

## TD's Approach to Total Rewards

TD provides employees with a comprehensive total rewards package that includes a combination of base salary, variable compensation, benefits, retirement and savings plans, wellness benefits, employee recognition and career development programs. The Bank's philosophy is to provide a competitive package that is tailored, as appropriate, to the different practices of the locations in which the Bank operates. In 2022, we spent \$13.4 billion globally on salaries, incentive compensation, pension and other employee benefits.

### Executive Total Rewards and the Link to Environmental, Social and Governance Factors

We have a balanced approach to executive total rewards to attract, retain and motivate high-performing executives to create sustainable value over the long term. Our proxy circular outlines the six key principles considered when designing the executive compensation program and provides detailed disclosure of our approach. One of the objectives of the executive compensation program is to reward executives for successfully implementing TD's strategy, which includes environmental, social and governance (ESG) factors, consistent with the Bank's [Shared Commitments](#), [Code of Conduct and Ethics](#), and [Risk Appetite](#). As a result, TD embeds ESG-related elements in the determination of the variable compensation pool and the evaluation of individual performance for executives.

The Bank incorporates ESG factors into the key metrics used to determine the variable compensation pool for the Senior Executive Team. These ESG metrics supplement customer experience metrics, and are related to the Bank's overall ESG strategy, including objectives related to climate change, diversity and inclusion, and employee engagement.

The table below provides a summary of the ESG metrics, results, and associated impact on variable compensation awards for members of the Senior Executive Team in 2022. More details on our executive compensation structure can be found in [TD's 2023 Proxy Circular](#).

CUSTOMER EXPERIENCE & OTHER ESG METRICS	TARGET/METRIC	RESULTS/COMMENTS	IMPACT ON VARIABLE COMPENSATION POOL
Customer Experience	70.0%	✓ 70.7% (0.7% above target)	
Climate Change	Make progress against Scope 1 and 2 interim GHG emission reduction target (reduction of 25% from 2019 baseline by 2025)	✓ On track to achieving 25% Scope 1 and 2 interim GHG emissions reduction target by 2025	
	Advance setting of Scope 3 GHG emission reduction targets established for a minimum of two sectors	✓ Scope 3 GHG emissions reduction targets for Energy and Power Generation sectors finalized and published in March 2022 ✓ Continued progress on additional Scope 3 targets	
	ESG opportunities embedded in business strategies with each business SET member to have ESG objectives established	✓ TD Securities ranked as the top Canadian bank for global Green, Social, Sustainability, and Sustainability-Linked Bond underwriting for 2022. <sup>1</sup> ✓ Progress continues to integrate ESG considerations into business strategies	+0.7%
Diversity and Inclusion	Double Black VP+ representation across North America by 2022, as compared to 2020 baseline.	✓ As of October 31, 2022, Black VP+ representation had more than doubled as compared to 2020.	
	Achieve 25% Black, Indigenous <sup>2</sup> and Minority <sup>3</sup> community VP+ representation across North America by 2025	✓ Representation increased 4% year-over-year to 22.5%	
	Increase VP+ Women in Leadership (WIL) representation to 45% by 2025 (Canada)	✓ Representation increased 0.3% year-over-year to 40.3%	
Employee Engagement	Top quartile employee engagement (4.26)	✓ Annual employee engagement result of 4.30, exceeding the top quartile benchmark	

In addition, the individual performance of executives is assessed against relevant programs and principles which support and reflect TD's ESG goals, and this assessment of individual performance is a key determinant of variable compensation awards. These programs and principles

include individual ESG objectives as appropriate for the role, consistency with the Bank's Risk Appetite Statement, Code of Conduct and Ethics, and cultural and behavioural standards embodied in TD's Shared Commitments and human resources policies and programs.

1. According to Bloomberg's league tables.

2. "Indigenous person" is defined as First Nations, Inuit, Métis, American Indian, Alaska Native, Native Hawaiian or other.

3. "Minority" is defined as non-Caucasian in race or non-white in colour.



## Employee Total Rewards

TD's total rewards philosophy is to provide a total rewards offering that is market competitive, performance-based, minimizes practices that could lead to misconduct, promotes fair and consistent outcomes and alignment between executives and employees, and recognizes and rewards the invaluable contribution of our colleagues. To execute against this philosophy, TD has comprehensive and well-established total rewards programs, structures, and practices that are designed to deliver appropriate outcomes for all employees.

Examples of these programs, structures, and practices include the following:

- Compensation program eligibility, including both salary and incentive compensation, is based on role and level, and is applied consistently for all employees;
- The majority of employees are paid according to well-defined salary structures which provide a range of pay that is competitive in the market while allowing for appropriate variation to recognize individual performance, experience and capability;
- These salary structures are supported by market analysis and a robust job evaluation process that measures the content of positions and organizes jobs of similar complexity and accountability together into job levels;
- Salary structures and incentive programs are reviewed regularly with information gathered via recognized third-party compensation surveys, and adjustments are made where required to achieve appropriate outcomes, including the ability to deliver market competitive pay;
- All employees (based on jurisdiction and business) participate in the same benefits programs that offer choice and flexibility in selecting coverage for medical, dental and other benefits to help support colleague health and well-being; and
- All employees (based on jurisdiction and business) are given the opportunity to participate in the same base retirement arrangements (qualified plans in the U.S. and registered plans in Canada) to support their financial well-being in retirement.

