engagement of Directors with shareholders on areas core to the Board's mandate and adheres to an internal guideline to support such engagement. As part of that commitment to shareholder engagement, the bank's directors periodically extend invitations to, and respond to invitations from, certain shareholders and governance stakeholders to meet to discuss the bank's approach to executive compensation, corporate governance, environmental and social matters, long-term strategic positioning and other areas of interest to shareholders core to the Board's mandate.	Page 70
Strategy Session	Each year, the Board participates in a two-day strategy meeting on different business, economic, enterprise and regulatory topics.	Page 71

Highlights of the initiatives undertaken by the Board and its committees in fiscal 2018 are available in our [2019 Proxy Circular](#). TD also has extensive information about corporate governance practices available on our website.



4.2

Corporate Governance and Integrity

Performance in 2018

TD's Board of Directors (Information From 2019 Proxy Circular)

Independence

Independent	93%
Non-Independent	7%
Number of independent Board members ¹	13
Chair and CEO are separate	Yes

Meetings and Attendance

Number of meetings (for the 12-month period ending October 31, 2018)

Full Board	13
Corporate Governance Committee	5
Risk Committee	11
Audit Committee	9
Human Resources Committee	6
Average annual Board attendance	99%

Tenure

Average Board tenure	7 years
----------------------	---------

Board Diversity

% female independent Directors	38%
% female of all Directors	36%
% visible minority Directors	14%
Shareholders who voted in favour of the bank's approach to compensation	93.5%
Board oversight of ESG	Yes

¹ TD's Board of Directors includes 14 members in total; Bharat Masrani is not independent because of his role as Group President and Chief Executive Officer of the bank.

Promoting Responsible Conduct

While reaching our business goals is critical to TD's success, how we achieve them is equally important. That's why the actions of our employees are subject to a number of internal policies, standards and guidelines. All employees are required to complete compliance training related to customer protection and responsible business conduct in order to mitigate the risk of misconduct that could lead to customer harm, reputational damage or legal liability. To help our employees understand current and evolving risks, we also provide awareness and training programs on anti-money laundering (AML), anti-terrorist financing (ATF), sanctions and anti-bribery/anti-corruption (ABAC).

All eligible TD employees and Directors are required to complete TD's Code of Conduct and Ethics training.

The scenario-based course promotes awareness of TD's Code of Conduct and Ethics and reinforces expectations to consider what is right, legal and fair in our business decisions and actions.

Code of Conduct and Ethics

- A framework for how we interact.
- Clearly states that irregular business conduct will not be tolerated.
- Applies to employees and Directors.
- Requires annual training and attestation.
- The Audit Committee of the Board receives a report to confirm 100% of eligible employees have completed attestation.

Whistleblower Hotline

- Provides a confidential and anonymous communication channel for anyone, both external or internal to TD, to submit concerns regarding ethical, legal or accounting matters without fear of repercussions; or to submit allegations of retaliation for having reported matters in good faith
- Hosted by a third party and independently managed within TD.
- Includes the ability to report anonymously through a call centre or online.

Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) Sanctions and Anti-Bribery/ Anti-Corruption (ABAC)

A framework of policies and procedures designed to:

- Detect and deter the use of TD products and services for money-laundering and terrorist-financing activities and comply with AML/ATF laws and regulations.
- Comply with economic and trade sanctions laws and regulations.
- Provide principles of conduct to deter and detect bribery and corruption activities.

All newly hired employees are required to complete mandatory AML/ATF, Sanctions and ABAC training. All existing employees are required to complete refresher training each year.

The training is customized to the risks and controls relevant to different employee groups, based on role, business and location of work.

4.3

Data Security and Privacy

Why It Matters to TD


The trust of our customers lies at the core of our business. In the digital era, data security and privacy threats continue to evolve and escalate, making data security and privacy a material issue for both TD and our customers. Although TD has not experienced any material financial losses relating to technology failure, cyber attacks or security breaches, we remain vigilant. Any attack, breach, disruption or compromise may lead TD to experience, among other things, financial loss, a loss of customers or business opportunities, increased costs to maintain and update operational and security systems, and infrastructure and reputational damage.

Our Approach

At TD, awareness regarding data security and privacy is integrated into the fundamentals of our business. Protecting our customers and our bank remains our top priority. To do so, we actively monitor and manage security and privacy risks and enhance our ability to mitigate them through enterprise-wide programs, industry best practices and threat and vulnerability assessments and responses. We believe that our recent investments and acquisitions will help us continue to combat the increased sophistication of attacks against data security and privacy. This year, we have invested in skilled talent and cybersecurity research. We are leveraging our investment in digital technology toward security and privacy and expect to use the AI prediction engine developed by Layer 6 to enhance the customer experience in multiple ways, including the detection and prevention of fraud. Finally, we are educating our employees to be a critical line of defense against threats to data security and privacy.

TD's Information Security and Risk Management policies outline the organizational controls we have in place to protect information. Our security measures include:

- Secure firewalls to help prevent unauthorized external access to TD internal systems
- Data encryption to help ensure that customer information can be decoded and read only within TD's online and mobile environment
- Around-the-clock monitoring to maintain the quality of TD's systems and proactively identify unusual customer account activity



Analyst Corner

- How We Protect You (Security Measures)
- Our Privacy Commitment
- How You Can Protect Yourself

Our commitment to data security and privacy is demonstrated in the bank's overall approach to governance and accountability:

- Cybersecurity is a formal component of TD's overall risk management framework. Glenn Foster, our Chief Information Security Officer oversees, our cybersecurity issues through the Enterprise Risk Management Committee.
- TD has a cybersecurity strategy that is regularly reviewed and updated. Our strategy prioritizes initiatives required to provide cybersecurity and technology risk controls in support of the achievement of TD's goals and objectives. The Board of Directors is engaged in this strategy and review process.
- TD has cyber-threat intelligence teams dedicated to monitoring, understanding and analyzing cyber threats and their effect on business operations, infrastructure and personnel.
- A Global Chief Privacy Officer leads TD's Privacy Program and reports to the Global Chief Compliance Officer. Local privacy officers are responsible in the jurisdictions where the bank operates outside of Canada.
- TD has programs in place to assess and monitor our most critical third-party providers as it relates to the maturity of their cybersecurity, data security and privacy capabilities.

TD leads and participates in forums to enhance cyber preparedness. For example, TD has taken an active role in an industry group to coordinate security functions within member banks. The responsibilities include critical infrastructure assurance coordination and support for the detection, prevention and response to fraud, money laundering, terrorist financing, robbery and technology-based crime.

A cybersecurity policy is internally available to all employees. All eligible employees complete mandatory privacy and information-security training courses, which are refreshed annually. Key employees in high-risk job functions and executives are also offered enhanced information security training. Employees are also informed of clear risk management and escalation processes. TD regularly tests the effectiveness of its Cybersecurity Awareness Program and continually works to promote a culture that understands the critical importance of data security and privacy, areas of vulnerability and how to remain vigilant when handling data.



4.3

Data Security and Privacy

TD's Cybersecurity Framework (CSF) model is being managed and measured according to the National Institute of Standards and Technology (NIST) CSF functions and categories. The assessment of cyber capabilities occurs on a regular basis. TD also complies with many industry-level codes of conduct designed to protect consumers. Many TD systems have been externally audited by third parties.

To address reputational or legal issues, TD maintains incident management protocols that define the process and steps for responding to major incidents such as significant cyber risk events. This includes the activation of incident management teams with representation from across the enterprise. In addition to these protocols, business and corporate areas maintain their own Incident Management Protocols that are subject to annual review.

The bank actively monitors, manages and continues to enhance its ability to mitigate these technology and cybersecurity risks through enterprise-wide programs, using industry-leading practices, and robust threat and vulnerability assessments and responses. TD took the step of securing a dedicated cyber insurance policy to mitigate financial risk of cyber-related events within our insurance portfolio, although we recognize that it may not be sufficient to materially cover against all financial losses.

Performance in 2018

Data Security

With more transactions taking place digitally, we continue to focus on preventing modern threats posed by cybercrime. This work has included developing and applying strategies and tools to respond to the most critical tasks, prioritizing the enhancement of controls in place for our most critical technology assets, monitoring our IT systems around the clock and actively collaborating with other banks and governments to exchange best practices and share threat intelligence information. Our active participation in Public Safety with Canada's Cyber Incident Response Centre is an important forum for such efforts.