## Board Oversight of Employee Total Rewards

Delivering on our total rewards philosophy is a critical factor in attracting and retaining talented employees who are the Bank's greatest strength, with oversight of key elements provided by the Human Resources Committee (HRC) of the Board of Directors. The HRC is responsible for monitoring TD's total rewards strategy, plans, policies and practices. This is reflected in formal accountabilities for certain aspects of employee total rewards, including overseeing material employee incentive plans and pension and benefits-related programs, both of which are important parts of the total rewards offering for all employees. The HRC reviews design principles and governance practices, including the appropriate consideration of conduct and other risks. In addition, the committee receives regular updates on key total reward initiatives for front-line employees, and monitors compensation outcomes to confirm alignment in approach between executives and non-executive employees.

The Bank continued to invest in providing a competitive total rewards offering to colleagues, increasing 2023 minimum entry level wages within the Bank's broadly applicable salary ranges to \$20 (or more) across the North American footprint, and adjusting salary ranges as appropriate, to maintain competitive compensation opportunities, both effective in January 2023. During the year, the HRC monitored the compensation outcomes of executives relative to the outcomes of the broader employee population, together with initiatives designed to recognize the ongoing role of employees in enabling the Bank to maintain uninterrupted core services to customers throughout the pandemic, including the following specific items in fiscal 2022:

- Reviewed the business performance factors used to determine year-end incentive awards for approximately 79,000 employees who participate in the Bank's large corporate incentive plans, confirming that factors for employees were equal to the comparable factors for executives;
- Reviewed the year-end base salary increase budgets, confirming the budgeted increases for employees were similar to the increases for executives; and
- Supported the recognition of employees' extraordinary efforts by providing most colleagues with a one-time salary increase or bonus, in addition to annual compensation adjustments, as applicable. TD was the first Canadian bank to announce this mid-year increase of 3% to all colleagues below VP level to proactively address the evolving market conditions and associated colleague experience.



## Equitable Pay

Diversity and inclusion are core values and strategic business priorities. Our goal is to foster a culture of care and inclusion by providing a working environment that is supportive of all of our colleagues – giving every employee the opportunity to fully realize their potential. In keeping with these core values, we are committed to providing equitable compensation, supporting the financial well-being of all employees.

Our approach to equitable compensation is based on the comprehensive and well-established programs and structures described in the employee total rewards section above. These programs and structures are designed so that employees performing the same job have the same opportunity, supporting internal equity and fairness, while recognizing differences in experience, performance and contribution.

In support of these programs and structures, we have a number of practices to enhance consistency and verify that outcomes are appropriate. Highlights include the following:

- Tools used to facilitate year-end base salary and incentive decisions include guidelines to support consistency in decision-making and additional training and other support is available to people managers;
- Year-end performance and compensation decisions go through a review process to monitor outcomes; and
- We conduct detailed statistical analysis of compensation to assess potential differences in outcomes based on gender and ethnicity.

Since 2018, the Bank has worked with a third-party provider on an annual basis to complete a detailed statistical analysis of compensation, adjusting for factors such as level, geography and role. We use these reviews to actively monitor our compensation outcomes and make adjustments as appropriate for consistency and fairness across the Bank.

After adjusting for factors such as job level, geography and role, our 2022 review, which included over 90,000 employees globally, found that for both base salary and total compensation:

- Women globally earned more than 99 cents for every dollar earned by men;
- Visible minorities<sup>4</sup> in Canada earned more than 99 cents for every dollar earned by non-visible minorities; and
- Minorities<sup>5</sup> in the U.S. earned one dollar for every dollar earned by non-minorities.

The table below provides a summary of the results of the review by position group for Canadian based employees, comparing total compensation earned by women relative to men after adjusting for factors such as level, geography and role:

POSITION GROUP <sup>6</sup>	TOTAL COMPENSATION <sup>7</sup> (ADJUSTED) FOR WOMEN RELATIVE TO MEN
Executive <sup>8</sup>	98%
Management and Experienced Professionals <sup>9</sup>	98%
Supervisory and Professionals <sup>10</sup>	100%
Admin and Operations <sup>11</sup>	100%
<b>Overall</b>	<b>99%</b>

Our commitment to providing equitable compensation opportunities to all colleagues is part of our comprehensive and multi-pronged diversity and inclusion strategy, which includes a focus on increasing representation for under-represented groups. Additional details on the broader diversity and inclusion strategy can be found on page 53 of [TD's 2022 ESG Report](#).

March 2023

4. Based on self-identification data collected in accordance with the *Employment Equity Act* (Canada).

5. Self-reported by colleagues.

6. This comparison includes full-time, part-time and casual employees in Canada, excluding temporary workers, Senior Executive Team members and employees that have commission-based compensation arrangements.

7. Total Compensation includes base salary, short-term incentives, and long-term incentives (where applicable). It includes cash and equity (value at grant date) incentive.

8. Executive includes all executive levels (E01 and above), excluding Senior Executive Team members.

9. Management and Experienced Professionals includes level 9, level 10 and level 11.

10. Supervisory and Professionals includes level 7 and level 8.

11. Admin and Operations includes level 6 and below.