TD became a founding corporate member – and the first Canadian bank – to join the Canadian Institute for Cybersecurity (CIC), a hub for cyber technology research and collaboration based at the University of New Brunswick. This agreement with the CIC underscores our commitment to investing in technology talent and will include the co-development of new cyber risk management technologies. The CIC will work directly with members of TD's technology cyber threat team to develop and operationalize new threat assessment methodologies and algorithms that focus on operational, tactical and geopolitical issues. We also continue to invest in our cybersecurity office in Tel Aviv, Israel, a worldwide epicentre for cyber defense technology, processes and systems. We believe our local and global talent will help us power and protect the next generation of digital innovation and the bank of the future.

Privacy

TD's Global Privacy Program ("Program") proactively advocates for the protection of personal information and mitigates privacy risk through established bank-wide policies, procedures, standards and guidelines. The Global and Jurisdictional Privacy Offices provide oversight of compliance with the Program and with the privacy laws and regulations applicable to the jurisdictions in which TD operates. Further details regarding TD's policies and practices regarding the management of personal information are available through our external websites.

TD's business activities are overseen by many regulators across our geographies. In 2018, the Office of the Privacy Commissioner of Canada did not rule against the bank on any privacy complaints. In the U.S., Europe and Asia Pacific, there were no regulatory privacy findings against the bank.

TD proactively evaluates the impact of new and amended regulatory obligations and adapts our Program as required. Recent key regulatory changes included the European General Data Protection Regulation (GDPR) and enacting amendments to Canada's federal privacy law, the Personal Information Protection and Electronic Documents Act (PIPEDA), along with upcoming changes stemming from the California Consumer Protection Act of 2018.

Our Canadian Privacy Office actively participated in the Canadian Bankers Association's (CBA) advocacy efforts in connection with guidance from the Office of the Privacy Commissioner of Canada on meaningful consent and inappropriate data practices. We strive to have clear and easily accessible policies and practices so customers can find answers about how we manage their information. For example, our mobile and online privacy codes advise users on how the information collected when using the TD app and other websites is handled. We also continue to offer products and services to help customers manage and improve their security and privacy. These include tip sheets on preventing financial fraud and smart online usage, as well as links to information on anti-virus and anti-malware software.



2018 Awards and Recognition

ESG Indices:

Dow Jones Sustainability World Index (5th year in a row)

Dow Jones Sustainability North American Index

TD achieved Silver Class in the RobecoSAM Yearbook, which reflects the top 5% of sustainability performers in banking

FTSE4Good Index

ISS-Oekom Prime

Euronext Vigeo Index: World 120

Ethibel Sustainability Index (ESI) Excellence Global

Stoxx Global ESG Leaders Index

Environment:

Received a rating of A- on its CDP disclosure

Received an A- rating on the CDP Supply Chain assessment

One of Canada's Greenest Employers for the 10th consecutive year by Mediacorp Canada

TD won the Green Legacy Award presented by Forests Ontario

TD Bank named on the National Top 100 list of the largest green power users within the Green Power Partnership

Social:

Named one of the Best Workplaces in Canada by Great Place to Work Institute, for the 13th consecutive year

TD Bank recognized by Forbes as a Best Employer for New Graduates

TD ranked first on LinkedIn Top Companies 2018: Where Canada wants to work now list

Indeed Top 10 Rated Workplaces: Best in Canada

Indeed Top 15 Rated Workplaces: Banking and Finance (U.S.)

TD Bank recognized as one of the Best Workplaces in Financial Services & Insurance for the second consecutive year by Great Place to Work Institute

TD was included in the Bloomberg Gender Equality Index for the third year in a row (2019 index)

Mediacorp:

- One of Canada's Top 100 Employers for the 11th year in a row
- One of GTA Top Employers for the 2nd year in a row
- One of Canada's Top Diversity Employers for the 7th year in a row
- One of Canada's Top Employers for Canadians over 40

Named in DiversityInc's Top Companies for LGBT Employees

TD Bank and TD Securities (U.S.) named Best Places to Work for LGBTQ Equality by the Human Rights Campaign Foundation for the 9th consecutive year

For the 4th consecutive year TD Bank achieved the top score of 100% on the Disability Equality Index (DEI), which rates U.S. companies on their disability inclusion policies and practices

TD Bank named Best Bank for Seniors by *Money* Magazine

TD named one of the top teams in banking by American Banker in their annual Most Powerful Women in Banking issue

Governance and Reputation

TD tied for top spot in Global Finance World's 50 Safest Commercial Banks ranking

TD Auto Finance ranked "Highest in Dealer Satisfaction among Non-Captive Lenders with Retail Credit" in J.D. Power's 2018 Canadian Dealer Financing Satisfaction Study

TD Bank ranked #1 in its peer group from Maine to Florida according to J.D. Power's 2018 U.S. Retail Banking Satisfaction Study



Caution Regarding Forward-Looking Statements

From time-to-time, The Toronto-Dominion Bank (the “bank”) makes written and/or oral forward-looking statements, including in this document, in filings with Canadian regulators or the United States (U.S.) Securities and Exchange Commission (SEC), and in other communications. In addition, representatives of the bank may make forward looking statements orally to analysts, investors, the media, and others. All such statements are made pursuant to the “safe harbour” provisions of, and are intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements made in this document, the Management’s Discussion and Analysis (“2018 MD&A”) in the bank’s 2018 Annual Report under the heading “Economic Summary and Outlook”, for the Canadian Retail, U.S. Retail, and Wholesale banking segments under headings “Business Outlook and Focus for 2019”, and for the Corporate segment, “Focus for 2019”, and in other statements regarding the bank’s objectives and priorities for 2019 and beyond and strategies to achieve them, the regulatory environment in which the bank operates, and the bank’s anticipated financial performance. Forward-looking statements are typically identified by words such as “will”, “would”, “should”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “plan”, “goal”, “target”, “may”, and “could”.

By their very nature, these forward-looking statements require the bank to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the physical, financial, economic, political, and regulatory environments, such risks and uncertainties – many of which are beyond the bank’s control and the effects of which can be difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Risk factors that could cause, individually or in the aggregate, such differences include: credit, market (including equity, commodity, foreign exchange, interest rate, and credit spreads), liquidity, operational (including technology and infrastructure), reputational, insurance, strategic, regulatory, legal, environmental, capital adequacy, and other risks. Examples of such risk factors include the general business and economic conditions in the regions in which the bank operates; the ability of the bank to execute on long-term and shorter-term strategic priorities, including the successful completion of acquisitions and strategic plans; the ability of the bank to attract, develop, and retain key executives; disruptions in or attacks (including cyber-attacks) on the bank’s information technology, internet, network access, or other voice or data communications systems or services; the evolution of various types of fraud or other criminal behaviour to which the bank is exposed; the failure of third parties to comply with their obligations to the bank or its affiliates, including relating to the care and control of information; the impact of new and changes to, or application of, current laws and regulations, including without limitation tax laws, capital guidelines and liquidity regulatory guidance, and the bank recapitalization “bail-in” regime; exposure related to significant litigation and regulatory matters; increased competition from incumbents and non-traditional competitors, including Fintech and big technology competitors; changes to the bank’s credit ratings; changes in currency and interest rates (including the possibility of negative interest rates); increased funding costs and market volatility due to market illiquidity and competition for funding; critical accounting estimates and changes to accounting standards, policies, and methods used by the bank; existing and potential international debt crises; and the occurrence of natural and unnatural catastrophic events and claims resulting from such events. The bank cautions that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the bank’s results. For more detailed information, please refer to the “Risk Factors and Management” section of the 2018 MD&A, as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related to any events or transactions or events discussed under the heading “Significant and Subsequent Events, and Pending Acquisitions” in the relevant MD&A, which applicable releases may be found on www.td.com. All such factors should be considered carefully, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, when making decisions with respect to the bank and the bank cautions readers not to place undue reliance on the bank’s forward-looking statements.

Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2018 MD&A under the headings “Economic Summary and Outlook”, for the Canadian Retail, U. S. Retail, and Wholesale Banking segments, “Business Outlook and Focus for 2019”, and for the Corporate Segment, “Focus for 2019”, each as may be updated in subsequently filed quarterly reports to shareholders.

Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting the bank’s shareholders and analysts in understanding the bank’s financial position, objectives and priorities, and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. The bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time-to-time by or on its behalf, except as required under applicable securities legislation.



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